



PROXY VOTING PROCEDURES AND PRINCIPLES

The following summarizes the internal operating procedures for voting proxies of portfolio companies held by mutual funds which are registered under the Investment Company Act of 1940 and managed by affiliates of The Capital Group. This includes the American Funds, Capital Group Private Client Services Funds, Emerging Markets Growth Fund, Inc. and Capital Group Emerging Markets Total Opportunities Fund (the "Funds"). These Proxy Voting Procedures and Principles ("Principles"), which have been in effect in substantially their current form for many years, are disclosed in accordance with a U.S. Securities and Exchange Commission requirement that all investment companies (mutual funds) make public how they conduct their proxy voting process.

SUMMARY

The Funds are committed to acting in the best interests of their shareholders. We view proxies of companies held in the funds' portfolios as significant assets and proxy voting as an integral part of the investment process. These Principles provide an important framework for analysis and decision-making; however, they are not exhaustive and do not address all potential issues. These are "guidelines" rather than "rules." While we generally adhere to these Principles, we have the flexibility to vote each proposal based on the specific circumstances that we believe are relevant. As a result, each proxy is analyzed and voted on a case-by-case basis.

The voting process reflects our understanding of a company's business, its management and its relationship with shareholders over time. In addition to our annual review of specific proxy proposals (including discussions with corporate management representatives), we meet with companies throughout the year to discuss various governance and proxy voting topics. In all cases, the investment objectives and policies of the funds remain the focus.

As a matter of policy, we will not be influenced by outside sources or business relationships involving interests that may conflict with those of the funds and their shareholders. The Principles reflect the long-term approach that helps guide our investment and proxy voting decisions.

In addition to our proprietary proxy voting, governance and executive compensation research, the Funds' investment adviser (the "Adviser") may utilize research provided by Institutional Shareholder Services (ISS), Glass-Lewis & Co. or other third party advisory firms ("Advisory Firms") on a case-by-case basis. We do not, as a policy, follow the voting recommendations provided by these firms. We periodically assess the information provided by the Advisory Firms, including information regarding potential conflicts of interest and report to the Joint Proxy Committee of the Funds ("JPC"), as appropriate.

PROXY VOTING PROCESS

The Adviser seeks to vote all U.S. proxies. Proxies for companies outside the U.S. also are voted, provided there is sufficient time and information available. There may be cases where the Adviser does not exercise its voting authority in circumstances under which voting would impose costs on fund shareholders, including opportunity costs. For example, certain regulators have granted investment limit relief to the Adviser and its affiliates, conditioned upon limiting its voting power to specific voting ceilings. To comply with these voting ceilings, the Adviser will scale back its votes across all Funds and accounts it manages on a pro-rata basis based on assets. In addition, the Adviser may determine not to recall securities on loan to exercise its voting rights when it determines the cost of doing so would exceed the benefits to shareholders or the vote would not have a material impact on the fund's investment.

After a proxy is received, the Adviser prepares a summary of the proposals contained in the proxy statement. A notation of any potential conflicts of interest also is included in the summary (see below under "Special Review Procedures").

For proxies of securities managed by a particular investment division of the Adviser, the initial voting recommendation is made by one or more of the division's investment analysts familiar with the company and industry. A second recommendation is made by a proxy coordinator (an investment analyst or other individual with experience in corporate governance and proxy voting matters) within the appropriate investment division, based on knowledge of these Principles and familiarity with proxy-related issues.

The proxy summary and voting recommendations are made available to the appropriate proxy voting committee for a final voting decision. Proxies for the funds are voted by the appropriate investment committee of the Adviser's equity investment divisions under delegated authority. (References to "proxy committees" include the various investment committees.) Therefore, if more than one fund invests in the same company, certain funds may vote differently on the same proposal. In addition, while voting recommendations are generally applicable to all Funds managed by the investment division, the Adviser may vote differently depending on the investment objective and strategy of a particular Fund.

The JPC is composed of independent director/trustee representatives from each Fund board. The JPC's role is to facilitate appropriate oversight of the Adviser's proxy voting process and provide valuable input on corporate governance and related matters.

SPECIAL REVIEW PROCEDURES

Conflicts of Interest

From time to time the Adviser may vote proxies issued by, or on proposals sponsored or publicly supported by (1) a client with substantial assets managed by the Adviser or its affiliates, (2) an entity with a significant business relationship with Capital Group, or (3) a company with a Fund director on its board (each referred to as an "Interested Party"). Other persons or entities may also be deemed an Interested Party if facts or circumstances appear to give rise to a potential conflict. The Adviser analyzes these proxies and proposals on their merits and does not consider these relationships when casting its vote.

The Adviser has developed procedures to identify and address instances where a vote could appear to be influenced by such a relationship. Under the procedures, prior to a final vote being cast by the Adviser, the relevant proxy committees' voting results for proxies issued by Interested Parties are reviewed by a Special Review Committee ("SRC") of the investment division voting the proxy.

If a potential conflict is identified according to the procedure above, the SRC will be provided with a summary of any relevant communications with the Interested Party, the rationale for the voting decision, information on the organization's relationship with the party and any other pertinent information. The SRC will evaluate the information and determine whether the decision was in the best interest of fund shareholders. It will then accept or override the voting decision or determine alternative action. The SRC includes senior investment professionals and legal and compliance professionals.

Allocating Votes for Co-Managed Funds

In cases where a fund is co-managed and a security is held by more than one of the Adviser's equity investment divisions, the divisions may develop different voting recommendations for individual ballot proposals. If this occurs, and if permitted by local market conventions, the fund's position will generally be voted proportionally by divisional holding, according to their respective decisions. Otherwise, the outcome will be determined by the equity investment division or divisions with the larger position in the security as of the record date for the shareholder meeting.

PRINCIPLES

The following principles are grouped according to types of proposals usually presented to shareholders in proxy statements.

Director Matters

Election of Directors

We generally support the annual election of a company's nominees for director. We may, however, oppose all or some of the company's nominees if we believe it to be in the best interest of shareholders or if, in our opinion, they have not fulfilled their fiduciary duties. Likewise, if the independence of a board does not comply with local regulations or governance codes, we may consider opposing all or some of the nominees.

Independent Board Chair/Separation of Chair and CEO

We believe board independence is essential to good corporate governance. We generally prefer an independent board chair (i.e., not a current or former executive or other affiliated director) as best practice for structural oversight of the executive team. We recognize that, in some cases, a sufficient level of board independence and leadership can be accomplished via other means. For example, in situations where a board has appointed an Independent Lead Director, we will examine that individual's duties and interaction with the Chair/CEO to determine whether a full separation of the roles is still warranted. We analyze board structure, leadership, and overall governance on a case-by-case basis in arriving at decisions whether or not to support separation of the Chair and CEO roles.

Governance Provisions

While we would typically support each of the following proposals as best practices if presented separately, we are aware that often a company may already have adopted several of these governance features. In such situations (such as a proposal to add cumulative voting in cases where directors are elected annually and there is a majority vote provision) we would attempt to determine if the additional protections were necessary, or whether a combination of these features would leave a company vulnerable to coercive actions by shareholders with short-term investment horizons.

Shareholder Access to the Proxy

Proxy access proposals generally require a company to amend its bylaws to allow a qualifying shareholder or group of shareholders to nominate up to two directors on a company's proxy ballot. To qualify, an individual or group must have owned a certain percentage (typically 3% to 5%) of the company's shares for a minimum period of time (typically one to three years).

All proposals are reviewed on a case-by-case basis. We generally believe:

- The holding period is the most important component of these proposals, since length of ownership demonstrates a commitment that is more likely to be aligned with our interests as long-term shareholders. As such, three years appears reasonable;
- The ownership threshold should be set at the right level to avoid misuse of this provision by those without a significant economic interest in a company, so we generally will apply a sliding scale of 5% for small capitalization companies and 3% for large capitalization companies;
- The number of board seats to be added under these proposals should be capped at a reasonable number (generally 10% to 25%);
- The number and makeup of parties that may nominate directors should be representative of the broader shareholder base; and
- It is important to consider a company's existing governance structure and responsiveness to shareholders.

We may vote against shareholder proposals to amend existing proxy access bylaws if the company has already adopted a bylaw that meets the general parameters described above.

Classified Boards

A "classified" board is one that elects only a percentage of its members each year (usually one-third of directors are elected to serve a three-year term). Generally, we support proposals declassifying boards. We believe that declassification (the annual election of all directors) increases a board's sense of accountability to shareholders.

Cumulative Voting

Under cumulative voting, each shareholder has a number of votes equal to the number of shares owned multiplied by the number of directors up for election. Shareholders can cast all of their votes for a single nominee, thus allowing minority shareholders to elect a director. We generally support the concept of cumulative voting in order to promote management and board accountability, and the opportunity for leadership change.

Majority Vote Requirement

Generally, we support proposals designed to make director elections more meaningful, either by requiring a majority vote in director elections (more 'for' votes than 'against'), or by requiring any director receiving more withhold votes to tender his or her resignation.

Anti-Takeover Provisions, Shareholder Rights and Re-incorporations

Shareholder Rights Plans ("poison pills")

Poison pills are a defense against unwelcome takeover offers. These plans allow shareholders (other than the shareholder making the unwelcome takeover offer) to purchase stock at significantly discounted prices under certain circumstances.

The plans force would-be acquirers to negotiate with the board, effectively giving the board veto power over any offer. Poison pills can be detrimental to the creation of shareholder value and can help entrench management by thwarting or deterring acquisition offers that are not favored by the board but that may be beneficial to shareholders.

We generally support the elimination of existing poison pills and proposals that would require shareholder approval to adopt prospective poison pills. There may be a few select circumstances, however, where the analyst feels a need for the company to maintain anti-takeover protection. Additionally, if a company has crafted a shareholder-friendly pill, we may not support a shareholder proposal to eliminate or amend the existing provisions. One example of this is the Canadian model, which requires shareholder review and consideration of any acquisition offer.

Change of Corporate Domicile

- *Re-incorporation within the U.S.:* We generally leave the state domicile decision to the discretion of company management and its board.
- *Re-incorporation outside the U.S.:* We consider a company's specific circumstances with respect to the reasons for the re-incorporation. Factors that may influence whether or not we support a proposal to re-incorporate include the potential for both corporate and shareholder-level taxes to be triggered at the time of the event, as well as the potential long-term impact of country-specific tax treaties.

Action by Written Consent/Right to Call a Special Meeting

We consider several factors relating to these proposals and apply them on a case-by-case basis. These include a company's market capitalization; composition of its company's largest shareholders; its responsiveness to previous shareholder proposals and other forms of feedback; any meeting provisions and ownership thresholds currently in place; and its overall governance structure. While we believe that both the right to take action by written consent and to call a special meeting are important tools for shareholders, we will consider a company's overall governance profile before supporting shareholder proposals to adopt or amend those rights.

The right to act by written consent (without calling a formal meeting of shareholders) can be a powerful tool for shareholders, especially in a proxy fight. We generally support adoption of this right in principle, and oppose proposals that would prevent shareholders from taking action without a formal meeting or that would take away a shareholder's right to call a special meeting.

The ability to call a special meeting is also a valuable right for shareholders that we generally support. However, we consider the details of these shareholder proposals, particularly the proposed ownership thresholds, and attempt to assess whether a low limit (e.g. 10%) would allow actions by a relatively small group that might not be in the best interests of the majority of shareholders.

Capitalization

Authorization of New Common Shares

We generally support reasonable increases in authorized shares when the company has articulated a need (for example, a stock split or re-capitalization). Even so, we are aware that new shares may dilute the ownership interest of shareholders. Consequently, other than in the case of stock splits, we generally oppose proposals that would more than double the number of authorized shares.

Authorization of "Blank Check" Preferred Shares

Blank check preferred shares give the board complete discretion to set terms (including voting rights). Such shares may have voting rights far in excess of those held by common stockholders. We generally oppose proposals that allow a board to issue preferred shares without prior shareholder approval, as well as proposals that allow the board to set the terms and voting rights of preferred shares at their discretion. A request for preferred shares with voting rights that are equal to those of existing common stock shares, however, generally would be considered similarly to a request for authorization of new common shares.

Compensation and Benefit Plans

Advisory Vote on Executive Compensation (Say-on-Pay)

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 ("Dodd-Frank") requires companies to allow shareholders to cast advisory (non-binding) votes on the compensation for named executive officers, as well as the frequency of such votes (every one, two or three years). Under Dodd-Frank, the advisory vote on compensation will cover the Compensation, Discussion and Analysis disclosure, executive compensation tables, and related narrative in company proxy filings.

We generally will ratify executive compensation unless we have specific concerns about the structure or amounts paid at a particular company (based, in part, on the factors outlined below under "Equity Incentive Plans"). We apply additional scrutiny to those companies where we have a history of voting against one or more compensation plans or where we have withheld votes from compensation committee members over the past several years. If we are dissatisfied with a component of the overall compensation policy (i.e. high dilution, ability to re-price or exchange options, cash bonus caps expressed as a percentage of net income rather than hard dollar stop), we will sometimes vote against Say-on-Pay proposals in order to emphasize our concerns to company management.

With respect to the frequency of advisory votes on compensation, we historically found the triennial option to be most consistent with our long-term focus at companies that presented no obvious compensation-related concerns. We acknowledge that it is often difficult for companies to make significant changes within a 12-month period and found that we have ongoing engagement with companies even when the Say-on-Pay votes occur less frequently. Annual votes, however, allow for regular feedback and ongoing monitoring of the impact of any policy changes. When management suggests annual frequency we will generally support their recommendation. When longer frequencies are proposed (biennial or triennial), we will consider these proposals on a case-by-case basis taking into account the company's current practices and any history of concerns related to compensation.

Equity Incentive Plans

Incentive plans are complicated and many factors are considered when evaluating a plan. No single factor is determinative; the proxy committees weigh each plan based on protecting shareholder interests and our historical knowledge of the company and its management. Factors include:

- *Pricing:* We believe options should be priced at least 100% of fair market value (the price shareholders would pay on the open market) on the date they are granted. We do not generally support options priced at a discount to the market.
- *Re-pricing:* An “out-of-the-money” option has an exercise price that is higher than the current price of the stock. We generally have not supported replacing “out-of-the-money” options with new options at a lower exercise price (generally known as “re-pricing”) because it is not consistent with a policy of offering options as a form of long-term compensation. However, there may be circumstances under which we would consider a limited exchange program (including value-neutral exchanges).
- *Dilution:* Dilution is the reduction of the voting power and/or economic interest of existing shareholders due to an increase in shares available for distribution to company employees in lieu of cash compensation. We consider several kinds of dilution: the historical annual dilution of the current plan, the potential dilution of the proposed plan and the cumulative dilution of all option plans. We tend to oppose plans that result in “excessive” dilution for existing shareholders. Acceptable dilution levels are not rigidly defined, but will be a function of the: (i) stage of the company’s lifecycle (embryonic to mature); (ii) company size (market capitalization); (iii) historical growth rate of sales and earnings; (iv) competitive environment; and (v) extenuating circumstances related to the company’s industry. In addition, greater dilution can be tolerated when options are awarded to all employees, instead of limiting awards to top-level management. We generally oppose evergreen plans (which provide for an automatic annual increase of shares available for award without shareholder approval).
- *Performance:* We have a preference for linking compensation (cash and equity) to appropriate performance criteria that encourage a long-term focus, consistent with our approach to investing.
- *Shares available for awards:* Requests for additional incentive plan shares, where there are a substantial number of shares currently in reserve, will receive additional scrutiny to ensure that a company continues to award equity at an appropriate rate.

Restricted Stock Plans

We support restricted stock plans when such grants replace cash compensation without increasing the historical cash award and when the amount of restricted stock available for distribution represents a reasonable percentage of overall equity awards. We also consider performance criteria and other vesting requirements, as well as the economic value of the restricted stock when compared to options.

Non-Employee Director Compensation

We generally support equity-based compensation for non-employee directors that aligns their interests with shareholders. Such plans must be reasonable in size, have fair market value option grants and not create excess total compensation (they should be subject to the same limitations as executive incentive plans). We also review the mix of options, stock awards and cash compensation. We believe that compensation packages should be structured to attract, motivate and retain qualified directors, but that excessive board compensation can undermine the board's independence.

Employee Stock Purchase Plans

These plans are designed to allow employees to purchase stock at a discount price and to receive favorable tax treatment when the stock is sold. In many cases, the price is 85% of the market value of the stock. These plans are broad-based and have relatively low caps on the amount of stock that may be purchased by a single employee. We generally support these types of plans.

Shareholder Proposals Regarding Executive Compensation

Caps on Executive Pay

In general, we oppose shareholder proposals that seek to set limits on executive compensation because competitive compensation packages are necessary to attract, motivate and retain executives. Shareholder proposals on this issue tend to specify arbitrary compensation criteria.

Executive Pay Restrictions or Freezes

We generally oppose proposals specifying restrictions on executive pay because they take away compensation committee flexibility. Such proposals include: terminating the company's option or restricted stock programs; freezing executive pay during periods of large layoffs; establishing a maximum ratio between the highest paid executive and lowest paid employee; and linking executive pay to social criteria.

Executive Severance Agreements

Generally, we support proposals that require shareholder approval of executive severance agreements, largely because of the trend toward excessive severance benefits (also known as "golden parachutes"). If an executive leaves for reasons related to poor performance, allowing a generous "parting gift" seems contrary to good corporate governance. While we typically support proposals asking that such severance be limited to 2.99 times pay and bonus (amounts over this threshold are subject to a 20% excise tax), we may vote against proposals that request a lower limitation.

Other Shareholder Proposals

Political Contributions

We review shareholder proposals relating to political expenditures on a case-by-case basis. In order to make a voting decision we consider:

- 1) whether there currently is a policy in place regarding political contributions;
- 2) the level of political contribution oversight by the board and management team;
and
- 3) a company's current disclosure practices and whether the company has been subject to any previous fines or litigation.

We may vote in favor of a proposal when the current disclosure on political contributions is insufficient or significantly lacking compared to a company's peers, there are verifiable or credible allegations of funds mismanagement through donations, or there is no explicit board oversight or evidence that board oversight on political expenses is inadequate. We may not support a shareholder proposal if the information requested is already available in another report or the company meets the criteria noted above.

Social Issues

We know that social issues such as employee safety, community engagement and human rights are important factors that can affect companies' long-term prospects for success. As such, they are researched by our investment professionals as part of the investment process, and are also considered when reviewing proxy proposals. This approach is consistent with the stated investment objectives and policies of the funds.

When evaluating proxy proposals relating to issues such as diversity and human capital management, decisions are made on a case-by-case basis. We consider each of these proposals based on the company's business model, its specific operating context, and the current policies and practices of the company. Although many proposals concerning these issues often appear excessively prescriptive or are difficult to implement, we may support proposals which address specific areas of concern on reporting and disclosure, or where we feel the shareholder's request is necessary for long term value creation.

Environmental Issues

As with other types of proposals, when reviewing those related to environmental issues (including climate change policy and reporting) we take into account the investment implications and are required to vote in a manner consistent with the objectives of the fund. We examine each issue within the context of each specific company's situation, including any potential fundamental negative impact to the company's business or operations that we feel have not been properly addressed. We will generally vote against proposals that seek to appoint director candidates with specialized expertise, as we believe that overly-prescriptive proposals can create burdensome limitations on the effectiveness of a company's oversight. With regard to disclosure of environmental-related information, we will consider supporting greater disclosure as this information facilitates our ability to evaluate long-term value drivers. We will continue to review and vote these issues on a case-by-case basis with reference to best in class practices by the peer group companies.

Proxy Voting for Companies outside the United States

As noted above, we vote proxies for companies outside the U.S. whenever practicable. The review process for non-U.S. proxies is similar to that of U.S. proxies (see above under "Proxy Voting Process"). However, if there exists a short timeframe to vote a non-U.S. proxy prior to the voting deadline, we will take a best efforts approach to submit our vote as soon as practically possible. Likewise, if insufficient proxy and meeting agenda information is provided, we will seek to obtain information to allow for an informed voting decision; however, when our efforts do not yield sufficient information, we will generally vote against those proposals in the interest of encouraging improved disclosure for investors.

Certain countries impose restrictions on the ability of shareholders to sell shares during the proxy solicitation period. We may choose, due to liquidity issues, not to expose the mutual funds to such restrictions and thus may not vote some (or all) shares that we own.

The Principles are applied on a country-by-country basis, taking into account distinct market practices, regulations and laws, and types of proposals presented in each country. Also, an analyst from the Adviser's appropriate investment division is consulted whenever an issue is not standard.