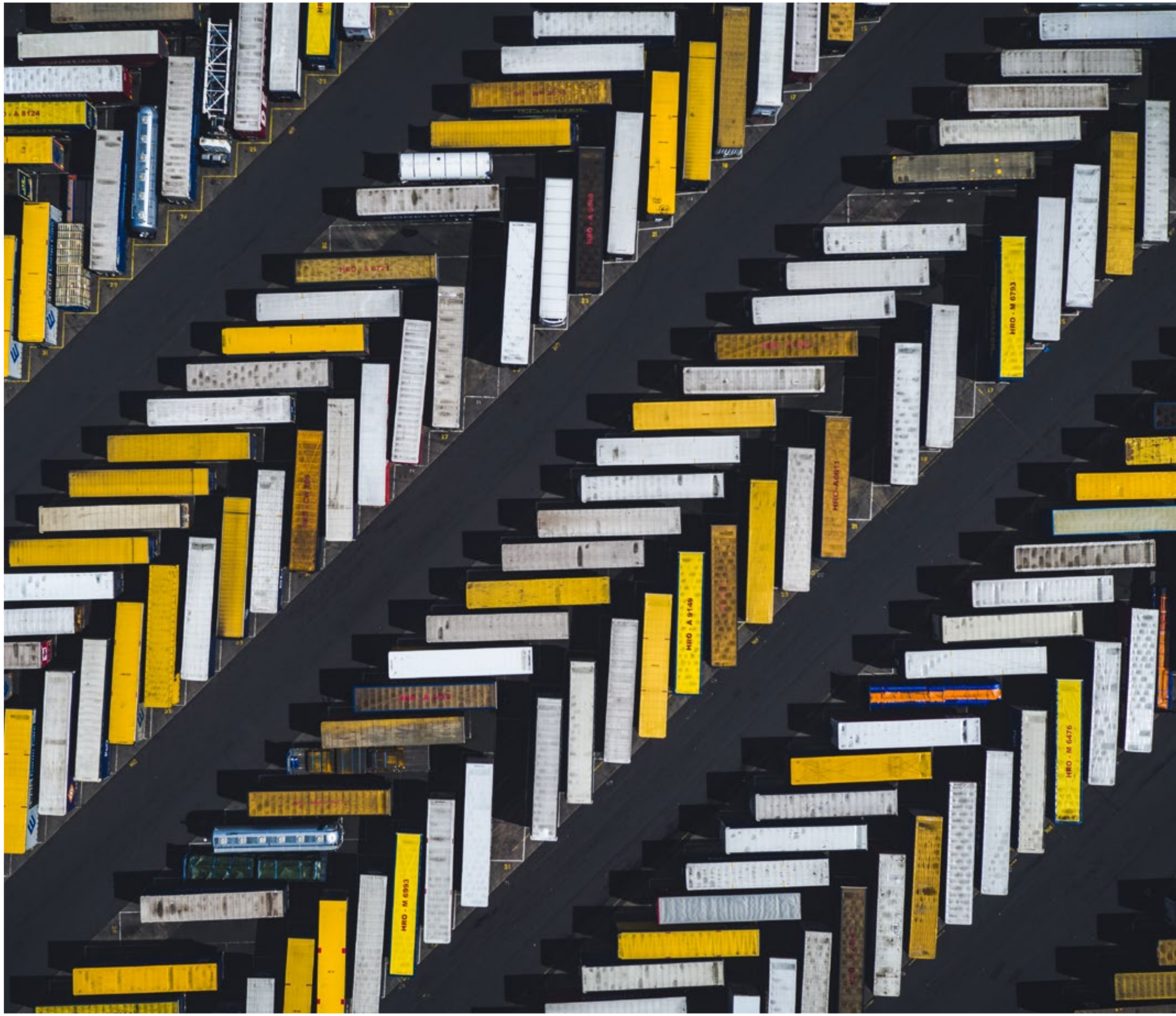
Engaging for change

Allianz Global Investors
Stewardship Report 2020

Allianz Global Investors

Value. Shared.

Contents



01 Introduction

Allianz Global Investors (AllianzGI) is an active investment management firm that is part of the Allianz Group. We share our parent company's focus on securing the future for our clients. Working in 25 locations, we manage EUR 582 billion[1] of assets on behalf of institutional and retail clients worldwide – from pension funds and blue-chip multinationals to charitable foundations, family offices and individuals.

We aim to drive transparency and performance across our sustainable investment approach and beyond. This is our Stewardship Report which combines our previously separate reporting on engagement and proxy voting. This report forms part of a suite of reports that includes our 2020 Sustainability Report and Climate-Related Financial Disclosure.

More details can be found on our website at www.allianzgi.com

1 Data as at 31 December 2020.

Allianz Global Investors at a glance

EUR 582bn
Total assets under management.

EUR 205.5bn
Total value of sustainable investment offering.

+24%
Increase in assets under management (AuM) in sustainable investments compared to 2019.

A+
A+ score from the PRI Association for Strategy & Governance for four consecutive years; we retained our high marks of 2019 and improved in the Listed Equity – Active Ownership and Fixed Income – Corporate Non-Financial categories, receiving an A+ for both.

Client satisfaction
1st quartile ratings and Quality Leader in core markets Germany and Europe.

01.1 Foreword

Matt Christensen

I am pleased to introduce Allianz Global Investors' first Stewardship Report in which we share information on our engagement and proxy voting. As an active asset manager, we take our responsibility as a steward of our clients' assets very seriously. The purpose of this report is to underscore our commitment and offer insight into our approach.

We believe only through close engagement with investee companies – as part of an active asset management approach – can we deliver the real-world change that is needed and that our clients increasingly seek. It enables us to gain a deep understanding of the businesses in which we invest and to build an ongoing dialogue with them. This is particularly true and important where we have concerns about environmental, social or governance (ESG) topics.

To maximise our impact, we pursue a global approach to engagement and proxy voting. Our voting on shareholder proposals is also globally consistent.

The goal for this report is, above all, to deliver transparency on our engagement and proxy voting activities. By sharing our approach and offering insight on the outcomes of individual engagements, we hope to demonstrate the benefits of engaging with investee companies to achieve deep-rooted change.

Matt Christensen
Global Head of Sustainable and Impact Investing
Allianz Global Investors

02 Engagement

At Allianz Global Investors, we believe in gaining a deep understanding of the businesses in which we invest. Being an active manager positions us to engage in dialogue with investee companies. It is an opportunity to proactively present our viewpoint, request positive change and monitor the results of engagement.

Our approach to engagement

Our portfolio managers, fundamental analysts and ESG analysts hold thousands of meetings with listed issuers every year to inform their investment decisions. Most of these meetings are aimed at enhancing our knowledge of investee companies including their management, performance and value drivers.

While our reported engagement meetings represent a fraction of the total number of company meetings we hold every year, we believe it is important to differentiate between the normal research and monitoring meetings that we undertake as an active manager, and instances where we actively seek to make an impact. The latter meetings are classified and reported as engagement meetings, although we expect that our overall influence and stewardship is much broader than reflected in the numbers below. We believe our ability to have an impact – by engaging constructively with investee companies – is a core part of what distinguishes our active management approach.

Investee companies often seek informed views and input from investors on a wide range of issues that can impact their businesses. We are pleased to provide such input where it helps boards and management of listed companies to navigate the increasingly complex business environment.

"Voting at general meetings, while an important part of our approach, is by no means the only way in which we signal our expectations to investee companies. We seek constructive, ongoing dialogue with companies to raise our expectations and concerns and, where necessary, initiate improvements."

Antje Stobbe
Head of Stewardship,
Allianz Global Investors

Our targeted engagements focus on issues specific to the investee company or its sector, and on specific risks we identify through our research process. To make each engagement meeting impactful and productive, we include respective equity, fixed income and ESG teams at AllianzGI. This means the company receives insights from all critical parts of our investment platform. Our investment views are influenced by the outcomes of engagements and are linked to the proxy voting process, forming a consistent stewardship approach.

Our Stewardship Statement summarises our approach and policies on proxy voting and company engagement and explains how we manage conflicts of interest that may arise. We also discuss our approach to escalating stewardship activities and how we collaborate with other investors. This policy document is available on our website.

www.allianzgi.com/en/our-firm/esg/documents

Engagement activities commonly relate to an investee company's strategy, operational or financial performance, capital management, corporate governance and ESG risks and impacts. Where our investment teams have concerns that cannot be resolved through normal interactions with investee companies, we may enter a more focused engagement. While our preference is to engage investee companies confidentially, we are prepared to escalate engagement activities more publicly if a company does not respond constructively, or where our shareholding is insufficient for an effective escalation on our own.

In addition to direct engagement with boards and management of sizeable holdings, we lead targeted, themed engagement projects – for example on the impact of climate change on strategy. We also participate in collaborative engagement initiatives aimed at improving corporate practices and disclosure at industry and market levels.

AllianzGI's engagement in numbers

In 2020, we engaged on 303 occasions (2019: 448) and covered 491 topics (2019: 711) – often engaging on more than one topic per company. We saw a decline in engagement compared with the previous year due to Covid-19 and other market factors which put considerable pressure on resources industry-wide. Our overall focus on engagement was undiminished, as is shown by the examples in this report.

Engagement by geography

Our engagements spanned 224 companies in 29 markets globally. The geographic distribution of engagement activities reflects the main markets we invest in and the size of individual holdings in those markets, both with respect to assets under management and relative share of the holding.

303 engagements

224 companies

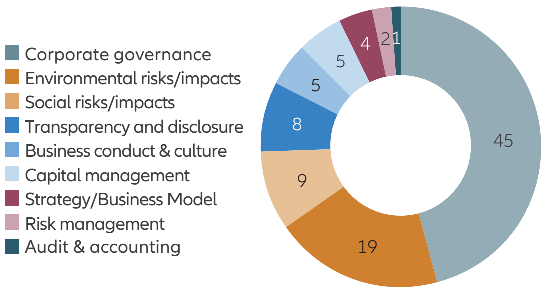
29 markets

491 topics

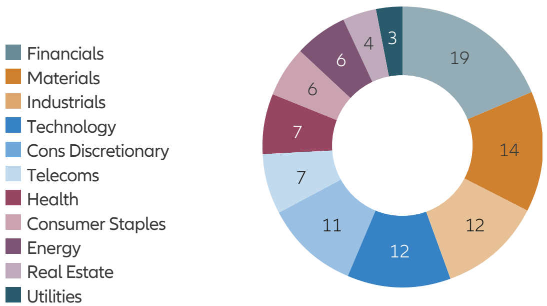
Engagements per geography
% of companies

USA **20%**	Germany **16%**	UK **13%**	France **9%**
Japan **8%**	China **5%** includes Hong Kong	Netherlands **4%**	Switzerland **4%**
Italy **3%**	Europe other **13%**	Asia other **3%**	Other **2%**

Engagements per topic
%



Engagements per industry
% of occasions



Engagement by topic

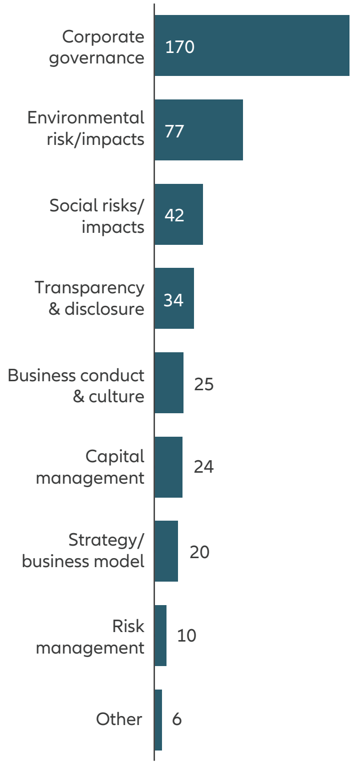
Engagement activities covered a broad range of topics (see chart) with around 60% covering corporate governance, business conduct and transparency issues. One-fifth of engagements were on environmental risks and impacts and around 10% focused on social topics.

We engaged 170 companies at least once on governance issues, underlining our strong focus on a sound institutional set-up for our investee companies. Conversations on environmental risks and impact ranked second: we spoke to 77 companies at least once on this topic. In some instances where we did not see sufficient progress, or where we wanted to follow up on recent developments, we engaged more than once. In 15% of cases we spoke to companies more than once during the year.

Outcomes achieved

We registered 23 stewardship outcomes where companies responded to investor feedback by taking the desired action. Some cases involved multi-year engagement. Executive remuneration and governance issues were the focus in about half of these cases.

Number of companies engaged, by topic



02.1 Engagement topic: environment and climate

Focus on climate transition

Our focus is on helping to transition the business models and operations of companies – and, indeed, entire sectors – to a low-carbon economy. This is how we can achieve real-world impact on climate change.

Investors can incorporate climate risk considerations into their strategies in many ways. Some strategies focus on reducing portfolio risk exposure by investing in companies that have low relative or absolute carbon emissions. Others seek to contribute to the transition to a low-carbon economy by supporting companies with ambitious plans to reduce their carbon emissions in line with science-based targets. Alternative strategies may invest in companies that offer products and services to help other industries reduce greenhouse gas emissions, such as low-carbon technologies.

In 2020, we engaged 77 companies on environmental risks and impacts, including climate change. Environmental issues gained relative importance in our engagement activities, increasing their share by five percentage points to 19% of all engagements. This reflects the high priority that decarbonising the economy represents for our clients.

Many discussions focused on climate risk assessment, exploring how companies are measuring and managing climate risk and the imperative low-carbon transition of their strategy, operations, and product pipelines. Other topics included the adoption of science-based targets and disclosures on climate- and water-related key performance indicators (KPIs). These engagements spanned multiple sectors including oil and gas, utilities, materials, financials and consumer goods, among others.

1. Engaging oil and gas companies on the energy transition

We consider ourselves an active owner in this sector and we urge companies to amend their business models and transition to low-carbon energy provision. We encourage companies to join the Science Based Targets initiative and closely monitor the oil industry's lobbying activities to identify any conflicts with the industry's commitment to address climate change.

We engaged several oil majors in Europe and the United States on their energy transition pathways. We wanted to understand what low-carbon business models companies are considering, for example, with respect to the scope of their investments in renewables. We scrutinised how they are implementing Task Force on Climate-related Financial Disclosures (TCFD) recommendations related to governance, strategy, stress testing, resilience, and risk metrics. We also expressed our expectation that they endorse these recommendations and to report more consistently on climate-related risks, whether physical or transitional.

2. Influencing sustainability strategy development

As we seek to understand how companies tie their sustainability efforts to their broader strategic ambitions, we have had multiple conversations with companies across different industries and countries on their sustainability strategy. For example, we engaged a Polish company on its strategy towards climate neutrality and the roadmap and challenges related to "coal carve-out" and investments in renewable energy. In its strategy update, the company provided major milestones for its energy transition and clear targets. However, we encouraged it to provide more detail about how it would achieve these targets so that investors can better understand the milestones.

3. Promoting sustainability disclosure

We encourage our portfolio companies to disclose their sustainability ambitions transparently. To this end, we engaged a Korean company that did not have a strategy or team in place to address potential ESG risks. It was encouraging to see the company release a comprehensive report for the first time in 2020 discussing its strategies with respect to the ESG aspects of its operations. We were pleased to see the company address some of the issues we raised previously, for example on decarbonisation.

4. Engaging with green bond issuers

In our dedicated green bond strategy, we engage with issuers on the alignment of their green bonds with the Green Bond Principles relating to transparency, disclosure and reporting. During 2020 we had notable engagements with two issuers that had missed publication of their green bond reports. Our engagement was led either by portfolio managers or by the credit research team and the outcomes varied: one issuer answered positively and provided its report, while the other did not. Regarding the latter, the investment team decided to divest the position because the issuer failed to publish a green bond report despite committing to producing one.

5. Calling for transparent and internationally accepted reporting formats

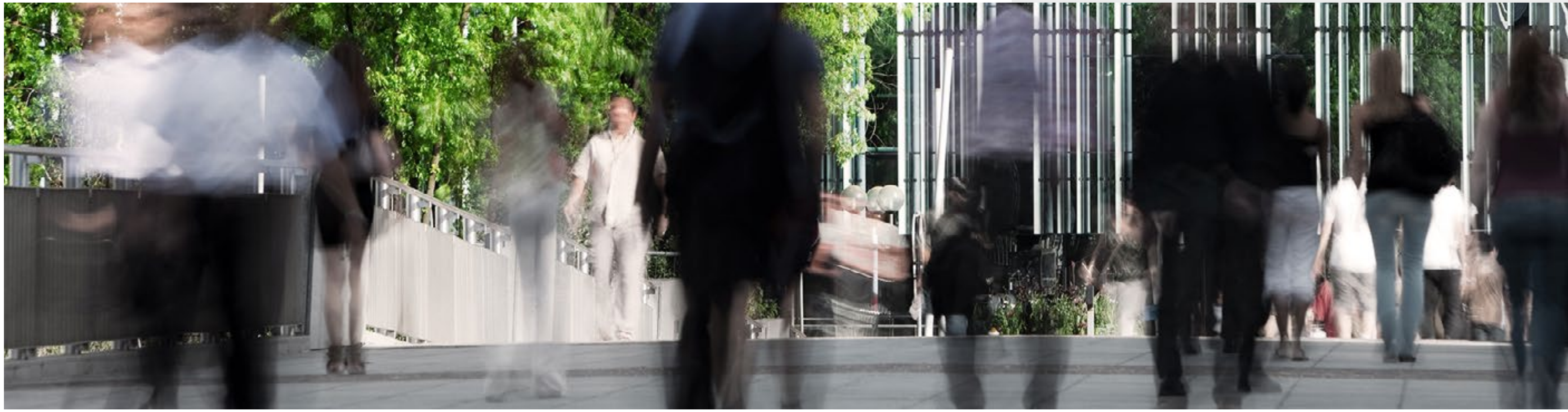
We believe companies should apply internationally accepted reporting formats in their sustainability reporting, for example the recommendations of the TCFD. We led several conversations with companies on TCFD reporting and underlying risk assessments in 2020. Following an engagement with a mining company in 2019, we have seen progress with new site-specific risk assessments and climate change factors incorporated into operational planning.

We also engaged a materials company on climate-related risks and reporting. We encouraged the company to update its materiality assessment and review different corporate reporting standards, including Sustainability Accounting Standards Board (SASB) standards and TCFD, to achieve clear and comparable sustainability reporting based on internationally accepted standards.

Engaging for a low-carbon economy

Recognising the urgent need to address climate change and in line with our ambition to drive real-world impact, we launched a dedicated climate engagement approach in March 2021 for specific strategies. This involves engaging with companies to support their transition to a low-carbon economy. As a proxy for climate change impact, we identify the top absolute CO_2 emitters per portfolio. We analyse best practices by sector and set sector-specific targets, using the outcomes to set realistic targets for each company.

This analytical framework provides a solid basis for defining company-specific engagement targets, aligned with our investment teams and documented in our global research and collaboration platform. Examples of engagement outcomes could include setting targets for reducing greenhouse gas emissions or board-level remuneration targets linked to climate change.



02.2 Engagement topic: Covid-19 related risks and challenges

The Covid-19 pandemic marked a turning point for businesses and broader society. Our engagements with investee companies on Covid-related topics looked beyond the financial and strategic implications of the crisis. We also engaged with them regarding board oversight in times of crisis, the conversations and frequency of meetings held between boards and management, the appropriateness of company's risk management systems, and employee health and safety issues. These Covid-related engagement activities covered multiple industries and countries.

1. Managing impacts on employees

In the industrials sector, we sought to understand how companies ensured workers' health by changing work processes and implementing social distancing. We also engaged a financial services company on the implementation of remote working for their employees, how long this transition took after the health crisis escalated in the spring, and cyber security-related topics related to working at home.

2. Appropriate executive remuneration

We raised questions concerning the impact on executive compensation of the health crisis and resulting business uncertainty. Executive directors of some European companies waived their variable conversation because of the challenging environment while others reduced fixed compensation. In the case of one industrials company, we sought to understand how its Remuneration Committee assessed the appropriateness of performance measures set in the Covid-environment and how they ensured targets remained appropriately challenging.

In those cases where companies reduced or cancelled dividends and/or received direct state aid, we expect variable compensation to reflect this. As the impact cannot yet be evaluated in full, we will continue to engage on this topic in 2021.

02.3 Engagement topic: social risks

Key engagement topics in 2020 related to the "S" of ESG factors included health and safety, labour relations, product safety, and human capital management – in addition to our continued focus on data privacy issues. Through the research and engagement process, we liaised with investee companies and other stakeholders, notably trade union representatives.

1. Eradicating child labour in the supply chain

We continued our engagement with a UK consumer staples company regarding its child labour practices and incidents in its supply chain. Over the past two years, we have made three specific requests: a ban on minors within the supply chain, adoption of ESG metrics including child labour in executive remuneration, and increased transparency in the supply chain overall. We appreciate that the company released a human rights report in 2020 for the first time. While we applaud it for developments in its data disclosure, we would like to see further improvements.

We also raised the topic of child labour with the Head of Sustainability of a US consumer staples company. We encourage companies to ensure minors are not involved in the tobacco production supply chain. We highlighted the need for greater transparency on incidents in specific countries to allow a better understanding of the issue and easier comparisons between companies.

2. Labour relations and human capital management

We engaged an industrials company multiple times regarding its approach to human capital management, including labour relations. We focused on the impact of poor safety records and challenges around attracting and retaining employees. We engaged with relevant unions to understand their perspectives on how the company has negotiated with its employees. We appreciate the progress that the company has made, particularly on improving labour relations.

We also engaged a German healthcare company to discuss human capital management and the way the group is addressing the issue of hospital staff shortage. We welcomed positive initiatives within the different business segments, such as training, as part of comprehensive personnel development programmes and the expansion of childcare facilities. However, we observed that the company was lacking a global view at a group level on strategy, targets and achievements. We have encouraged the company to be more proactive on these topics.

02.4 Engagement topic: fostering strong institutions through good governance

We think strong governance practices at investee companies are critical enablers of investment performance. With these practices in place, boards and management can better address other highly relevant issues to the business and investment case, including environmental and social risks.

During the year we engaged with companies on a variety of corporate governance topics. These included:

- Board composition, quality and competence
- Succession planning for directors and senior management
- Independence and expertise of audit committees
- Structures and quantum of executive remuneration
- Shareholder rights, particularly in the context of takeover related matters, capital issuance authorities and other issues.

Our governance engagements are focused on issues that are considered material for the companies we invest in, identified as a part of our research or proxy voting activities.

1. Ensuring clear division of leadership responsibilities

In our view, the roles of chairman and chief executive officer (CEO) should be separate to ensure a clear division of responsibility at the top of a company. Over the past three years, we have engaged a French company on separating the roles of chairman and CEO, as well as on succession planning. While we were encouraged that the company decided it will separate the roles from 2021, we remain concerned that no cooling-off period is stipulated for the chairman before he takes on his non-executive role. We expect former executives to adhere to a five-year cooling-off period.

Promoting gender diversity in Japan

We continued extensive engagements with Japanese companies on the topic of gender diversity, publishing our findings in 2020. Although half of adult women in Japan are graduates, the country lags behind other developed markets on gender diversity in the workplace. In 2018, only 11% of directors of private corporations were women.

To help effect the cultural shift required, our conversations with investee companies shared best practice from peer companies in Japan and detailed the ways gender diversity is good for business. These include facilitating a broader talent pool, more diverse perspectives and improved employee satisfaction.

Above all, we outlined the actions organisations must take to successfully address the issue. Our research shows that these include:

- Outlining a well-defined business case for greater gender diversity
- Embracing the required cultural transformation at all levels and leading from the top down
- Establishing a strong pipeline of female talent
- Monitoring and reviewing progress towards gender diversity

Through active stewardship, we aim to support companies to drive improvements, monitor progress and improve gender diversity at all levels of corporate Japanese culture – from graduate hires to directors.

2. Addressing executive commitment and overboarding

We also believe that directors should have sufficient time and energy to exercise their roles on boards. We have repeatedly engaged with companies in cases where we consider directors are overcommitted. For example, we engaged a German technology company where we felt a non-executive director was "overboarded". We also raised concerns about his low attendance rate at board meetings. Following our conversations, the company refreshed its board according to specific criteria and highlighted desired competences. It was encouraging to see that the director in question did not stand for re-election.

3. Transparent succession planning

Following extensive engagement with a consumer company in 2019, we co-signed a letter with other investors addressing several governance issues. We were concerned about succession planning and the search for a new CEO in the wake of a merger of the company. An overly generous executive remuneration scheme was another concern, given that investors had given only muted support for compensation-related items at the general meeting. We stated that we would appreciate the appointment of a lead independent director to the board.

4. Fostering independent perspectives on the board

In 2019, we started an engagement with a German healthcare company on broader governance concerns and the role of the chairman. We had issued a letter to the former chairman that recommended the addition of independent members to the nomination committee to refresh the committee and add new perspectives. We are pleased to note that the committee was expanded in this way following shareholder feedback.

Focus on executive remuneration

We continued to lead discussions on the structure and design of executive remuneration across our major markets.

As reflected in our proxy voting records, we are particularly concerned about pay design in the US. In 2020, we voted against 74% of all pay proposals in the US and we have continued to engage companies heavily on improving remuneration policies. Our concerns have included the use of stock options, which can encourage unsustainable decision-making at the expense of shareholders. We have also highlighted variable compensation that rewards underperformance, as well as the frequently perceived discrepancy between the value being awarded to executives versus employees and shareholders. Encouragingly, we observed improvements in pay structures because of our engagements with some US companies.

1. Promoting performance-based pay

We engaged a US industrials company on removing stock options from both executive and non-executive director pay. We were pleased to observe that the company implemented our suggestion as this reduces the risk that the company will be run for the short-term gains of management. Instead, the increased use of long-term performance shares means the company's leadership will more likely prioritise sustainable value creation.

A US technology company confirmed to us that its board is moving away from time-based pay entirely from 2020 onwards, in large part due to feedback from shareholders such as us. The company will instead implement an entirely performance-based executive compensation plan, which we welcome. It has set stretching enterprise value targets that are fully aligned with shareholders' experience.

2. Developing sound and transparent remuneration policy

We also led many conversations on remuneration policy and disclosure with European companies, including advising several German companies on our expectations of a sound executive remuneration policy. This followed the introduction of an advisory vote on pay under the implementation into German law of the Shareholder Rights Directive II.

We also engaged a Spanish company over two years on what we considered an excessive award opportunity relative to the company's size, leading to a potential pay-for-performance misalignment. Among other changes, the company decreased the maximum payout for the variable compensation components and introduced malus clauses. It adopted more stringent underlying targets and committed to increase transparency on targets and performance against targets. We welcome its new remuneration policy, which we think is better aligned with market standards and international corporate governance practices.

3. Integrating ESG in performance management

We favour the integration of ESG issues into performance measurement, where material and appropriate. We engaged a Dutch company over several years on its compensation plans and long-term ambitions related to energy transition. We note that the company strengthened its approach to managing the energy transition by including related metrics within long-term variable compensation, following several consultations with investors.

Our collaborative engagements

In addition to our own engagements, we undertook several collaborative engagements in 2020. We particularly valued the engagements facilitated by the UK Investor Forum, including on issues related to business strategy, environmental concerns, management of social risks and board oversight. We supported and participated in the Climate Action 100+ initiative and took part in several other investor initiatives, notably on labour standards and environmental disclosures.

03
Proxy voting

As well as actively engaging with the businesses in which we invest, we fulfil our fiduciary responsibilities to clients by exercising voting rights on their behalf during shareholder meetings. This allows us to have a say on some of the most important issues affecting society and individual investee companies – including executive compensation, the election of board directors, climate change, workforce diversity, political donations and lobbying activities, and appointment of external auditors.

We put great effort and care into developing inhouse views and positions on corporate governance and proxy voting matters. Voting decisions are informed by in-depth research, analysis and discussions with investee companies. Detailed proxy voting policies help shape our voting decisions and our robust proxy-voting process ensures strong governance.

Voting matters and potential conflicts of interest are assessed on a case-by-case basis. We are committed to full transparency of our proxy-voting activities. Our disclosures include detailed Global Corporate Governance Guidelines, a Stewardship Statement and real-time disclosure of all votes cast, including commentary on votes against management and abstentions.

We see voting on shareholder proposals as a key part of our stewardship programme. Shareholder proposals offer companies an important insight into the views and concerns of investors. They provide meaningful support for issues raised that merit careful consideration by companies' boards and management.

In 2020, we participated in 10,183 shareholder meetings (2019: 9,532), representing 95% of all votable meetings. We voted against, withheld, or abstained from at least one agenda item at 72% of all meetings globally (2019: 77%). We opposed 23% of all resolutions globally (2019: 24%).

These figures reflect our highly active and globally consistent approach to stewardship and willingness to vote against proposals that do not meet our expectations.

10,183
shareholder meetings in 2020

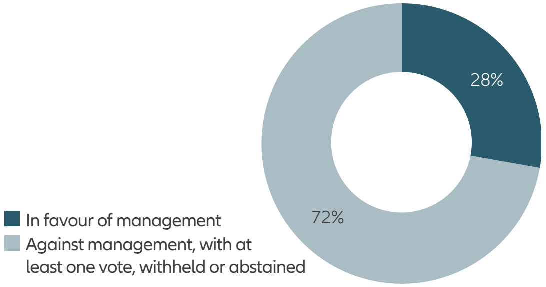
Representing 95%
of all votable meetings

At 72%
of all meetings globally we voted against, withheld, or abstained from at least one agenda item

We opposed 23%
of all resolutions globally

03.1 How we voted in 2020 by topic

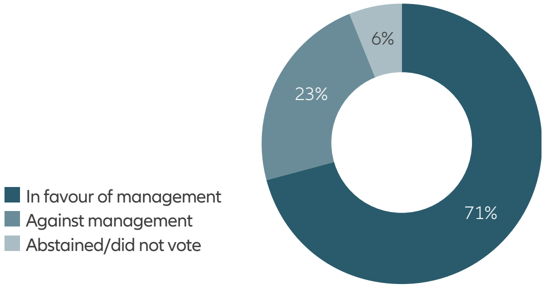
Voting in 10,183[1] shareholder meetings
%



1 Equals c.95% of all votable meetings.

Source: Allianz Global Investors, as at 31 December 2020.

Voting on 105,426 single proposals
%



Source: Allianz Global Investors, as at 31 December 2020.

Executive compensation

Compensation-related proposals continued to stand out as the most contentious area globally, with AllianzGI voting against 49% (2019: 48%) of all compensation-related management proposals.

We typically voted against packages that were not supported by robust and challenging targets or when performance KPIs and actual targets were not sufficiently transparent. Other concerns included the use of stock options to encourage unsustainable decision-making at the expense of shareholders and variable compensation apparently rewarding underperformance.

We observed a decrease in votes against pay proposals in some European markets. This is indicative of companies and boards being more receptive towards investor feedback and soliciting views on upcoming remuneration proposals. Positive developments are supported by the implementation of the EU Shareholder Rights Directive II, where investors are given a say on pay and a vote on remuneration reports.

Our abstentions on compensation proposals globally remained broadly unchanged at six percent (2019: seven percent) and reflected a growing number of engagements with investee companies seeking improvements in compensation plans.

As of 2021, we will amend our Proxy Voting Guidelines to reflect the implications of the Covid-19 pandemic. We will scrutinise generous pay proposals on a case-by-case basis among companies that received substantial direct state aid, recorded substantial lay-offs or cuts in dividends (where not prescribed by regulators) as a result of the pandemic.

Board independence and overboarding

Despite a slight decrease in votes against director-related proposals (26% in 2020 vs. 27% in 2019), we still have major concerns about the sound and balanced set-up of many boards.

We voted against several companies whose board of directors and/or board committees were not sufficiently independent because directors had a long tenure or were representatives of major shareholders.

Overboarding remains a major concern in many markets. As demands on non-executive directors increase, we voice our concerns when full-time executives take on more than one non-executive role and when non-executive directors take on a large number of appointments in public and private companies.

Concentration of power at the top of a company through combined chair/CEO roles led to votes against. This was the case where appropriate checks and balances – such as the appointment of a lead independent director and strong board independence – were not in place. We stood fully behind corporate governance-related shareholder resolutions, supporting 100% of all proposals requesting an independent chair of the board. We also supported shareholder proposals that sought to improve the corporate governance practices of investee companies and enhance shareholder rights.

Environmental and social matters

In 2020, we showed our backing for shareholder resolutions on environmental and social matters. We supported almost 90% of proposals requesting improved reporting on climate change and sustainability and 100% of proposals on community environmental impact.

Human rights was another area where we showed strong support, voting for almost 95% of all proposals. These included those focused on improving a company's human rights standards or policies. As in 2019, we strongly supported proposals seeking transparency of political contributions and lobbying payments.

Auditor-related votes

We expect investee companies to evaluate and retender audit contracts regularly and to change auditors after a maximum of 20 years of service. We voted against at 25% of such proposals (2019: 23%) where there was no commitment from the company to retender the audit mandate.

Capital-related resolutions

We continued to vote against large capital issuance authorisations that were not supported by a credible business rationale from management. We will support an increase in capital with pre-emption rights of greater than 33% and an increase in capital without pre-emption rights of greater than 10% in exceptional circumstances, and only when justified by an individual company[1].

We voted against 16% of capital-related proposals in 2020 (2019: 18%). Our votes against were also driven by companies not providing for pre-emption rights according to our expectations. We did not approve share issuance or buy-back proposals where these could be used as a takeover defence mechanism. We also did not support multiple share-class structures where these would lead to differential ownership rights. Additionally, we voted against private placements and share buy-back proposals where these would be implemented on terms that would be value-destructive for the existing shareholders in the company.

1 Note that we apply stricter rules for Germany.

03.1 How we voted in 2020 by topic continued

Breakdown of proxy voting by location

Proxy voting plays a crucial role in AllianzGI's stewardship process and is fundamental to us as an active investor. Our votes are the outcome of year-round research and continuous dialogue with companies. This process enables us to use our voting power to reassure companies of our views and expectations, and to protect and advance the interests of clients.

Our approach to proxy voting takes into account local priority topics and cultural differences to address the issues that are most pressing in each location, as we work with investee companies to make our voice heard.

A geographic breakdown of our voting record by proposal type during 2020 is outlined below.

Total percentage votes against all management proposals by location in 2020

Japan	US	Italy	Hong Kong	France	Belgium	Taiwan	Switzerland	Germany	Netherlands	Spain	China	Sweden	UK
41%	34%	34%	28%	20%	19%	18%	18%	17%	16%	14%	12%	9%	5%

Total percentage votes against compensation-related proposals by location 2020

Hong Kong	US	China	Taiwan	Italy	Netherlands	Spain	Belgium	Germany	France	Switzerland	Japan	Sweden	UK
89%	74%	70%	69%	47%	46%	39%	38%	26%	26%	23%	22%	21%	12%

Total percentage votes against director-related proposals by location 2020

Italy	Japan	Hong Kong	US	Taiwan	Germany	France	Switzerland	Spain	Sweden	Netherlands	China	Belgium	UK
50%	44%	37%	29%	25%	19%	18%	15%	15%	13%	13%	13%	13%	5%

Source: AllianzGI proxy voting data.

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