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## AllianzGI voting at AGMs shines light on gap in governance standards

- Compensation related proposals continued to stand out as the most contentious area globally during 2020
- Strong support for shareholder resolutions on environmental, climate and human rights topics
- UK leads the way in corporate governance standards for 4th consecutive year; Japan and USA continue to lag behind

Allianz Global Investors, one of the world's leading active investment managers, has today published its annual analysis of how it voted on more than 100,000 shareholder and management proposals in 2020, with figures revealing a continued and stark disparity globally in corporate governance standards.

Participating in 10,183 (2019: 9,532) shareholder meetings over the course of 2020, AllianzGI voted against, withheld or abstained from at least one agenda item at 72% (2019: 77%) of all meetings globally. It opposed 23% (2019: 24%) of all resolutions globally. These figures, as well as an increase in the number of meetings voted at, reflect AllianzGI's highly active and globally consistent approach to stewardship and a willingness to vote against proposals that do not meet its expectations of investee companies as well as fulfilling its duty to act in the interests of clients by considering each proposal on merit.

Commenting, Matt Christensen, Global Head of Sustainable and Impact Investing at Allianz Global Investors, said:

"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 the companies. It also enables us to use our voting power to reassure companies of our views and expectations, and to protect and advance the interests of clients."

### *2021 will be a test for the application of company's compensation policy*

Compensation related proposals continued to stand out as the most contentious area globally during 2020, with AllianzGI voting against 49% (2019: 48%) of all compensation related management proposals. The key reasons for voting against compensation related proposals were when packages were not supported by robust and challenging targets, and when there was not sufficient transparency of performance KPIs and actual targets. As of 2021, AllianzGI amended its Proxy Voting Guidelines, scrutinizing generous pay proposals on a case by case basis whenever companies received substantial direct state aid, substantial lay-offs were recorded or dividend cuts happened (not prescribed by regulators) as a result of the Covid-19 pandemic.

"Reflecting on the impact of the pandemic on proxy voting and engagement, 2021 will be a test for the application of the compensation policy, in particular with respect to target setting, the performance share plans, and ensuring that packages reflect changes in economic perspectives as a result of Covid." continued Christensen.

### *Reducing environmental and social risks*

AllianzGI considers voting on environmental and social matters a key part of our stewardship programme. During 2020, AllianzGI showed strong support for shareholder resolutions on these matters. It backed almost 90% of all proposals requesting improved reporting on **climate change and sustainability** and 100% of proposals on community environmental impact. **Human rights** were another area where we showed strong support, voting for almost 95% of all proposals. This includes any human rights items, such as improving company's human rights standards or policies.

#### *Promoting high-quality boards*

Despite a slight decrease in votes against director related proposals, (26% in 2020 vs. 27% in 2019), major concerns remain with respect to a sound and balanced set-up of many boards. AllianzGI voted against several companies where the board of directors and/or board committees were not sufficiently independent as a result of directors with long tenure or who are representatives from major shareholders. Over-boarding also remains a major concern. We stood fully behind **corporate governance related shareholder resolutions**, supporting 100% of all proposals requesting an independent Chair of the Board. AllianzGI supported shareholder proposals that sought to improve corporate governance practices of investee companies and to enhance shareholder rights.

#### **Total percentage votes against all management proposals by location in 2020**

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

#### **Total percentage votes against compensation related proposals by location in 2020**

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

## Total percentage votes against director related proposals by location in 2020

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

-Ends-

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### Notes to editors

AllianzGI provides real time disclosure of all votes cast, including commentary on votes against management and abstentions. To view AllianzGI's Global Proxy voting tool, please visit <https://vds.issgovernance.com/vds/#/MjQwMQ==/>

For more information on AllianzGI's approach to active stewardship, please visit: <https://www.allianzgi.com/en/our-firm/esg/active-stewardship#activestewardship>

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Allianz Global Investors is a leading active asset manager with 754 investment professionals in 25 offices worldwide and managing EUR 546 billion in assets for individuals, families and institutions\*.

Active is the most important word in our vocabulary. Active is how we create and share value with clients. We believe in solving, not selling, and in adding value beyond pure economic gain. We invest for the long term, employing our innovative investment expertise and global resources. Our goal is to ensure a superior experience for our clients, wherever they are based and whatever their investment needs.

Active is: Allianz Global Investors

\*Data as at 30 September 2020.

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