

1. Background

Allianz Global Investors refers to the global investment management business, which operates under the marketing name Allianz Global Investors through affiliated entities worldwide.

Allianz Global Investors is an active investment manager serving institutional and retail clients around the world. Our business is diversified across equity, fixed-income, multi-asset and alternative strategies and diversified by region. Our philosophy, how we look at the world and how we behave, can be described in two words: **Understand. Act.**

Allianz Global Investors has a strong investment culture based on bottom-up, fundamental research. We invest for the long term across a range of different investment strategies, and pay close attention to growth prospects, return on capital, good governance, market positioning and quality of franchises. Furthermore, we believe that material environmental and social considerations are crucial to the success of a company looking for long-term outperformance.

Consistent with our investment philosophy and approach, we routinely engage in dialogue with investee companies and seek to pro-actively present a viewpoint, seek change where necessary, and monitor the results of our engagement. Our investment views are influenced by the outcomes of these engagements and are linked organically to the proxy voting process, forming a consistent stewardship approach.

This statement summarizes our stewardship approach, including the steps we take to meet the principles of the Financial Reporting Council's UK Stewardship Code. This approach is also consistent with the principles and recommendations of Japan's Stewardship Code, Hong Kong Principles of Responsible Ownership, Italian Stewardship Codes as well as the codes of best practices that apply in other jurisdictions, including our operations in Europe, the United States, Singapore and Taiwan.

2. Principles

2.1. Discharging our Stewardship Responsibilities

Allianz Global Investors' stewardship activities include monitoring and engaging companies on a broad range of issues, including, but not limited to: strategy, performance, capital management, corporate governance and shareholder rights, risk management, operational issues, audit and accounting, management remuneration and incentives, environmental, social and business conduct issues, transparency and disclosure.

Allianz Global Investors sees the value of engagement in sharing our knowledge, views and perspectives with boards and management of investee companies to help improve performance and to better assure their long-term business prospects. We also find that exposure to a broader range of stakeholders at investee companies, importantly non-executive board members, enhances our understanding of the business, its strategy and value drivers, as well as our knowledge of the governance and culture of the companies we invest in, which enriches our investment analysis. Critically, it helps to assess quality of leadership and oversight, and to build confidence and trust in the board and management.

In addition to direct company engagements, we undertake targeted, thematic engagement projects and participate in collaborative engagement initiatives aimed at improving corporate practices and disclosure of information at an industry or market level. We believe these types of engagements add particular value to our market-leading funds that pursue a disciplined systematic approach to investment.

Active investment strategies benefit from the exercise of voting rights. Allianz Global Investors sees proxy voting as a core part of our investment and stewardship processes. We have robust policies for major corporate governance and proxy voting matters and put substantial effort into developing and debating our views and positions. Our proxy voting decision-making process involves close collaboration between portfolio managers, research analysts and environmental, social and governance ("ESG") analysts. There is a direct link between proxy voting and company engagement, while corporate

governance analysis undertaken for proxy voting purposes feeds into investment research.

Allianz Global Investors' integrated approach to stewardship is enabled by our investment philosophy, the structure of our investment platform, and our proprietary research and communication system, as follows:

1. We are an active manager running a large number of long-term fundamental strategies. This creates a substantial pool of portfolio managers who are willing to engage with investee companies to help improve performance or mitigate risk. Portfolio managers also participate in and contribute to public policy engagements, where intervention is considered in the best interests of our clients.
2. Our investment process is research driven with portfolio managers partnering with the research platform in identifying and investing in the most attractive investment opportunities globally. Allianz Global Investors has over 500 investment professionals, including over 60 research analysts, who analyse companies and industry dynamics. Research analysts are industry experts, who closely follow companies in their coverage and meet with companies on a regular basis. They are ideally positioned to engage with management and boards of investee companies on a broad range of issues, including environmental, social and governance matters.
3. Allianz Global Investors has a specialist ESG Research team, whose fundamental role is to share its expertise in the consideration of ESG factors in order to identify risks and opportunities that have not been fully priced by the markets, thus supporting enhanced stock selection for the benefit of the investment decision makers. The team helps to coordinate our engagement efforts and often leads engagements on corporate governance, environmental, social and business conduct matters. Furthermore, the ESG Research team contributes to public policy engagements and collective engagement in multi-stakeholder initiatives.

4. Allianz Global Investors' proprietary research database and communication system ensures that all sector research and stock analysis, third-party and proprietary ESG research, engagement notes and other outputs are readily available to all investment staff. It allows any fund manager or analyst across the company to review and challenge published research and comments when making investment recommendations or selecting stocks for portfolios. It also facilitates real-time communication for all investment professionals, helping us to run an effective proxy voting process, provide and collect feedback on company engagements and share engagement outcomes.

2.2. Managing Conflicts of Interest in Relation to Stewardship

As a fiduciary to our clients, we have a duty to act in our clients' best interests. We recognize there are certain internal and external potential conflicts of interest that will arise in the course of our stewardship activities, and we have policies and procedures in place designed to ensure that we manage those conflicts appropriately. Examples of these potential conflicts include:

1. Allianz Global Investors is ultimately owned by Allianz SE, a global insurance and financial conglomerate whose interests and views on particular matters may not always align with what we think is best for our clients. Accordingly, to address the potential conflicts that could arise based on our relationship with our parent company, we have imposed strict controls and information barriers designed to ensure that we seek to carry out our investment decisions and stewardship activities in a manner consistent with the interests of our clients and that we are not subject to improper influence.
2. At Allianz Global Investors, our core business is managing money for our clients for a fee. We recognise that there may be a conflict in voting and engaging on certain topics or with certain companies that may directly impact commercial arrangements. Such conflicts are escalated as necessary, but the ultimate decision on proxy voting and engagement resides with the investment platform and we seek to ensure the decisions are always based on the interests of our clients.

An overview of our policies and processes for managing conflicts of interest in proxy voting and engagement is provided below. An explanation of our governance structure and regulatory environment should further help to understand our conflicts management and escalation processes.

Governance

Allianz Global Investors is managed by the Global Executive Committee. With respect to all investment matters, the responsibility for ensuring our approach is designed to meet our obligations to our clients rests with the Global Investment Management Committee, comprised of the firm's senior investment leadership. The Compliance and Independent Enterprise Risk Management functions provide further governance by regularly evaluating our processes and reviewing decisions to ensure that we have taken appropriate actions.

Allianz Global Investors' structure and business are further described at <http://www.allianzgi.com/en/Aboutus/our-group/Pages/Corporate-Structure.aspx>.

Regulatory Framework and Conflicts of Interest Policy

Our policies and procedures governing conflicts of interest are designed to ensure that our conduct is in line with all applicable regulatory requirements. The legal entities that together form Allianz Global Investors are registered with and supervised by the relevant regulatory authorities in jurisdictions in which we operate around the world. Allianz Global Investors GmbH, as one of those entities, is regulated by the German Federal Financial Supervisory Authority. Allianz Global Investors' UK business is carried out by a branch of this entity based in London, which is registered with and subject to limited regulation by the UK Financial Conduct Authority.

Conflicts of Interest in Stewardship Activities

Allianz Global Investors manages all portfolios in accordance with specific investment management agreements, mandate guidelines and restrictions.

Our proxy voting activities are underpinned by the Global Corporate Governance Guidelines and detailed regional proxy voting policies. The guidelines and certain voting records, consistent with local legal and regulatory obligations and best practices, are publicly available on Allianz Global Investors' website¹.

Allianz Global Investors recognizes that conflicts or perceived conflicts of interest can arise when voting on proxies at company meetings. Our approach to managing such conflicts is set forth in detail in our policy and guidelines. Examples of potential conflicts include (but are not limited to):

- Votes on ballots of companies that are clients of or have other material business relationships with Allianz Global Investors;
- Votes on ballots of companies, where Allianz Global Investors is an affiliate of the company or an employee of Allianz Global Investors who is involved in the voting process is a director, significant shareholder or otherwise has a position of influence in the company;
- Votes on ballots that create a conflict or perceived conflict between different clients of Allianz Global Investors.

Separation of processes and management within Allianz Global Investors helps ensure that individuals who are clients or have business relationships with the firm are not able to exercise improper influence over our proxy voting decisions. Proxy voting rests entirely with the investment platform. We have robust policies and procedures in place designed to ensure that our investment professional's proxy voting decisions are not subject to improper influence and that individuals who work in client service, sales and marketing or other non-investment functions are not in a position to influence the voting process.

Any possible conflicts of interests in voting clients' proxies are addressed through the application of Allianz Global Investors' Global Corporate Governance Guidelines and proxy voting policy, which is implemented through an unaffiliated third party proxy voting services provider. In some cases a portfolio manager or research analyst may propose to override a policy recommendation. In such cases, we will convene a meeting of the regional proxy voting committee (in the location where the portfolio manager responsible for the relevant client account is based) to review the proposed vote, ensure that the proposed vote appears based on a sound investment rationale and assess whether there may be any conflict of interest influencing the proposed vote on that company's proxy.

Finally, Allianz Global Investors has global and local policies in place, including Codes of Ethics and Business Conduct, which are designed to ensure

employees always put first the interests of our clients and take care to avoid even the appearance of impropriety. Such policies require our employees to disclose all potential conflicts and if applicable recuse themselves from voting decisions in cases in which there is a potential conflict or even a potential perceived conflict of interest. We review and train all employees on such policies at least annually.

In order to manage potential conflicts in our engagement activities, the Risk Management function has developed clear and transparent internal escalation guidance. The guidance distinguishes between non-public and public engagement activities and assigns decision-making authority for proposed engagements with clients, major suppliers, non-governmental organizations, policy-makers, media and other parties. Our approach to managing potential conflicts in engagement activities, including collective engagement initiatives and public policy engagements, is set out below:

- **Affiliated companies:** We normally refrain from formal engagement with affiliated companies. However, we are willing to provide informal feedback to the boards and management of affiliated companies, including explanation of any votes against management or our position on issues and concerns raised by other investors.
- **Directors and employees:** We do not change our general approach to engagement with respect to companies, where directors or employees of Allianz Global Investors or our affiliated companies hold directorships or advisory roles. However, those employees or directors of Allianz Global Investors, who are directors of or related parties to a company we are engaging with, will be excluded from any decision making process related to our engagement.
- **Clients and significant suppliers:** We do not change our general approach to engagement for non-public engagements with clients and significant suppliers. All public engagement activities (e.g. collaborative investor initiatives) require review by our Direct Reputational Risk Group comprised of representatives from key investment and control functions and may be escalated to the Global Investment Management Committee for approval. This process seeks to ensure that we are: i) consistent in our approach across all global locations and asset classes; ii)

able to manage relationships with our clients and suppliers and convey our message in the most constructive and effective way; and iii) prepared to “practice what we preach”.

- **Public policy engagements:** We see it as our fiduciary duty to raise and seek to address issues that can impact long-term sustainability and performance of our investments through public policy engagement. In our approach we seek to speak with one voice across all regions and asset classes and help our stakeholders understand the rationale for our involvement and how they can address investor concerns. For this reason, all proposed public policy engagements are reviewed by the Direct Reputational Risk Group and approved by the Global Investment Management Committee.

2.3. Monitoring Investee Companies

The performance of our investment portfolios depends on that of the companies we are invested in; it is, therefore, essential that we continually monitor different aspects of the companies’ performance.

Allianz Global Investors’ global research platform helps shape our investment decisions. Over 500 investment professionals, including portfolio managers and approximately 60 full-time research analysts, analyse and monitor companies and industry dynamics using proprietary tools. Portfolio managers take responsibility for monitoring companies in their respective portfolios; fundamental analysts closely follow issuers in their coverage; and ESG analysts monitor companies and issues where material ESG risks have been identified and engagements initiated to address those. These valuable insights are enhanced by our global GrassrootsSM Research - a separate and proprietary research entity with over 350 market researchers and reporters - which conducts practical investigative fieldwork, highlighting both risks and opportunities.

Our monitoring process of investee companies covers:

- Strategy implementation and significant developments that can impact delivery and value;
- Financial performance and key value drivers, assessed by reference to the strategy and main Key Performance Indicators (“KPIs”), as well as key competitors and broader industry;
- Capital management issues;
- Material risks that are likely to impact performance, share price and dividend payments, and mitigation measures;
- Quality and effectiveness of the leadership team (i.e. board and management), and succession planning;
- Corporate governance practices and alignment with minority shareholders;
- Quality of company reporting, including from the accounting, audit and sustainability perspectives, as well as quality of management discussion and analysis;
- Identification of financial, operational or reputational issues at an early stage, which may result in a significant loss in investment value.

Monitoring is accomplished by:

- Following public announcements by investee companies and their industry peers;
- Reviewing all interim and final results announcements, trading updates and other information provided by companies;
- Reviewing annual reports and reference documents;
- Reviewing corporate governance practices and shareholder alignment as part of company research and prior to voting at shareholder meetings;
- Reviewing environmental, social and business conduct risks at investee companies as part of the research process for both Sustainability/SRI and mainstream funds;
- Reviewing third-party research and meeting third-party analysts and industry experts;
- Commissioning GrassrootsSM Research²;
- Attending investor presentations and events;
- Meeting with management and investor relations on a regular basis;
- Meeting with Board chairmen and non-executive directors (where possible and appropriate) to discuss matters related to strategy, governance, management team performance and succession, risk management, data security and cyber defence, management of environmental and social impacts, business conduct and culture, etc.;

- Engaging in dialogue with investee companies on specific issues of concern identified during research and monitoring process or to encourage companies to seize emerging opportunities;
- Exercising voting rights at shareholder meetings of investee companies;
- Where practicable, attending general meetings of investee companies.

Allianz Global Investors' sophisticated proprietary research database and communications system enables investment professionals to share files, external reports and feeds in a structured and fully searchable manner. By enhancing the flow and transparency of investment-related information, we make monitoring of investee companies more efficient, and maximise the benefits of our global resources to the advantage of our clients.

Furthermore, our investment professionals have daily interactions and open engagement in regional morning meetings, formal research and sector review meetings, strategy meetings, etc. where analysts and portfolio managers discuss emerging news and its possible impact on stocks both within client portfolios and within the 'watch' list of preferred stocks.

Allianz Global Investors' Global Corporate Governance Guidelines set out our expectations of corporate governance and shareholder rights at investee companies. We support the development of corporate governance best practice standards aimed at helping companies to prevent governance failures that can result in value destruction. We expect all companies to consider the risks that such codes of best practice seek to address, and to either adopt respective recommendations or develop and disclose alternative arrangements that are equally effective, but may be more appropriate for the business. Allianz Global Investors, therefore, supports the "comply or explain" principle, and our research and investment professionals give careful consideration to all explanations of departures from respective codes of best practice.

As an active investment manager we may from time to time be in a position to receive material non-public information from companies or their advisers (e.g., through "market soundings" of potential transactions in a company's securities). Allianz Global Investors' default position is that we wish to avoid receiving such information, because it makes us an "insider" and

therefore restricts our ability to trade shares of the relevant company. However, from time to time, we may selectively decide to participate in a market sounding or similar event and thus receive what may be deemed material non-public information. This decision can only be made by the Global Chief Investment Officer, Regional and Asset-class Chief Investment Officers, Heads of Trading or a senior investment professional to whom one of these individuals has delegated authority. We have designed and implemented policies and procedures to ensure that in such situations we comply with all relevant laws and regulations governing the possession and restricting the use of material non-public information.

2.4. Escalation of Stewardship Activities

At Allianz Global Investors, engaging in dialogue with investee companies is an integral part of the investment process. Our portfolio managers, research analysts and ESG analysts interact with companies on a regular basis and use these interactions as an opportunity for engagement. All investment professionals are involved in engagement activities.

Our engagement activities include: monitoring, providing feedback, challenging corporate practices and seeking change, and, in rare circumstances, public interventions. The most common engagements are around strategy, operational and financial performance, capital management, corporate governance and proxy voting issues, and environmental and social impacts of investee companies. Although we prefer to engage investee companies on a confidential basis, if a company does not constructively respond we may escalate our engagement activities in a more public way.

Engagement can take various forms, including:

- Electronic correspondence;
- Face-to-face meetings and conference calls with investor relations, executive directors and senior management, board chairmen and non-executive board members, company secretaries, as well as heads of operational, controls and sustainability functions;
- Formal letters to boards and management;
- Discussions with company advisers and other external stakeholders;
- Proxy voting and communication of voting decisions to issuers;

- Dialogue and collaboration with other shareholders; and
- Public interventions, through co-filing/filing shareholder resolutions, speaking at shareholder meetings, and commenting in the media.

Allianz Global Investors sees stewardship as an ongoing process, which is not limited to the circumstances where escalation is deemed necessary. For example, we would engage in dialogue with chairmen and non-executive directors of our investee companies even if there are no material concerns to address.

Should our investment teams have concerns that could not be resolved through normal interactions with investee companies, we may start a more focused engagement. The particular engagement approach will depend on the circumstances and the nature of our concerns. Typically, engagement would be escalated through additional meetings with the management and a more intensive dialogue with the board chairman and non-executive directors. It is our preference to address the issues of corporate governance and succession planning, risk management and internal controls, quality of audit, executive remuneration, and long-term sustainability matters directly with a non-executive board chairman, lead/senior independent director and other non-executive board members.

Allianz Global Investors prefers direct engagement with companies; however, where these do not progress as expected or our shareholding is insufficient for an effective escalation on a standalone basis, we will consider other options, including, but not limited to:

- Voting against resolutions at shareholder meetings;
- Expressing concerns through company advisers;
- Collaborating with other institutional investors; and/or
- Co-filing/filing resolutions at shareholder meetings.

In addition, Allianz Global Investors sees value in collaborative engagement initiatives coordinated by investors, trade associations and other organisations, where these seek to address market or industry-wide concerns. Allianz Global investor is a member of multiple trade associations, investor networks and

other bodies that facilitate investor engagement, and we leverage these when and as appropriate.

Allianz Global Investors will consider making public statements in respect of individual companies, requisitioning a general meeting, or proposing to change board membership in exceptional circumstances only and as a last resort, when all other channels of constructive dialogue have been exhausted.

All direct engagements will be coordinated between Allianz Global Investors' internal stakeholders in a transparent and inclusive way using our proprietary research and communications database. For all public interventions, a clear internal escalation procedure is in place. Depending on the nature of concern and preferred escalation action, our public interventions will be reviewed by Allianz Global Investors' Direct Reputational Risk Group, the Global Investment Management Committee or the Global Executive Committee. Our parent company, Allianz SE, will be notified as appropriate.

As an active investment manager, Allianz Global Investors sees engagement as a way to reduce investment risk, help improve corporate performance and better assure long-term business prospects of investee companies. Consequently, we do not seek to measure success of our engagements separately from our investment performance. All Allianz Global Investors' engagement notes and outcomes are available on our proprietary research and communications database, thus allowing all portfolio managers and analysts to reflect these in their investment decisions.

2.5. Acting collectively with other investors

Allianz Global Investors participates in collective engagement when this route offers the most effective way of achieving engagement objectives and is in the best interests of our clients. This is often the case with public policy engagements and collective investor initiatives aimed at improving practices at an industry, market or international level.

Collaboration with other investors in company engagements is particularly important where share ownership is dispersed and it is difficult to have shareholder voice heard through individual engagements. Allianz Global Investors' decision to initiate or join a collective engagement will depend on a number of factors, including:

- Issue of concern;
- Extent to which we can exert influence on our own;
- Trust and alignment in views and objectives with other investors;
- Agreement on strategy and potential escalation; and
- Probability of success.

Allianz Global Investors' collective engagement activities are undertaken in compliance with relevant statutory rules and guidelines from regulatory authorities, including on market abuse, insider dealing and concert party regulations.

At any given time Allianz Global Investors may be actively involved in several investor bodies and projects that facilitate discussion, sharing of information and collective engagement at an issuer or public policy level, including, but not limited to, the following:

- The UK Investor Forum;
- The UK Investment Association;
- UN PRI Sustainable Stock Exchanges Project;
- Interfaith Centre on Corporate Responsibility Bangladesh Investor Initiative;
- International Corporate Governance Network;
- German Investment Funds Association (BVI);
- Assogestioni (Association of the Italian Investment Management Industry);
- Association Francaise de la Gestion Financiere (French Asset Management Association);
- Asian Corporate Governance Association;
- European Fund and Asset Management Association;
- Eumedion (Corporate Governance Forum, Netherlands);
- UN PRI Sustainable Palm Oil Working Group;
- Forum pour l'Investissement Responsable (French Social Investment Forum);
- Forum per la Finanza Sostenibile (Italian Responsible Investment Forum);
- UK Sustainable Investment and Finance Association.

For any queries related to collective engagement, please contact Eugenia Unanyants-Jackson at eugenia.jackson@allianzgi.com.

2.6. Voting and Disclosure of Voting Activity

Allianz Global Investors' Approach to Proxy Voting

Proxy voting is a key part of the fiduciary responsibility we have to our clients and a core part of Allianz Global Investors' stewardship process. It is our goal to vote at shareholder meetings of all companies we are invested in, where AllianzGI has the authority to exercise voting rights.

Allianz Global Investors is bound by the terms of investment management agreements with our clients, including those related to proxy voting. We, therefore, may refrain from voting, or only vote on specified holdings/proportion of holdings in institutional clients' portfolios if so mandated by the client. Allianz Global Investors respects the right of clients in segregated accounts to retain voting rights, request that voting rights are exercised in line with the client's voting policy, or delegate proxy voting and engagement activities to a third-party service provider. Finally, Allianz Global Investors may refrain from voting if share blocking can be applied due to market regulation or custodian practices, or where specific market/custodian requirements make it impractical to vote.

Corporate Governance Guidelines and Proxy Voting Policy

Allianz Global Investors' approach to corporate governance and proxy voting is set out in our Global Corporate Governance Guidelines³ ("Guidelines"). The Guidelines outline our expectations with regard to corporate governance practices at investee companies, including composition and effectiveness of corporate boards, shareholder rights, capital related authorities, executive compensation, quality of external audit, and sustainability-related issues.

At Allianz Global Investors, we put great effort and care into developing in-house views and positions on corporate governance and proxy voting matters. The Guidelines are underpinned by detailed proxy voting policies that help to shape our voting decisions, while our proxy voting process ensures that significant governance and voting matters, and potential conflicts of interest, are assessed on a case-by-case basis.

Allianz Global Investors' Global Corporate Governance

Guidelines are approved by our Global Investment Management Committee. All proposed changes to the guidelines and the voting policy require an investment-platform consultation involving portfolio managers and analysts in all our global locations. The input from our investment teams enables us to create a nuanced approach that combines global corporate governance best practice standards with the knowledge of how these can be best applied and promoted in local markets. The Guidelines are updated on a periodic basis.

Proxy Voting Service Providers

All proxy voting research and initial voting recommendations are generated on the basis of Allianz Global Investors' own proxy voting policy. Proxy voting research is provided by Institutional Shareholder Services ("ISS"), a third party proxy voting service provider, and supplemented by European large cap research from Expert Corporate Governance Service. Allianz Global Investors uses an electronic proxy voting platform provided by ISS to cast our votes. In addition, we have access to MSCI ESG research and corporate governance indicators, as well as sell-side analysis that we use to supplement our analysis and assessment.

Proxy Voting and Internal Consultation Process

Allianz Global Investors' general approach, which applies globally, is to use corporate governance analysis undertaken as an important input into stock research, internal ratings and company engagement. Our investment platform has processes designed to link portfolio managers, fundamental research analysts the ESG team, and through their collaboration we are able to highlight ESG risks and substandard practices in investee companies.

In Europe and the UK specifically, Allianz Global Investors has adopted a risk-based approach to proxy voting research and analysis, whereby the ESG team focuses its effort on reviewing shareholder meeting proposals for a proportion of holdings in our portfolios (e.g. large aggregate positions across our funds, core holdings in individual funds, companies with an ongoing engagement activity, etc.), and our proxy voting policy is consistently applied to the remaining holdings. Our investment teams review potentially contentious proposals for all holdings in their portfolios and bring these to the attention of the ESG team for further analysis and vote decision. For all policy overrides in Europe and the UK, internal

consultations involving analysts and portfolio managers take place through our internal investment and research communication platform. Where consensus on vote direction cannot be reached, the ESG team escalates the decision to the European Proxy Voting Committee.

As stated above, all voting decisions are made on the basis of our proxy voting policy and investment perspectives shared in our consultation processes. We do not automatically support company management or the board, which is evidenced by our voting statistics.

Allianz Global Investors encourages investee companies to engage with us long in advance of shareholder meetings. We prefer robust dialogue that leads to improvements in corporate practices to voting against management proposals at shareholder meetings. Whenever practical, Allianz Global Investors will seek discussions with companies on contentious issues. Where Allianz Global Investors holds a significant stake or has been engaging the company, we will endeavour to advise the company in advance of any decision to vote against or abstain on management proposals.

Proxy Voting Reporting

In Europe and the UK our voting records are currently disclosed on a half-yearly basis. A full disclosure of those votes and a summary voting record for all major proposal types is available at <http://www.allianzglobalinvestors.co.uk/en/AboutUs/Corporate-Governance/Pages/UK-Voting.aspx>.

Securities Lending

Allianz Global Investors has a number of clients who specifically request that we participate in securities lending in their segregated portfolios, and in these cases we have arranged an agency lending agreement with a third party provider. To facilitate timely return of holdings (e.g. to accommodate sale, dividend, proxy voting or corporate action purposes), our current lending arrangements contain guarantees referring to this, allowing for securities on loan to be recalled in a timely manner. We do not currently engage in Securities Lending for our retail funds; however the use of securities lending across our business and for particular funds is consistently reviewed and is contained within the global Securities Lending Statement.

2.7. Reporting on Stewardship and Voting Activities

Allianz Global Investors' stewardship activities are undertaken for and in the interests of our clients. We report on our stewardship and proxy voting activities as follows:

- Fund specific proxy voting activity reports are provided to all clients who wish to receive them at a frequency requested by respective clients. Allianz Global Investors makes full disclosure of its proxy voting records on our regional websites⁴.
- All engagement records are maintained in our proprietary research database alongside other research notes and comments from analysts and portfolio managers. We provide clients with examples of stewardship activities for their funds on request, on an ad-hoc basis and during annual reviews. Notwithstanding the growing interest in engagement activities among our clients, we have not seen a significant demand for regular engagement reporting as yet.
- In 2016, Allianz Global Investors published its first Annual Review of Responsible Investment Activities, which can be accessed at <http://www.esgmatters.co.uk>. It is our intention to maintain and enhance public disclosure of our stewardship activities going forward.
- Allianz Global Investors places high importance on the value of research and sharing of intellectual capital. We publish selected research and policy papers on <http://www.esgmatters.co.uk>. Furthermore, we offer insights on the broad range of ESG issues in ESG matters, Allianz Global Investors' regular publication on environmental, social and governance themes.

Independent assurance over proxy voting processes is performed at Allianz Global Investors by the following departments and activities:

- Allianz Global Investors' internal audit function is performed by the Internal Audit department of Allianz Asset Management AG, the holding company of Allianz Global Investors. The primary purpose of the Internal Audit department is to examine, evaluate and report independently on the adequacy and effectiveness of the internal control framework by applying a risk- and process-based audit approach, which forms an

annual audit plan. Proxy voting is included in the annual audit plan on a periodic basis, covered globally on average every 3 years (the most recent audit taking place in summer 2016). The scope of the audit typically covers all aspects and components of proxy voting described in this document, and associated policies. Additionally Internal Audit provides an independent assessment of the adequacy and effectiveness of the control environment and recommends improvements to it, where appropriate.

- Additionally, Allianz Global Investors has an independent Risk Management function, which monitors operational risks through Risk Assurances, among other types of reviews and analysis. Risk Assurances help to identify potential risks (or issues) and the effectiveness of key controls as well as process improvements. Similar to Internal Audit's scoping, proxy voting is included in Risk Management's Risk Assurance process on a periodic basis.

Requests to provide final independent assurance reports to clients will be considered by Allianz Global Investors.

¹²³⁴ <http://www.allianzglobalinvestors.co.uk/en/AboutUs/Corporate-Governance/Pages/Corporate-Governance.aspx>

Contact for matters relating to the Stewardship Code and Engagement:

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