

**JOINT STATEMENT ON THE INTRODUCTION OF MULTIPLE VOTING RIGHTS
AT ITALIAN LISTED COMPANIES**

Al Presidente del Consiglio dei Ministri

Dott. Matteo Renzi

Palazzo Chigi - Piazza Colonna 370

00187 Roma - Italy

presidente@pec.governo.it

Al Ministro dell'Economia e delle Finanze

Prof. Pietro Carlo Padoan

Via XX Settembre, 97

00187 Roma

segreteria.capogabinetto@tesoro.it

Al Presidente della CONSOB

Dott. Giuseppe Vegas

Via Giovanni Battista Martini, 3

00198 Roma

g.vegas@consob.it

Al Governatore della Banca d'Italia

Dott. Ignazio Visco

Via Nazionale 91

00184 Roma

bancaditalia@pec.bancaditalia.it

Al Presidente della Commissione Finanze della Camera dei Deputati

On. Daniele Capezzone

Palazzo Montecitorio - Piazza Montecitorio

00186 - Roma (Italia)

CAPEZZONE_D@CAMERA.IT

Al Presidente della Commissione Attività produttive, Commercio e Turismo della Camera dei Deputati

On. Ettore Guglielmo Epifani

EPIFANI_E@CAMERA.IT

Al Presidente della Commissione Finanze del Senato della Repubblica

On. Sen. Mauro Maria Marino

Palazzo Madama - Piazza Madama

00186 – Roma

mauromaria.marino@senato.it

Al Presidente della Commissione Industria, Commercio e Turismo del Senato della Repubblica

On. Sen. Massimo Mucchetti

Palazzo Madama - Piazza Madama

00186 - Roma

massimo.mucchetti@senato.it

Al Presidente della Commissione Affari Costituzionali della Camera dei Deputati

On. Francesco Paolo Sisto

Palazzo Montecitorio - Piazza Montecitorio

00186 - Roma (Italia)

sisto_f@camera.it

Al Presidente della Commissione Bilancio della Camera dei Deputati

On. Francesco Boccia

Palazzo Montecitorio - Piazza Montecitorio

00186 - Roma (Italia)

boccia_f@camera.it

All'On. Maino Marchi

Commissione Bilancio della Camera dei Deputati Palazzo Montecitorio - Piazza Montecitorio

00186 - Roma (Italia)

marchi_m@camera.it

Dear Sirs,

On behalf of the undersigned international investment institutions, investor trade associations, advisory bodies and concerned individuals, we wish to convey our concerns regarding current parliamentary discussions surrounding the potential introduction of multiple voting rights at Italian listed companies. ***We also take this opportunity to note the parallel position statements issued by Assogestioni (<http://www.assogestioni.it/index.cfm/1,147,10681,49,html/voto-maggiorato-e-voto-plurimo-un-vulnus-al-principio-di-one-share-one-vote>) and the International Corporate Governance Network (https://icgn.org/images/28_Jan_Italy_Growth_Decree_ICGN_Prof_Padoan.pdf), and submit the following statement with a view to highlighting our shared objectives on this important matter.***

PREAMBLE:

Last June, the Growth Decree introduced by the Italian government in 2014 to reform and restart the economy added a provision that gained scant international notice, but raises serious concerns for minority investors: it enabled listed companies to grant double voting rights to shareholders that have owned their shares for at least two years. These so-called loyalty shares were intended to discourage short-termism by rewarding long-term holders. In fact, however, the experience of France, which has had a type of loyalty shares for years, has demonstrated that it is

almost exclusively controlling shareholders that take advantage of this option, by doubling their voting weight at shareholder meetings and effectively preserving their control while halving their economic exposure. For this reason, minority shareholders, i.e. institutional investors, are strongly opposed to loyalty shares. They have taken action today to prevent the Italian government from enshrining them in law by insisting that an exceptional provision to ease their introduction by listed companies be allowed to sunset on January 31st as originally promised.

Under Italian law, a two-thirds majority vote at a special meeting is required for the introduction of loyalty shares. However, a provision inserted last July by the Italian Parliament allowed for such resolutions to pass by a simple majority – which, given low voter turnout, gives a clear advantage to controlling shareholders and makes it much harder for minority investors to block the adoption of rules that erode their fundamental rights to equitable treatment.

While the amendment was originally intended to sunset by January 31st, a House of Deputies Committee has called for its renewal through 31st December 2015, in the hope of easing the approval of multiple voting rights proposals at the next wave of annual meetings in Italy this spring.

The two-thirds majority requirement for special meeting resolutions was among the most effective innovations of the Draghi Law of 1998: in one simple step, Italy met the best international standards in protecting minorities from the risk that the majority holder unilaterally alter shareholders' rights. Consequently, lowering the quorum required for passing a decision as important as introducing loyalty shares seriously harms minority investors' interests. Three Italian companies (Astaldi, Campari, and Amplifon), all with majority shareholders, convened meetings last week to take advantage of the lower quorum and won shareholder approval to amend their statutes – a foregone conclusion given their ownership stakes above 50%. With double voting rights, their controlling shareholders have, in effect, gained perpetual control of special meetings, a *de facto* repeal of the protection that minority shareholders had enjoyed for nearly twenty years: assuming dominant shareholders will be the only ones to double their vote, those that control these three companies will make up two-thirds of the votes in the general meeting, enough to pass any resolution unilaterally.

RECOMMENDATION:

It is regrettable that the Italian Government and Parliament introduced the exception to the two-thirds majority requirement last summer, but now is an opportunity to rectify the situation by allowing the sunset clause originally due to have taken effect on January 31st to apply as intended. To extend it as per the current House proposal would send a negative signal to institutional investors, both domestic and international, and damage Italy's attractiveness as a destination for the investment capital the country needs. Institutional investors must, as in all other developed capital markets, retain their collective veto power on fundamental aspects of the life of controlled companies. They must also be able to continue to rely on the protections long afforded by law that are essential to enable transparent and accountable corporate practice.

We therefore urge the Italian Government and Parliament to disallow the temporary extension of the lower quorum for the introduction of loyalty shares and demonstrate their commitment to the fair treatment for all investors. This, in turn, can help encourage the flow of

investments into the Italian stock market and broaden the ability of Italian companies to access sources of finance other than bank loans. The credibility and attractiveness of the Italian stock market depend on their clear and unambiguous support for fair treatment of minority investors, in line with Italian law.

SIGNATORIES

Academics, Board Directors and other individuals*

1. Pietro Abbadessa, Catholic University of Milan
2. Niccolò Abriani, University of Florence
3. Alberto Alesina, Harvard University
4. Carlo Amatucci, University of Naples Federico II
5. **Luca Anderlini Georgetown University and Non-Executive Director, Enel Green Power S.p.A.**
6. Angelo Baglioni, Catholic University of Milan
7. Francesco Bartolucci, University of Perugia
8. Paolo Benazzo, University of Pavia
9. Alberto Bisin, New York University
10. Tito Boeri, Bocconi University
11. **Andrea Boitani, Catholic University of Milan and Supervisory Board Member, Banca Popolare di Milano**
12. Massimo Bordignon, Catholic University of Milan
13. Alberto Borgia, member of the board, AIAF and Fondazione OIV
14. **Salvatore Bragantini, Non-Executive Director, Sabaf S.p.A. e Intek S.p.A.**
15. **Sabrina Bruno, University of Calabria and Non-Executive Director, SNAM S.p.A.**
16. Cesare Calari, Wolfensohn Fund Management and former Vice President, The World Bank
17. Vincenzo Cariello, Catholic University of Milan
18. **Lucia Calvosa, University of Pisa and Non-Executive Director, Telecom Italia S.p.A.**
19. **Rosalba Casiraghi, Non-Executive Director, Intesa San Paolo S.p.A. e Recordati S.p.A.**
20. **Francesca Cornelli, London Business School and Non-Executive Director, Telecom Italia S.p.A. and Cofide S.p.A.**
21. Renzo Costi, University of Bologna
22. **Gianni Crespi, Non-Executive Director, Basic Net S.p.A.**
23. Luca Dal Fabbro, Chairman of the Board, Domotecnica S.p.a.
24. Valentino Dardanoni, University of Palermo
25. Francesco Daveri, University of Parma
26. **Franco Debenedetti, Istituto Bruno Leoni and Non-Executive Director, CIR S.p.A. and Piaggio S.p.A.**
27. Daniela Del Boca, Collegio Carlo Alberto
28. **Alessandro De Nicola, Adam Smith Society and Non-Executive Director, Finmeccanica S.p.A. and Amundi SGR**
29. Francesco Denozza, University of Milan
30. Vito Di Battista, Nedcommunity

31. Carolyn Dittmeier, LUISS University
32. Luca Enriques, University of Oxford
33. Mara Faccio, Purdue University
34. Carlo Favero, Bocconi University
35. Giovanni Figà Talamanca, University of Rome Tor Vergata
36. Nadia Fontana, Independent
37. Mario Forni, University of Modena and Reggio Emilia
- 38. Dario Frigerio, Non-Executive Director, Finmeccanica S.p.A., Poste Vita S.p.A., and Sogefi S.p.A.**
39. Marzio Galeotti, University of Milan
40. Pietro Garibaldi, University of Turin
41. Matteo Gatti, Rutgers School of Law, Newark
42. Federico Ghezzi, Bocconi University
43. Francesco Giavazzi, Bocconi University
44. Paolo Giudici, Free University of Bozen
- 45. Francesco Gori, Non-Executive Director, SNAM S.p.A.**
46. Pietro Guindani, Board Member
47. Luigi Guiso, Einaudi Institute for Economics and Finance
48. Tullio Jappelli, University of Naples Federico II
49. Mario Libertini, University of Rome La Sapienza
50. Francesco Lippi, Einaudi Institute for Economics and Finance
- 51. Karina Litvack, Non-Executive Director, Eni S.p.A.**
- 52. Alessandro Lorenzi, Non-Executive Director, Eni S.p.A.**
53. Alberto Mazzoni, Catholic University of Milan
54. Giorgio Meo, Universitas Mercatorum
55. Enrico Moretti, University of California Berkeley
56. Gian Domenico Mosco, LUISS University
57. Federico M. Mucciarelli, University of Modena and Reggio Emilia
- 58. Elisabetta Oliveri, Non-Executive Director, SNAM S.p.A.**
59. Marco Onado, Bocconi University
- 60. Tiziano Onesti, Roma Tre University and Non Executive Director, Gruppo Editoriale l'Espresso S.p.A.**
61. Alessio M. Paccas, Erasmus University Rotterdam
62. Marco Pagano, University of Naples Federico II
63. Fausto Panunzi, Bocconi University
64. Alessandro Penati, Quaestio Capital Management SGR
65. Franco Peracchi, University of Rome Tor Vergata
66. Michele Polo, Bocconi University
67. Gabriella Porcelli, Senior Counsel, Philip Morris Italia
68. Giuseppe B. Portale, Catholic University of Milan
69. Gaetano Presti, Catholic University of Milan
70. Livio Raimondi, Non- Executive Director, Anima Holding S.p.A.
- 71. Duccio Regoli, Catholic University of Milan and Non-Executive Director, Mittel S.p.A.**
72. Fabio A. Regoli, Regoli e Associati and Non-Executive Director
- 73. Lucrezia Reichlin, London Business School and Non-Executive Director, Unicredit S.p.A.**

- 74. Andrea Resti, Bocconi University and Supervisory Board Member, UBI Banca**
- 75. Marco Rigotti, Chairman of the Board of Statutory Auditors, Autogrill S.p.A.**
- 76. Mauro Romano, University of Foggia
- 77. Riccardo Sabbatini, Independent
- 78. Paola Sapienza, Northwestern University and Non-Executive Director, Assicurazioni Generali S.p.A.**
- 79. Carlo Scarpa, University of Brescia
- 80. Fabiano Schivardi, Bocconi University
- 81. Giuliana Scognamiglio, University of Rome La Sapienza
- 82. Federica Seganti, MIB School of Management and Non-Executive Director, Eurizon Capital SGR
- 83. Mario Seminerio, Independent
- 84. Marco S. Spolidoro, Catholic University of Milan
- 85. Lorenzo Stanghellini, University of Florence
- 86. Mario Stella Richter, University of Rome Tor Vergata
- 87. Guido Tabellini, Bocconi University
- 88. Mariella Tagliabue, alternate member of the Board of Statutory Auditors, Sorin S.p.A.
- 89. Antonio Tullio, University of Modena and Reggio Emilia
- 90. Francesco Vella, University of Bologna
- 91. Marco Ventoruzzo, Bocconi University
- 92. Paolo Zaffaroni, Imperial College
- 93. Luigi Zingales, Harvard University and Non-Executive Director, Eni S.p.A.**

*** All the above signatories support this petition in a strictly personal capacity.**

Investment Institutions

- 1 Amundi Asset Management, Cédric Laverie, Head of Corporate Governance
- 2 APG Asset Management, Claudia Kruse, Managing Director, Sustainability and Governance
- 3 Aviva Investors, Steve Waygood, Chief Sustainable Investment Officer
- 4 BNP Paribas Investment Partners, Michael Herskovich, Head of Corporate Governance
- 5 F&C Investments, Eugenia Unanyants-Jackson, Director, Governance and Sustainable Investment
- 6 Fidelity Worldwide Investment, Trelawny Williams, Head of Corporate Governance
- 7 Henderson Global Investors, Antony Marsden, Head of Governance and Responsible Investment
- 8 ING Investment Management International, Bram Hendriks, Senior Corporate Governance Officer
- 9 Kames Capital, Stephen Adams, Head of Equities
- 10 Legal & General Investment Management, Andy Banks, Head of Corporate Governance
- 11 Local Authority Pension Fund Forum (UK), Cllr Kieran Quinn, Chair
- 12 PGGM Investments, Gerard Fehrenbach, Attorney at Law, Senior Advisor Responsible Investment
- 13 Robeco Group, Carola van Lamoen, Head of Governance & Active Ownership

- 14 RPMI Railpen, Frank Curtiss, Head of Corporate Governance
- 15 Schroders plc, Jessica Ground, Global Head of Stewardship
- 16 Threadneedle Investments, Iain Richards, Head of Governance and Responsible Investment
- 17 UBS Global Asset Management, Ian Pitfield, Head of Governance & Stewardship
- 18 USS Investment Management Ltd, Elizabeth Fernando, Head of Equities
- 19 Eumedion Corporate Governance Forum*, Rients Abma, Executive Director

* Eumedion is an association of 73 pension funds, asset managers and insurers (see <http://www.eumedion.nl/en/participants>). The Assets Under Management of Eumedion and those of its members listed individually above have been netted out to avoid double-counting.

Advisors & Consultants

- 1 Deminor Recovery Services, Erik Bomans, Partner
- 2 Frontis Governance, Sergio Carbonara, Owner
- 3 GC Governance Consulting s.r.l., Stefano Modena, Vice President
- 4 Georgeson, Stefano Marini, CEO, Corporate Advisory - South Europe & Latin America
- 5 Glass Lewis, K.T. Rabin, CEO
- 6 PIRC Ltd, Alan MacDougall, Managing Director
- 7 Studio Legale Trevisan & Associati, Dario Trevisan, Partner
- 8 Sustainable Value Investors, Daniela Carosio, Chief Executive
- 9 The Manifest Voting Agency, Sarah Wilson, Chief Executive