



Al Ministro dell'Economia e delle Finanze
Prof. Pietro Carlo Padoan
Via XX Settembre, 97
00187 Roma

By email: segreteria.ministro@tesoro.it

28 January, 2015

Dear Sirs

RE: ICGN Comment on the Growth Decree re multiple voting rights

The International Corporate Governance Network (ICGN) is an investor-led organisation of governance professionals with members including institutional investors based in 50 countries, responsible for assets under management in excess of US\$18 trillion. Established in 1995, our mission is to inspire and promote effective standards of corporate governance to advance efficient markets and economies world-wide. For more information, please visit www.icgn.org.

We wish to convey our support for the paper published by Assogestioni outlining concerns regarding parliamentary discussions on the potential introduction of multiple voting rights at Italian listed companies.¹ In this regard, we draw your attention to our letter submitted today to members of the European Parliament regarding proposed amendment to the Shareholder Rights Directive, particularly those relating to the potential introduction of differential voting rights.

ICGN is fully supportive of investors taking a long-term perspective on shareholding, particularly in investment mandates that support a beneficial owner's long-term funding needs. However we strongly oppose any generic mechanisms which lead to voting control that is disproportionate to a shareholder's economic interest in a company, for example multiple voting rights, loyalty dividends, loyalty shares and tax incentives.

Such mechanisms can effectively double the voting influence of controlling shareholders, while limiting their economic exposure, at general meetings and disenfranchises minority shareholders. Multiple voting rights can lead to unintended consequences, such as entrenchment of management in a way that can serve as an antitakeover mechanism.

¹ <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>

In this regard, we wish to address the specific concerns raised by the provisions outlined in the Growth Decree. We refer in particular to the temporary provision passed in July 2014 that allows Italian companies to modify their statutes via a simple majority vote in order to introduce double voting rights to shareholders that have owned shares for two years, rather than a supermajority vote as normally required under the Legge Draghi of 1998. We strongly encourage the Italian Government and Parliament not to extend this provision. We believe that this will not only lead to unfair treatment of existing minority shareholders, but may have a detrimental effect on the future attractiveness of the Italian capital market for global investment.

We hope that these comments are useful in your deliberations and the ICGN Policy Director, George Dallas (george.dallas@icgn.org), would be happy to elaborate on any of the points raised in this letter. Thank you for your consideration.

Yours faithfully,

Erik Breen
Chairman, ICGN Board

Cc. Kerrie Waring, Managing Director, ICGN
Bram Hendriks, Co-chair, ICGN Shareholder Rights Committee
Alexander Juschus, Co-chair, ICGN Shareholder Rights Committee
Fabio Galli, Director General, Assogestioni
Massimo Menchini, Head of Institutional Relations and Corporate Governance, Assogestioni