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**Proxy Voting  
&  
Activist Investors**

# (OECD) Corporate Governance

According to OECD principles the purpose of corporate governance is to help an **environment of trust, transparency and accountability necessary for fostering long-term investment, financial stability and business integrity**, thereby supporting **stronger growth** and more **inclusive societies**.

More specifically, corporate governance **involves a set of relationships between a company's management, its board, its shareholders and other stakeholders**. Corporate governance also provides the structure through which the **objectives of the company are set**, and the means of attaining those **objectives and monitoring performance are determined**.

An effective governance system is one that **aligns the interests of managers and shareholders**, thereby reducing agency costs and increasing value.

This is of **significant importance in today's globalized capital markets**. International flows of capital **enable companies to access financing from a much larger pool of investors**

There is **no single model of good corporate governance**. However, some common elements underlie good corporate governance.

# (OECD) Corporate Governance

## Shareholders Voting rights

The corporate governance framework should protect and facilitate the exercise of shareholders' rights and ensure the equitable treatment of all shareholders, including minority and foreign shareholders. All shareholders should have the opportunity to obtain effective redress for violation of their rights.

**Basic shareholder rights** should include the right to: 1) secure methods of ownership registration; 2) convey or transfer shares; 3) obtain relevant and material information on the corporation on a timely and regular basis; 4) participate and vote in general shareholder meetings; 5) elect and remove members of the board; and 6) share in the profits of the corporation.

Shareholders should be sufficiently informed about, and have the right to **approve or participate in, decisions concerning fundamental corporate changes** such as: 1) amendments to the statutes, or articles of incorporation or similar governing documents of the company; 2) the authorisation of additional shares; and 3) extraordinary transactions, including the transfer of all or substantially all assets, that in effect result in the sale of the company.

Shareholders should have the opportunity to participate effectively and vote in general shareholder meetings and should be informed of the rules, including voting procedures, that govern general shareholder meetings: 1. **Shareholders should be furnished with sufficient and timely information** concerning the date, location and agenda of general meetings, as well as full and timely information regarding the issues to be decided at the meeting. 2. **Processes and procedures for general shareholder meetings should allow for equitable treatment of all shareholders.** Company procedures should not make it unduly difficult or expensive to cast votes. Shareholders should have the opportunity to ask questions to the board, including questions relating to the annual external audit, to place items on the agenda of general meetings, and to propose resolutions, subject to reasonable limitations.

# (OECD) Corporate Governance

## Shareholders Voting rights

**Effective shareholder participation in key corporate governance decisions**, such as the nomination and election of board members, should be facilitated. Shareholders should be able to make their views known, including through votes at shareholder meetings, on the remuneration of board members and/or key executives, as applicable. The equity component of compensation schemes for board members and employees should be subject to shareholder approval.

**Shareholders** should be able to **vote in person or in absentia**, and equal effect should be given to votes whether cast in person or in absentia.

**Impediments to cross border** voting should be eliminated

**Shareholders**, including institutional shareholders, should be allowed to **consult with each other** on issues concerning their basic shareholder rights

All shareholders of **the same series of a class should be treated equally**. Capital structures and arrangements that enable certain shareholders to obtain a degree of influence or control disproportionate to their equity ownership should be disclosed.

**Minority shareholders should be protected from abusive actions** by, or in the interest of, controlling shareholders acting either directly or indirectly, and should have effective means of redress. Abusive self-dealing should be prohibited.

# (OECD) Corporate Governance Institutional Investors

**Institutional investors acting in a fiduciary capacity** should disclose their corporate governance and voting policies with respect to their investments, including the procedures that they have in place for deciding on the use of their voting rights.

**Votes should be cast by custodians or nominees** in line with the **instructions of the beneficial owner** of the shares

**Institutional investors acting in a fiduciary capacity** should **disclose how they manage material conflicts of interest** that may affect the exercise of key ownership rights regarding their investments

The corporate governance framework should require that **proxy advisors**, analysts, brokers, rating agencies and others that **provide analysis or advice relevant to decisions by investors**, **disclose and minimise conflicts of interest** that might compromise the integrity of their analysis or advice.

# Proxy Voting

A primary method for shareholders to promote the best corporate governance practices and influence the Issuers is through the **proxy voting process**

Each year, shareholders are asked to vote on a series of corporate matters, either in person or by proxy at the **annual general meeting**.

At AGM Shareholders can also influence the Issuers by:

**Creating communication channels** with the management and/or communicating their concerns

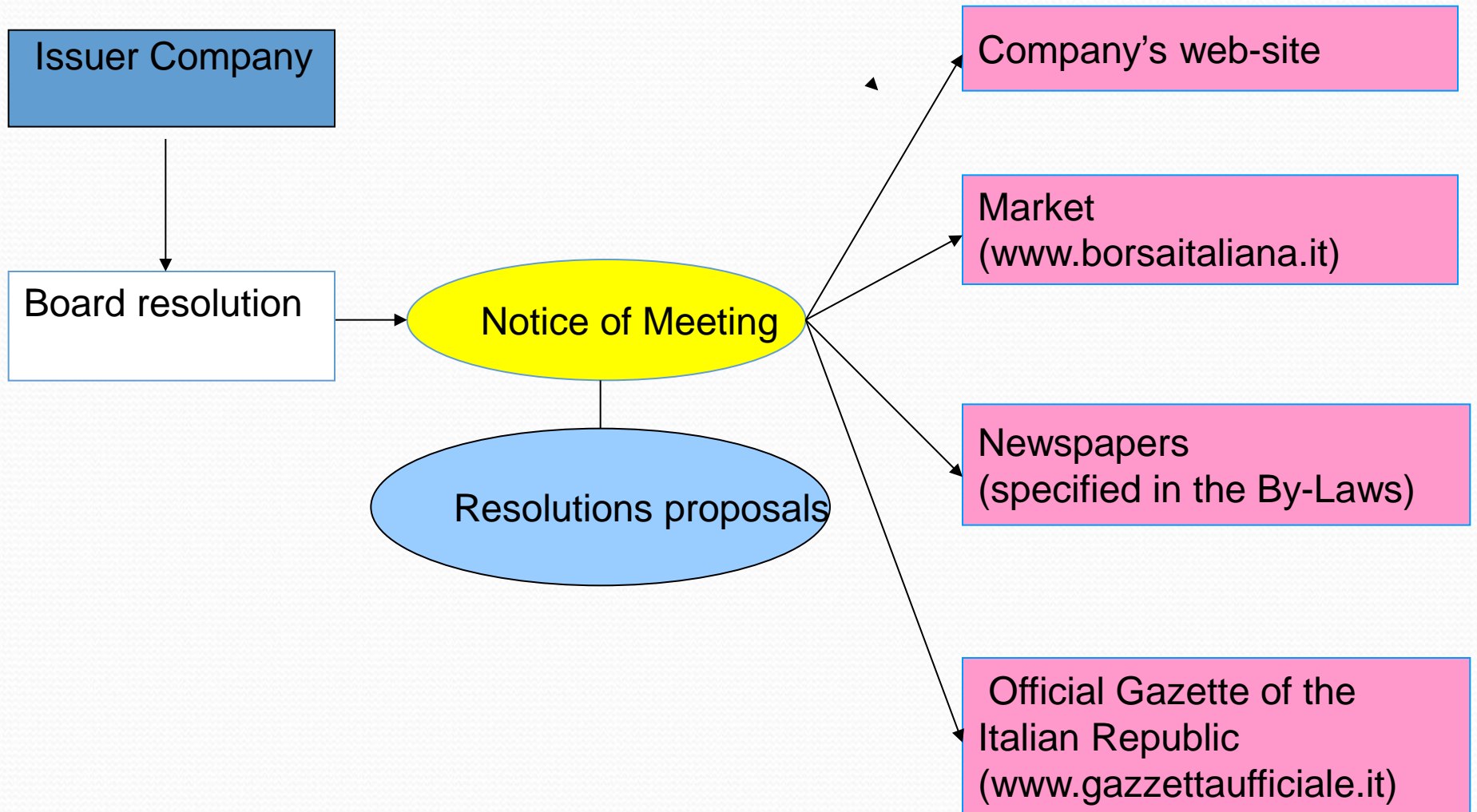
**Voting against company resolutions** which are not in their interests

**Electing board members proposed by them** (so called “proxy access”)

**Proposing dissident resolutions**

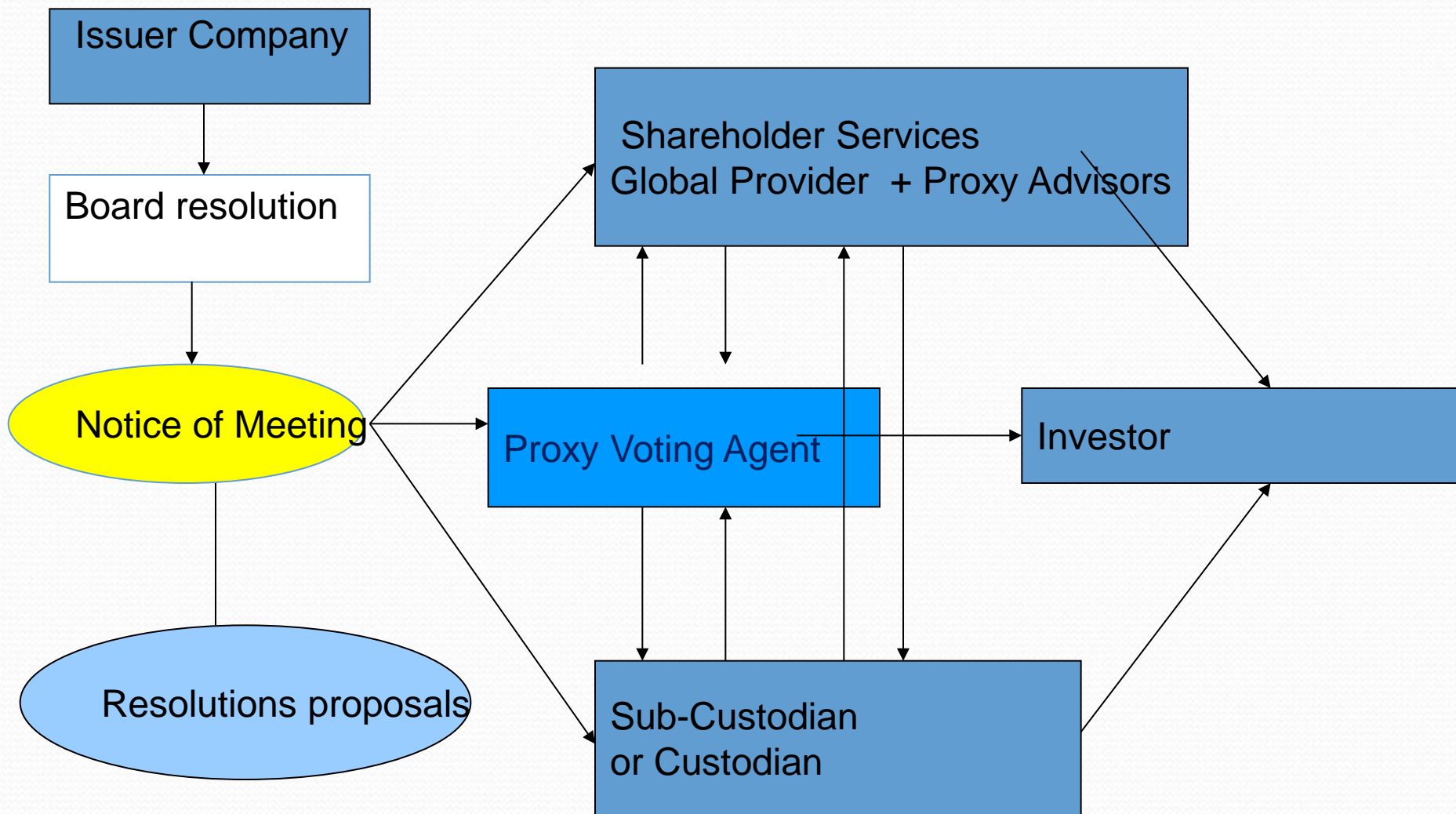
# Flow-process diagram

## Public release on Meeting information



# Flow-process diagram

## Private release on Meeting information

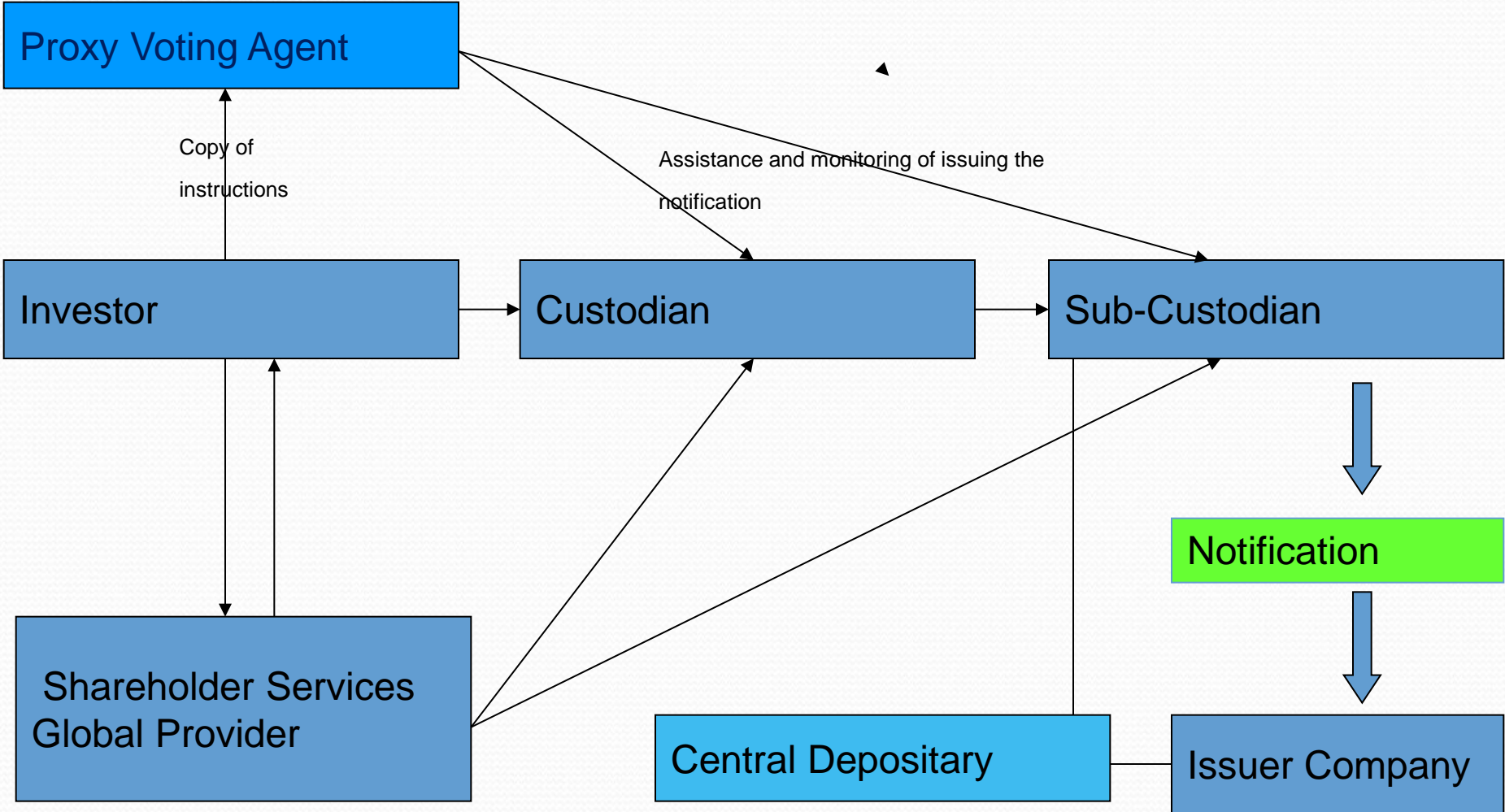




# Requirements to vote by proxy in the Italian System

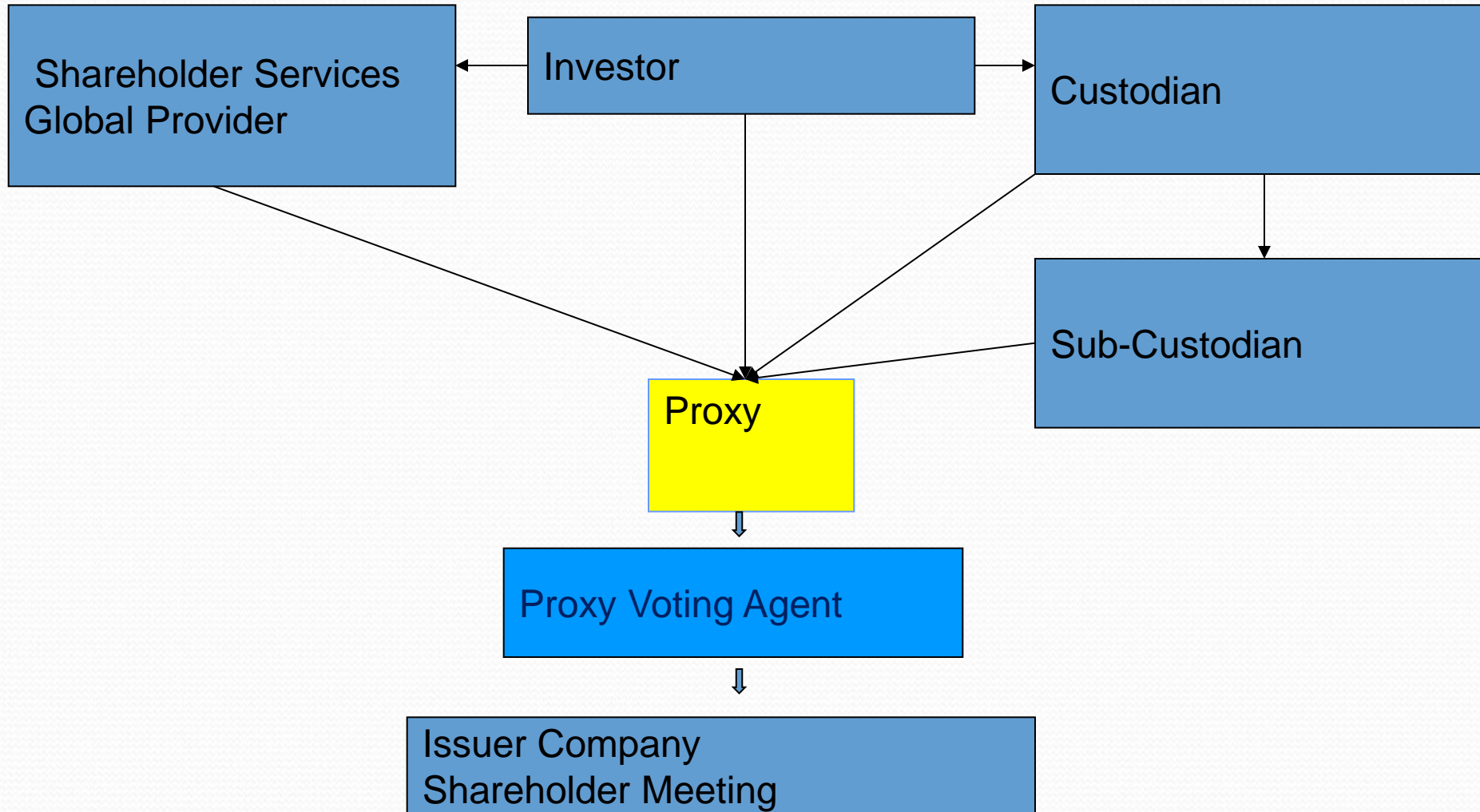
- 1) The Shareholding Ownership Notification (“Notification”) by the intermediaries to the Issuer
- 2) The proxy signed by investor or its authorised representative (e.g. Custodian, Sub-Custodian, Shareholders Services Global Provider)
- 3) The voting instruction

# Flow-process diagram Notification

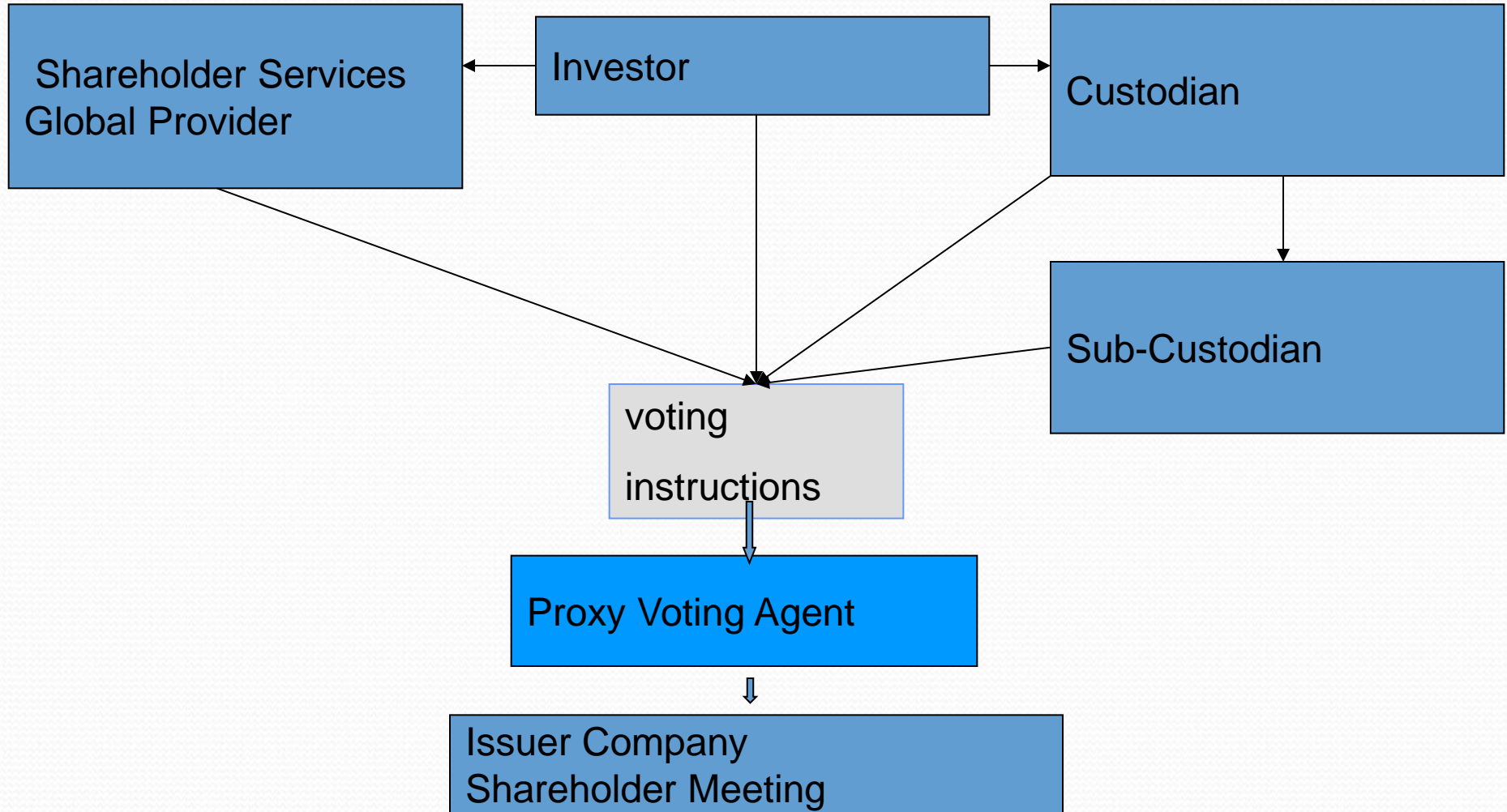


# Flow-process diagram

## Proxy



# Flow-process diagram Voting instruction



# Istitutional Investors –2017 -2018

Data 2017	ISIN	Società	capitale presente in sala 2017	% capitale presente sul capitale sociale 2017	% Totale rappresentato sul capitale presente in sala 2017	Data 2018	capitale presente in sala 2018	% capitale presente sul capitale sociale 2018	%Totale rappresentato sul capitale presente in sala 2018
15/05/2017	IT0001233417A2A		2.222.584.359	70,9432%	24,41%	27/04/2018	2.121.785.440	67,7258%	25,82%
27/04/2017	IT0004998065	<b>ANIMA HOLDING</b>	<b>209.688.442</b>	<b>69,9418%</b>	<b>63,57%</b>	<b>12/03/2018</b>	<b>229.838.685</b>	<b>74,5895%</b>	<b>65,56%</b>
27/04/2017	IT0000062072	ASSICURAZIONI GENERALI	816.596.756	52,3499%	48,16%	19/04/2018	827.537.357	52,9858%	43,85%
21/04/2017	IT0003506190	<b>ATLANTIA</b>	<b>642.749.001</b>	<b>77,8350%</b>	<b>52,48%</b>	<b>20/04/2018</b>	<b>632.717.731</b>	<b>76,6202%</b>	<b>52,92%</b>
27/04/2017	IT0003261697	<b>AZIMUT HOLDING</b>	<b>77.293.224</b>	<b>53,9552%</b>	<b>73,48%</b>	<b>24/04/2018</b>	<b>66.917.483</b>	<b>46,7123%</b>	<b>67,99%</b>
20/04/2017	IT0001031084	BANCA GENERALI	90.923.923	77,9500%	35,50%	12/04/2018	79.847.245	68,3322%	26,56%
08/04/2017	IT0000066123	BPER	195.128.290	40,5412%	36,92%	14/04/2018	219.502.341	45,6053%	35,25%
08/04/2017	IT0005218380	<b>BANCO BPM</b>	<b>545.490.366</b>	<b>36,0016%</b>	<b>63,15%</b>	<b>07/04/2018</b>	<b>602.938.347</b>	<b>39,7931%</b>	<b>73,71%</b>
20/04/2017	IT0001050910	BREMBO	49.274.545	73,7815%	27,15%	20/04/2018	241.404.823	72,2937%	25,65%
12/05/2017	IT0001347308	BUZZI UNICEM ORD	135.244.338	81,7932%	27,55%	10/05/2018	134.125.030	81,1163%	27,09%
28/04/2017	IT0003849244	CAMPARI	482.287.562	83,0385%	38,37%	23/04/2018	1.684.988.375	91,5494%	24,25%
14/04/2017	NL0010545661	CNH	1.453.546.947	82,6235%	39,31%	13/04/2018	1.442.951.732	82,5424%	40,58%
04/05/2017	IT0003128367	<b>ENEL</b>	<b>5.976.127.704</b>	<b>58,7815%</b>	<b>57,71%</b>	<b>24/05/2018</b>	<b>6.341.774.177</b>	<b>62,3780%</b>	<b>59,46%</b>
13/04/2017	IT0003132476	<b>ENI</b>	<b>2.290.064.481</b>	<b>63,0145%</b>	<b>50,88%</b>	<b>10/05/2018</b>	<b>2.409.777.230</b>	<b>66,3086%</b>	<b>50,94%</b>
30/05/2017	NL0012059018	EXOR	200.625.831	85,5436%	36,34%	29/05/2018	196.296.063	83,5045%	34,94%
14/04/2017	NL0010877643	FCA	1.322.468.283	69,1201%	25,93%	13/04/2018	1.412.141.702	73,3329%	27,80%
14/04/2017	NL0011585146	FERRARI	188.287.498	76,7135%	23,66%	13/04/2018	192.829.566	78,6237%	28,70%
11/04/2017	IT0000072170	<b>FINCOBANK</b>	<b>458.527.782</b>	<b>75,4533%</b>	<b>53,06%</b>	<b>11/04/2018</b>	<b>500.253.459</b>	<b>82,2504%</b>	<b>56,99%</b>
16/05/2017	IT0003856405	LEONARDO (FINMECCANICA)	389.857.311	67,4318%	51,45%	15/05/2018	363.158.931	62,8139%	48,68%
27/04/2017	IT0000072618	<b>INTESA SAN PAOLO</b>	<b>9.269.280.892</b>	<b>58,4452%</b>	<b>61,37%</b>	<b>27/04/2018</b>	<b>10.156.381.954</b>	<b>64,0386%</b>	<b>67,85%</b>

# Istitutional Investors –2017 -2018

Data 2017	ISIN	Società	capitale presente in sala 2017	% capitale presente sul capitale sociale 2017	% Totale rappresentato sul capitale presente in sala 2017	Data 2018	capitale presente in sala 2018	% capitale presente sul capitale sociale 2018	%Totale rappresentato sul capitale presente in sala 2018
28/04/2017	IT0005211237	ITALGAS	581.325.393	71,8452%	37,79%	19/04/2018	604.573.640	74,7185%	37,60%
28/04/2017	IT0001479374	LUXOTTICA GROUP	398.764.885	82,3132%	22,51%	19/04/2018	416.489.441	85,8642%	20,35%
28/06/2017	IT0001063210	MEDIASET	610.571.844	51,6896%	9,49%	27/06/2018	564.061.021	47,7521%	9,21%
28/10/2017	IT0000062957	<b>MEDIOBANCA</b>	<b>567.853.943</b>	<b>64,4384%</b>	<b>44,68%</b>	<b>27/10/2018</b>	<b>578.466.965</b>	<b>65,2130%</b>	<b>52,32%</b>
05/04/2017	IT0004776628	MEDIOLANUM	637.812.350	86,2737%	18,39%	10/04/2018	661.492.673	89,3600%	20,85%
20/04/2017	IT0004965148	<b>MONCLER</b>	<b>177.003.705</b>	<b>69,7629%</b>	<b>48,37%</b>	<b>16/04/2018</b>	<b>193.214.992</b>	<b>75,5936%</b>	<b>56,43%</b>
12/04/2017	IT0005092165	MONTE PASCHI DI SIENA	4.782.753	16,3118%	68,38%	12/04/2018	872.381.385	76,5052%	5,13%
	IT0005278236	PIRELLI & C				15/05/2018	821.823.689	82,1824%	23,08%
27/04/2017	IT0003796171	POSTE ITALIANE	1.007.321.634	77,1238%	15,03%	29/05/2018	1.024.555.814	78,4433%	16,21%
12/04/2017	IT0004176001	<b>PRYSMIAN</b>	<b>118.183.575</b>	<b>54,5326%</b>	<b>93,54%</b>	<b>12/04/2018</b>	<b>146.027.795</b>	<b>63,4461%</b>	<b>92,21%</b>
11/04/2017	IT0003828271	RECORDATI	164.362.162	78,5951%	34,07%	18/04/2019	155.816.141	74,5086%	30,52%
28/04/2017	IT0000068525	SAIPEM	6.618.827.506	65,4703%	34,17%	03/05/2018	617.021.553	61,0328%	29,22%
27/04/2017	IT0004712375	SALVATORE FERRAGAMO	150.367.606	89,0856%	16,80%	20/04/2018	148.886.313	88,2080%	14,77%
11/04/2017	IT0003153415	SNAM	2.349.443.308	67,1147%	46,76%	24/04/2018	2.355.416.502	67,2853%	44,59%
04/05/2017	IT0003497168	TELECOM ITALIA	8.931.690.281	58,7491%	56,93%	24/04/2018	10.025.355.401	65,9427%	39,04%
23/03/2017	IT0003242622	<b>TERNA</b>	<b>1.279.383.203</b>	<b>63,6512%</b>	<b>47,09%</b>	<b>04/05/2018</b>	<b>1.301.488.973</b>	<b>64,7510%</b>	<b>50,16%</b>
07/04/2017	IT0003487029	UBI	474.649.221	48,5705%	44,32%	06/04/2018	506.330.255	44,2486%	45,98%
20/04/2017	IT0004781412	<b>UNICREDIT</b>	<b>1.280.523.954</b>	<b>57,5337%</b>	<b>76,11%</b>	<b>12/04/2018</b>	<b>1.451.197.692</b>	<b>65,0710%</b>	<b>78,39%</b>
28/04/2017	IT0004810054	UNIPOL GRUPPO FINANZIARIO	482.146.652	67,2006%	28,06%	24/04/2018	468.482.003	65,2961%	26,02%
27/04/2017	IT0004827447	UNIPOLSAI	2.178.802.420	76,9972%	8,33%	23/04/2018	2.253.054.220	79,6212%	7,59%
21/04/2017	IT0003540470	YOOX	60.223.936	66,2434%	43,54%	20/04/2018	55.220.462	59,8095%	38,21%

# Istitutional Investors –2017 -2018

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27/04/2018	IT0001233417A2A		3.132.905.277	547.822.289	17,49%	2.121.785.440	67,7258%	25,82%	4.676.174.416	817.679.548
12/03/2018	IT0004998065ANIMA HOLDING		308.138.023	150.689.244	48,90%	229.838.685	74,5895%	65,56%	2.086.554.552	1.020.391.203
19/04/2018	IT0000062072ASSICURAZIONI GENERALI		1.561.808.262	362.897.911	23,24%	827.537.357	52,9858%	43,85%	23.510.974.999	5.462.952.092
20/04/2018	IT0003506190ATLANTIA		825.783.990	334.812.569	40,54%	632.717.731	76,6202%	52,92%	21.494.992.103	8.715.104.209
24/04/2018	IT0003261697AZIMUT HOLDING		143.254.497	45.494.738	31,76%	66.917.483	46,7123%	67,99%	2.121.326.917	673.690.630
12/04/2018	IT0001031084BANCA GENERALI		116.851.637	21.205.491	18,15%	79.847.245	68,3322%	26,56%	2.712.921.086	492.323.643
14/04/2018	IT0000066123BPER		481.308.435	77.381.212	16,08%	219.502.341	45,6053%	35,25%	2.243.667.401	360.720.258
07/04/2018	IT0005218380BANCO BPM		1.515.182.126	444.398.450	29,33%	602.938.347	39,7931%	73,71%	3.967.049.842	1.163.524.022
20/04/2018	IT0001050910BREMBO		333.922.250	61.928.285	18,55%	241.404.823	72,2937%	25,65%	3.995.947.389	741.077.208
10/05/2018	IT0001347308BUZZI UNICEM ORD		165.349.149	36.332.763	21,97%	134.125.030	81,1163%	27,09%	3.594.508.615	789.834.302
23/04/2018	IT0005252207CAMPARI		1.840.523.169	408.576.193	22,20%	1.684.988.375	91,5494%	24,25%	7.302.746.880	1.621.130.649
13/04/2018	NL001054566 1 CNH		1.748.134.693	585.562.540	33,50%	1.442.951.732	82,5424%	40,58%	14.633.737.862	4.901.778.305
24/05/2018	IT0003128367ENEL		10.166.679.946	3.770.515.006	37,09%	6.341.774.177	62,3780%	59,46%	49.248.414.326	18.264.751.740
10/05/2018	IT0003132476ENI		3.634.185.330	1.227.610.787	33,78%	2.409.777.230	66,3086%	50,94%	57.608.379.014	19.459.840.673
29/05/2018	NL001205901 8 EXOR		235.072.305	68.577.835	29,17%	196.296.063	83,5045%	34,94%	15.298.198.000	4.462.955.763
13/04/2018	NL001087764 3 FCA		1.925.659.971	392.620.965	20,39%	1.412.141.702	73,3329%	27,80%	21.635.094.558	4.411.158.684
13/04/2018	NL001158514 6 FERRARI		245.256.218	55.334.499	22,56%	192.829.566	78,6237%	28,70%	21.635.094.558	4.881.291.606
11/04/2018	IT0000072170FINECOBANK		608.207.838	285.083.768	46,87%	500.253.459	82,2504%	56,99%	5.508.615.073	2.582.039.631
15/05/2018	IT0003856405LEONARDO		578.150.395	176.788.111	30,58%	363.158.931	62,8139%	48,68%	5.082.924.828	1.554.268.036
27/04/2018	IT0000072618INTESA SAN PAOLO		15.859.786.585	6.890.856.055	43,45%	10.156.381.954	64,0386%	67,85%	43.695.298.020	18.984.997.517

# Istitutional Investors –2017 -2018

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19/04/2018	IT0005211237	ITALGAS	809.135.502	227.309.377	28,09%	604.573.640	74,7185%	37,60%	3.936.363.304	1.105.837.388
19/04/2018	IT0001479374	LUXOTTICA GROUP	485.056.033	84.744.577	17,47%	416.489.441	85,8642%	20,35%	26.159.266.191	4.570.308.989
27/06/2018	IT0001063210	MEDIASET	1.181.227.564	51.944.394	4,40%	564.061.021	47,7521%	9,21%	3.604.515.912	158.508.318
27/10/2018	IT0000062957	MEDIOBANCA	887.042.940	302.680.539	34,12%	578.466.965	65,2130%	52,32%	8.016.246.468	4.378.994.925
10/04/2018	IT0004776628	MEDIOLANUM	740.255.546	137.904.442	18,63%	661.492.673	89,3600%	20,85%	4.491.278.449	836.693.831
16/04/2018	IT0004965148	MONCLER	255.597.108	109.038.080	42,66%	193.214.992	75,5936%	56,43%	9.470.077.329	4.039.948.094
12/04/2018	IT0005218752	MONTE PASCHI DI SIENA	1.140.290.072	44.737.238	3,92%	872.381.385	76,5052%	5,13%	3.183.575.852	124.901.895
15/05/2018	IT0005278236	PIRELLI & C	1.000.000.000	189.635.847	18,96%	821.823.689	82,1824%	23,08%	7.472.700.000	1.417.091.794
29/05/2018	IT0003796171	POSTE ITALIANE	1.306.110.000	166.102.569	12,72%	1.024.555.814	78,4433%	16,21%	9.932.835.939	1.263.193.427
12/04/2018	IT0004176001	PRYSMIAN	230.160.523	134.645.759	58,50%	146.027.795	63,4461%	92,21%	5.831.204.122	3.411.301.359
18/04/2019	IT0003828271	RECORDATI	209.125.156	47.555.848	22,74%	155.816.141	74,5086%	30,52%	6.648.736.997	1.511.947.831
03/05/2018	IT0000068525	SAIPEM	1.010.966.841	180.281.396	17,83%	617.021.553	61,0328%	29,22%	3.924.269.987	699.798.295
20/04/2018	IT0004712375	SALVATORE FERRAGAMO	168.790.000	21.997.288	13,03%	148.886.313	88,2080%	14,77%	4.219.496.815	549.899.204
24/04/2018	IT0003153415	SNAM	3.500.638.294	1.050.336.354	30,00%	2.355.416.502	67,2853%	44,59%	13.100.477.290	3.930.685.320
24/04/2018	IT0003497168	TIM	15.203.122.583	3.913.433.904	25,74%	10.025.355.401	65,9427%	39,04%	11.102.840.422	2.857.980.780
04/05/2018	IT0003242622	TERNA	2.009.992.000	652.865.632	32,48%	1.301.488.973	64,7510%	50,16%	9.616.002.727	3.123.374.470
06/04/2018	IT0003487029	UBI	1.144.285.146	232.787.395	20,34%	506.330.255	44,2486%	45,98%	4.318.074.427	878.446.514
12/04/2018	IT0004781412	UNICREDIT	2.230.176.665	1.137.564.161	51,01%	1.451.197.692	65,0710%	78,39%	36.398.936.367	18.566.298.428
24/04/2018	IT0004810054	UNIPOL GRUPPO FINANZIARIO	717.473.508	121.915.125	16,99%	468.482.003	65,2961%	26,02%	2.813.285.372	478.041.397
23/04/2018	IT0004827447	UNIPOLSAI	2.829.717.372	171.101.731	6,05%	2.253.054.220	79,6212%	7,59%	5.438.150.846	328.823.307
20/04/2018	IT0003540470	YOOX	92.327.217	21.099.585	22,85%	55.220.462	59,8095%	38,21%	3.521.595.010	804.791.866
									495.252.550.265	156.398.377.149



# Proxy voting

Management proposals are those sponsored by the company, including approval of Financial Statements, the election of directors, auditors, approval of equity-compensation plans, say-on-pay, anti-takeover protections, bylaw changes.

Shareholder proposals are those sponsored by investors. They generally relate to Board nomination, Board structure, Board compensation, antitakeover protections, bylaw changes.

# Proxy Voting

Elements of shareholder democracy at AGM include:

- Majority voting
- Brokers and Custodian Banks disallowed from voting in General Meeting through securities held by their account holders without the specific authorization of them. Indeed, shares held at a brokerage firm are registered in the name of the broker, even though they are beneficially owned by individuals
- Investor right to nominate directors (“proxy access”).
- Investor vote on executive compensation (“say on pay”).

# Proxy Advisors

Many Institutional Investors rely on the recommendations of a third-party advisory firm to assist them in voting the proxy so called “**Proxy Advisors**”

Investors have a number of important ownership rights, one of which is the right to vote at company meetings. Voting is a key right of investors, whose effective discharge may also be a fiduciary responsibility. As with many other parts of the investment process, investors need access to information and administration tools that support them in the discharge of their responsibilities.

Proxy Advisors provide a range of professional services designed to assist investors in the discharge of their rights and responsibilities

# Proxy Advisors

Proxy Advisors analyse the corporate disclosures of listed companies with a view to informing investors' voting decisions. Services include the provision of research, advice or voting recommendations that relate specifically to the exercise of voting rights.

The services may exhibit one or more of the following characteristics:

- Data and analysis
- Company-specific research, advice or opinions
- ESG ratings
- Policy guidance
- Voting recommendations
- Alerts, bulletins and newsletters

# Proxy Advisors

**Institutional Shareholder Services Inc. (ISS)** is the world's leading provider of governance research and recommendations for asset owners, asset managers, hedge funds, and asset service providers. ISS is a global company with more than 1,200 employees spread across 19 offices in 13 countries. ISS covers approximately 42,000 meetings in 115 countries yearly, delivering proxy research and vote recommendations while working closely with clients to execute more than 9.6 million ballots representing 3.7 trillion shares. ISS' RI research covers more than 20,000 companies across the globe.

**Glass Lewis** is the second world's leading provider of governance research and recommendations for asset owners, asset managers, hedge funds, and asset service providers. Coverage: More than 20,000 meetings each year, across approximately 100 global markets. Clients: 1,300+ clients, including the majority of the world's largest pension plans, mutual funds and asset managers, who collectively manage more than \$35 trillion in assets. Employees: More than 360 employees worldwide, more than half of whom are dedicated to research

# Active Investor on Corporate Governance Issues

In the U.S., institutional investors such as pension funds and mutual funds have been actively engaging the management of the invested firms since the 1980s with the goal of improving shareholder value.

An active investor is a shareholder who uses an ownership position to pursue governance changes. Examples might include:

- Public pension funds manage retirement assets on behalf of state, county, and municipal government employees and private pension funds manage retirement assets on behalf private company employees .
- Long-only funds.
- Index Funds
- Socially responsibility funds investing in companies whose practices are consistent with those objectives.
- Active Hedge funds.

# SSGA Proxy Letter

- “As one of the world’s largest investment managers, **we engage** with companies in our investment portfolios **as part of our fiduciary responsibility** to maximize **the probability of attractive long-term returns for our clients**. Unlike our active investment strategies where we can sell a company’s stock when we disagree with management, in our index-based strategies we own the company’s stock for as long as it is included in the index. Therefore **we engage as long-term investors** through our asset stewardship practice on **those issues that impact long-term value**. Our focus in recent years has been on good governance and other practices that affect a company’s ability to generate positive returns for investors over the long run. Those issues span a variety of environmental, social and governance (ESG) topics material to sustainable performance. We approach these issues from the perspective of long-term investment value, not from a political or social agenda (aka ‘values’). This distinction is especially important to understand in light of growing concerns about the influence of large index managers. It is the focus on long-term value that drives our engagement around effective, **independent board leadership; board quality**, including cognitive diversity enhanced by better **gender diversity**; and **environmental sustainability**. We also believe in the importance of **full transparency** in terms of the issues we choose to highlight in our asset stewardship practice, why we consider them important for investors and how we suggest companies address them. We regularly publish our views on important stewardship issues, join forces with other institutional investors to document best practices, and summarize our engagements and voting actions in our annual stewardship report.”

# BlackRock Proxy Letter

- “BlackRock Investment Stewardship is focused on engaging companies to encourage the adoption of business practices that support the long-term value creation on which our clients depend to meet their financial goals.”
- “We are asking that every CEO lay out for shareholders each year a **strategic framework for long-term value creation**. Additionally, because boards have a critical role to play in strategic planning, we believe CEOs should explicitly affirm that their boards have reviewed those plans. BlackRock’s corporate governance team, in their engagement with companies, will be looking for this framework and board review”
- “BlackRock’s Investment Stewardship **engagement priorities for 2019** are: governance, including your company’s approach to **board diversity; corporate strategy and capital allocation; compensation that promotes long-termism; environmental risks and opportunities; and human capital management**. These priorities reflect our commitment to engaging around issues that influence a company’s prospects not over the next quarter, but over the long horizons that our clients are planning for.”



# SSGA – BlackRock 2019 focus

The letters addressed by SSGA and BlackRock to Issuers will most likely translate into:

- (1) **increased focus on board of directors** – which is already reflected in BlackRock’s policy for 2019 in terms of reviewing directors’ external commitments and quality of experience;
- (2) **compensation-related items**, particularly looking at the behaviour that the policy and amounts promote; and
- (3) increased focus on **board oversight of Environmental, Social, and Governance issues**. Until now the focus was more so on environmental and governance issues but now social issues will also come into the spotlight.

# Appointment of Board members

*«I firmly believe that providing a meaningful opportunity for shareholders to exercise their right to nominate directors at their companies is in the best interest of investors and our markets. It is a process that helps to make boards more accountable for the risks undertaken by the companies they manage.»*

*Mary L. Schapiro Former Chairman of SEC*

- “Voto di lista”: The slate voting mechanism to elect directors and statutory auditors of listed Italian companies, selected and proposed by shareholders, including institutional investors.
- It is an interesting tool which drives the attention, especially, of institutional investors, due to its advantage of being an important measure to protect the interests of minority stakeholders at the board level.
- It tries to responds of the needs of transparency, accountability and disclosure, essential both for the fair protection of investments and the development of the international good corporate governance principles.
- It is also one of the tools used to comply with the rules of the appointment of women at Board level in Italy, as prescribed by new Italian law.

# Appointment of Board members

- The company's articles of association stipulate the threshold for the presentation of a list, which cannot exceed the percentage mandated by Consob regulations on the basis of the company's capitalisation, free- float and ownership structure.
- Each shareholder (or group of shareholders) holding the required percentage of share capital is allowed to submit and vote for a single list of candidates.
- A company can also amend its articles of association in order to introduce the right for the outgoing board to submit a list of candidates. The submission of a list by the outgoing board of directors is a practice recently adopted by Italian companies with dispersed ownership and an international shareholder base.
- When a slate is submitted by the board, Proxy Advisors evaluate those candidates in the same way as slates presented by shareholders.

# Appointment of Board members

- Candidates included in each slate are listed in the order in which they will be elected based on the number of votes cast in favour of the slate. Furthermore, at least one director must be elected from the minority slate that obtains the highest number of votes.
- The articles of association can, however, reserve more than one seat for minority candidates. All board members, with the exception of the director(s) to be taken from the minority list(s), are elected from the list that receives the highest number of votes, in the order in which they are listed on the slate. The remaining candidate(s) are elected from the list ranking second in terms of votes cast. In the event of a plurality of minority lists, the votes cast for each list are divided by whole numbers from one up to the number of directors to be elected. The quotients obtained are assigned to the candidates of such slates in the order in which they are listed. Candidates on the various slates are then arranged in a single ranking. Those who have obtained the highest numbers are elected to the board.
- In addition to the slate voting process for the election of the whole board, certain cases can result in the election of individual directors. For example, any director who has been appointed by the board during the past fiscal year (“co-opted”), to replace a director who has left prior to the expiration of his/her term, must be confirmed at the next meeting of shareholders. In other instances, the Company may propose to increase the board size by the addition of new director(s).
- In these cases, election may occur through the presentation of candidate lists by shareholders, or through the submission of the co-opted director/individual nominee directly by the board.

# Proxy Access - USA

In USA on a voluntary basis Issuers are proposing a by-laws amendment adopting the so-called “Proxy Access” system to elect Board members, which typically requires that Shareholders or groups of shareholders owning 3% or more of a company’s shares for at least 3 years are eligible to nominate up to 25% of the board

# Activist Investors

Activist investors like to make investments in companies where management lacks the proper incentives to maximize shareholder value.

Activist funds will differ from traditional funds by having a less diversified portfolio.

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Shareholder activism is the core investment strategy for Activist funds

# Activist Investors

An activist shareholder acquires a minority equity position in a public corporation and then applies pressure on management in order to increase shareholder value through changes in corporate policy which might include reducing corporate costs, repurchasing common shares, increasing corporate leverage, increasing dividends, reducing CEO compensation, reducing cash balances, and divesting certain businesses, proposed acquisitions or allocation of cash, breakup of the company through a piecemeal sale or spin-off of significant operations

6 months to 2 years investment horizon

To be effective, the activist shareholder generally must obtain the support of other large shareholders through large-scale publicity campaigns, shareholder resolutions or proxy battles for control over the board of directors

In a number of cases, it appears that improvements have been made in companies that, in the absence of shareholder activism, may not have occurred



# Strategies of Activism

- **Engage Management:** Activist will engage with management and try to increase shareholder value.
- **Capital Structure:** Activist will target capital structure issues such as recapitalization, dividends, or stock buybacks
- **Corporate Governance:** Activist will target corporate governance issues such as poison pills, electing directors, removing company management, or removing board members
- **Business Strategy:** Activist will generally try to spin-off unprofitable or “non-core” assets, push for particular merger or sale, or reject other takeover bid
- **Asset Sale:** Activist will push for the company to sell itself or sell parts of the business
- **Block Merger:** Activist will block a proposed merger
- **Financing/Bankruptcy:** Activist provides financing for a distressed company

# ACTIVIST HEDGE FUNDS

Activist Investors	Key Contact	Geographic Focus	Location
<a href="#"><u>Amber Capital</u></a>	Joseph Oughourlian Co-Founder & Managing Partner	United States & Europe	London, United Kingdom
<a href="#"><u>Bolloré Group</u></a>	Vincent Bolloré President	Global	Puteaux, France
<a href="#"><u>Cartica Management</u></a>	Teresa Berger Co-Founder & Senior Managing Director	Global	Washington, DC
<a href="#"><u>Cevian Capital</u></a>	Christer Gardell Co-Founder & Managing Partner	Europe	Stockholm, Sweden

# ACTIVIST HEDGE FUNDS

Activist Investors	Key Contact	Geographic Focus	Location
<a href="#"><u>Elliott Management Corporation</u></a>	Paul Singer Founder & CEO	Global	New York, NY
<a href="#"><u>Icahn Associates Corp.</u></a>	Carl Icahn Founder & President	United States	New York, NY
<a href="#"><u>JANA Partners</u></a>	Barry Rosenstein Founder & Managing Partner	United States & Canada	New York, NY
<a href="#"><u>Knight Vinke Asset Management</u></a>	Eric Knight Founder & CEO	Europe	Monaco

# ACTIVIST HEDGE FUNDS

Activist Investors	Key Contact	Geographic Focus	Location
<a href="#"><u>Pershing Square Capital Management</u></a>	Bill Ackman Founder & CEO	United States & Canada	New York, NY
<a href="#"><u>TCI Fund Management</u></a>	Chris Hohn Founder & Managing Partner	Global	London, United Kingdom
<a href="#"><u>ValueAct Capital Management</u></a>	Jeff Ubben Founder & CEO	United States	San Francisco, CA
<a href="#"><u>Knight Vinke Asset Management</u></a>	Eric Knight Founder & CEO	Europe	Monaco

# ACTIVIST HEDGE FUNDS (ITALY)

**Tim S.p.A. (Elliott Management Corporation)**

**Banca Carige (Capital Investment Trust Mincione / Malacalza Investimenti)**

**Parmalat (Amber Capital)**

**Eni (Knight Vinke Asset Management)**

**Unipol Sai (Saving shares) (Antares funds)**

**Alsaldo Hitachi (Elliott Management Corporation- Amber Capital)**

# Agenda Integration

Shareholders, acting individually or collectively, who hold at least 2,5% of the capital, have the right, within 10 days after the publishing of the agenda, to obtain its integration, specifying the matters to be treated at the meeting.

# Right to convene a Meeting

Each shareholder has the right to convene a Meeting if it owns not less than 5% of the share capital or the less percentage specified in the company's by-laws, filling a request to the Board of Directors

The calling upon request of the shareholders is not permitted for matters on which the shareholders' meeting resolves, in accordance with the law, on a proposal of the directors or on the basis of a project or a report submitted thereby.

# Right to submit questions prior to the shareholders' meeting

Each shareholder has the right to submit questions on the items on the agenda even prior to the shareholders' meeting.

Questions received before the meeting will be answered at the latest during the said meeting.

The company may provide a single reply to questions with the same content.



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