

4th February 2015

Letters to French companies regarding the Florange Act

In January 2015, along with a number of other global investors, we wrote to several of our larger French holdings to express our concerns about the new Florange Act which removes the principle of board neutrality in bid situations and also automatically introduces double voting rights at all listed companies. Note that a number of major French companies already operate double voting rights but the introduction of this as a standard market practice is a retrograde step.

These two changes have a negative impact on our shareholder rights and potentially impact on our view of the attractiveness of investment in French companies. With regard to board neutrality, we believe that the board should not take any action to actively thwart a potential bid and should allow shareholders to make a judgement regarding any such proposal on its merits. With regard to double voting rights, we are strong supporters of the principle of one share, one vote so do not support this change. In addition, double voting rights require us to hold shares in a registered form, something that is not easy to do, particularly for overseas investors.

Our letter urges the companies concerned to present resolutions at their AGM allowing shareholders to vote on opting out of these provisions by amending the company's articles or by-laws accordingly.

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