31st March 2015

Standard Life Investments signs collective letter to Italian companies supporting one share, one vote

Along with a number of other global investors and asset owners, Standard Life Investments supported an initiative organised by F&C Investments. Following a change in Italian law that would allow companies to introduce double voting rights with the support of their shareholders, letters were written to a number of Italian listed companies outlining our support for the principle of one share, one vote. An example of these letters is given below.

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F&C Management Limited
Exchange House
Primrose Street
London EC2A 2NY

Telephone +44 (0)20 7011 8000
Facsimile +44 (0)20 7628 8188
www.fandc.com

27th March 2015

Giuseppe De'Longhi
Chairman of the Board
De'Longhi
Via Ludovico Seitz 47
Treviso, 31100
Italy

Dear Mr De'Longhi,

Consequences of the Development Decree for Minority Shareholder Rights in Italy

The undersigned institutional investors have been long-term investors in Italian companies for many years. We currently manage assets worth approximately EUR 2.17 trillion of which a sizeable proportion is invested in Italy.

We are extremely concerned over the potential dilution of our rights as minority shareholders in Italian companies as a consequence of the "Development Decree" (Law Decree no. 91/2014) which permits the award of "loyalty shares" to those shareholders who have continuously held their shares on a special register for 2 years.

We support the principle of "one share - one vote", under which voting rights match a share owner's economic interest in the company. Loyalty shares and the resulting differential voting rights lead to a distortion in the market as they allow certain entities, depending on the length of their holding and whether they were able to register their shares, to exercise enhanced or even controlling influence over companies without the corresponding economic stake and associated risk. We are concerned that this can also be used as a tool to entrench management or skew decisions relating to capital repurchases and certain acquisitions.

Our experience in other markets suggests that international institutional investors are effectively precluded from receiving loyalty shares due to the complexity, costs and poor understanding of the registration regime by intermediaries. As a result, we expect the introduction of loyalty shares to enhance the influence of founding families and other "reference shareholders" (private or corporate entities) over ours, despite the long-term nature of our investments. This will increase investment risk as it can disproportionately enhance the ability of reference shareholders to promote interests that may not be aligned with those of minority shareholders. This added risk will inevitably be reflected in stock valuations.

We believe that, if introduced, **loyalty shares will have a direct negative impact on the attractiveness of Italian companies for international investors.**

Our concerns are compounded by the possibility, provided for by the law, that each company can adopt bespoke policies and procedures for the application and transfer of multiple voting rights. This will create additional uncertainty and complexity that will further increase investment risk and therefore further damage the attractiveness of Italian companies for investment.

In view of the above, we strongly recommend that you do not depart from your company's current application of the "one share - one vote" system. We believe that this approach will send a strong signal that your company supports the equitable treatment of their shareholders.

Consistent with this position, we will be voting against any proposals by our investee companies seeking to introduce loyalty shares.

We would welcome further discussion with you on the issues raised in this letter and look forward to hearing from you. Our contact details are below.

Yours sincerely,

Eugenia Unanyants-Jackson
Director, Governance and Sustainable Investment
F&C Investments
Tel: +44 (0)207 011 4284
Email: eugenia.jackson@fandc.com

Kalina Lazarova
Associate Director,Governance and Sustainable Investment
F&C Investments
Tel: +44 (0)207 011 4282
Email: kalina.lazarova@fandc.com

Nathan Leclercq
Head of Corporate Governance
Aviva Investors

Trelawny Williams
Head of Corporate Finance
Fidelity Worldwide Investment

Leon Kamhi
Director
Hermes Investment Management

Therese Niklasson
Head of ESG Research
Investec Asset Management

Stephen Adams
Head of Equities
Kames Capital

Sacha Sadan
Director of Corporate Governance
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Frank Curtiss
Head of Corporate Governance
Railpen Investments

Jessica Ground
Global Head of Stewardship
Schroders

Alison Kennedy
Governance & Stewardship Director
Standard Life Investments

Dr Daniel Summerfield
Co-Head of Responsible
Investment
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