



Capitalism Revisited

Control Enhancing Mechanisms (CEMs) in Europe

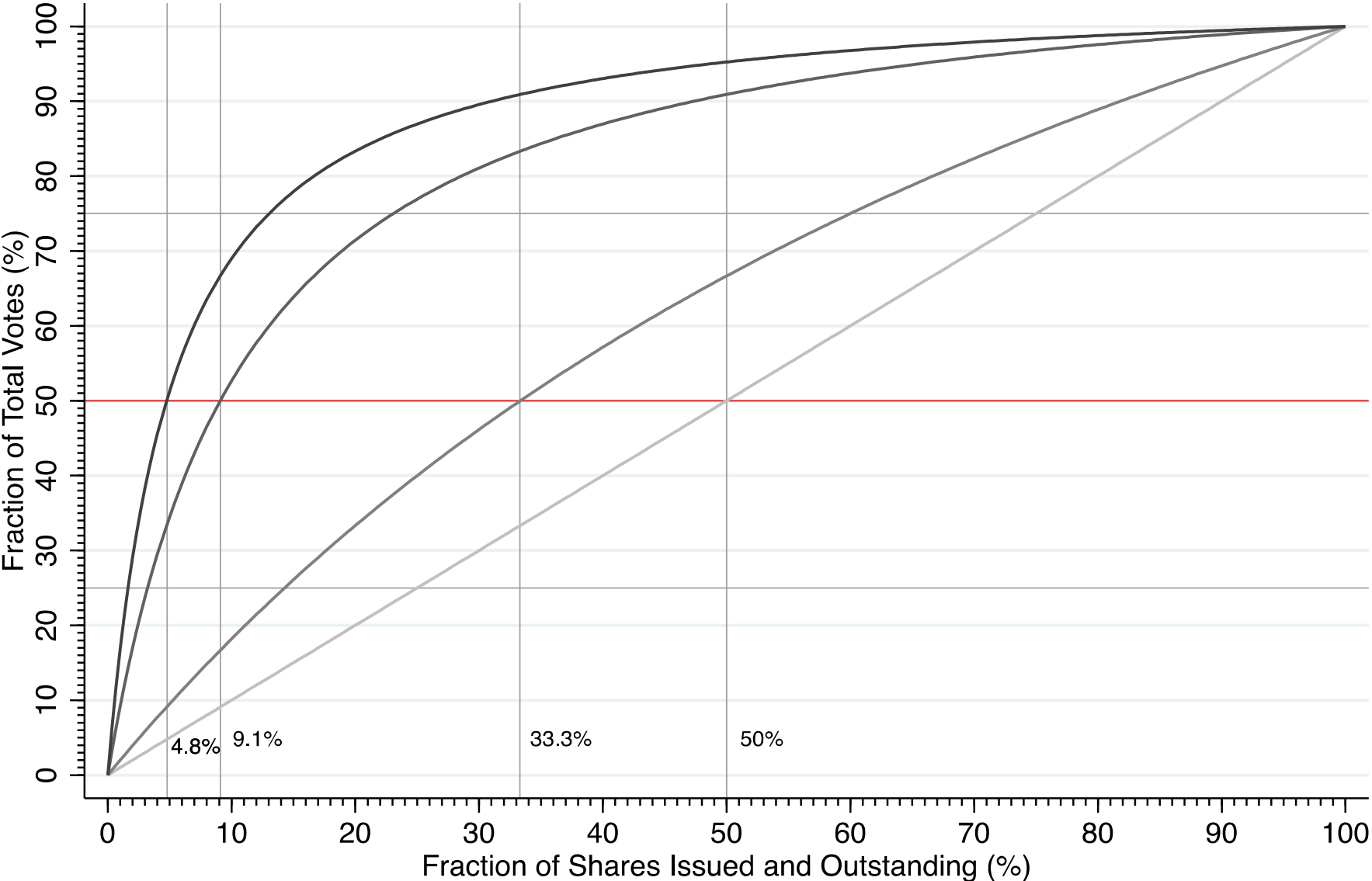
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Solvay Brussels School and ECGI

Milan, 15 September 2022

Outline

1. More Control Enhancing Mechanisms (CEM) on the books in Europe
 - i. Loyalty Shares with Tenure Voting: Italy, Belgium, Spain
 - ii. Dual-Class: UK (listing rules) and Germany (planned)
2. Loyalty Shares, as used today, are *de facto* dual class
3. IPOs and dual class
4. ESG and dual class

Voting Power
Leverage from Dual
Class Share
Structures:
A Reminder



Dual Class Structures are Controversial

1. Institutional Investor opposition
 - preference for bans over private ordering
2. Sunset Provisions
 - private ordering in most countries
 - mandatory in some cases, e.g. UK listing rules
3. Index Inclusion
 - private ordering – investors can choose index

Loyalty Shares with Tenure Voting

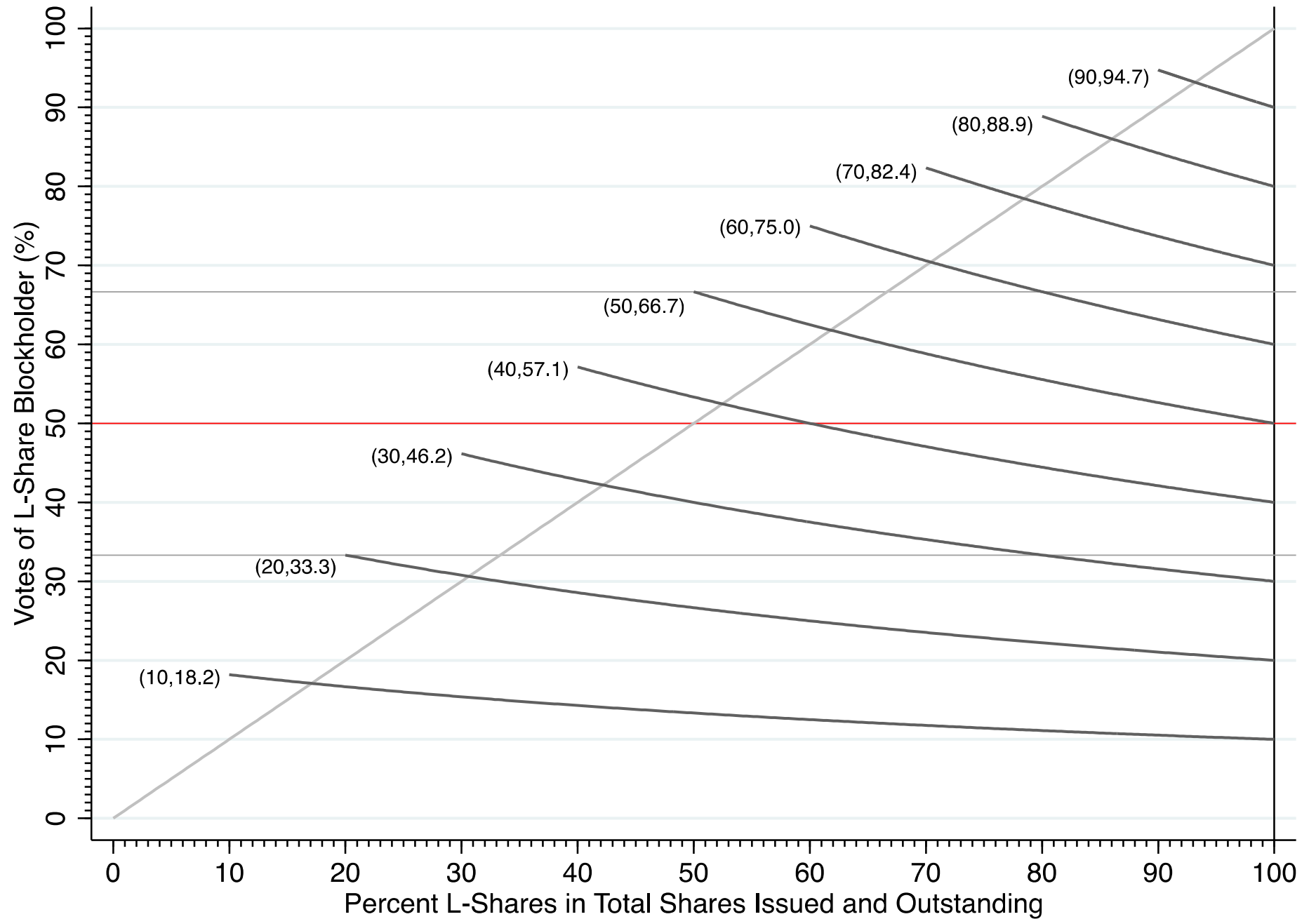
Double voting rights

A double voting right is granted to other shares (in light of the fraction of the authorised share capital they represent) to all fully paid-up shares that can be shown to have been registered for at least ten years in the name of the same shareholder, from 12 May 1986 inclusive (article L. 225-123 of the French Commercial Code).

Pernot Ricard Universal Registration Document 2022

Adoption outside France (e.g. in Spain) motivated by the transposition of Directive (EU) 2017/828) **as regards the encouragement of long-term shareholder engagement.**

Tenure Voting:
France
Italy
Belgium
Spain



How many votes are there at any one point in time?



Our Group Our Global Presence

Financial Presentations

Annual Report

2021: [Declaration shares voting rights 2021 \(zip\)](#)

2020: [Declaration shares voting rights 2020 \(zip\)](#)

2019: [Declaration shares voting rights 2019 \(zip\)](#)

2018: [Declaration shares voting rights 2018 \(zip\)](#)

2017: [Declaration shares voting rights 2017 \(zip\)](#)

2016: [Declaration shares voting rights 2016 \(zip\)](#)

2015: [Declaration shares voting rights 2015 \(zip\)](#)

2014: [Declaration shares voting rights 2014 \(zip\)](#)

2013: [Declaration shares voting rights 2013 \(zip\)](#)

2012: [Declaration shares voting rights 2012 \(zip\)](#)

2011: [Declaration shares voting rights 2011 \(zip\)](#)

2010: [Declaration shares voting rights 2010 \(zip\)](#)

2009: [Declaration shares voting rights 2009 \(zip\)](#)

2008: [Declaration shares voting rights 2008 \(zip\)](#)

Situation au 31.01.2021

1) Nombre total d'actions en circulation composant le capital de la société	261 876 560
2) Nombre total de droits de vote hors droits de vote suspendus	313 269 023
3) Nombre total de droits de vote incluant les droits de vote suspendus	314 275 147

*Ce total sert de base pour la déclaration des franchissements de seuils des actionnaires, le nombre total de droits est calculé sur la base de l'ensemble des actions auxquelles sont attachés des droits de vote **y compris les actions privées de droit de vote***

Italy: Special List



**NOTICE DRAWN UP PURSUANT TO ARTICLE 143-QUATER, PARAGRAPH 5, OF CONSOB
REGULATION NO. 11971/99**

Milan - May 6, 2022 - List of shareholders registered in the Special List for entitlement to the benefit of the increased vote (art. 127-quinquies, paragraph 2, of the TUF) with a stake of over 3% of the share capital of Webuild S.p.A.

SHAREHOLDERS	REGISTRATION DATE	REGISTERED SHARES	% OF SHARE CAPITAL
Salini S.p.A.	April 22, 2022	401,685,772	40.16%
CDP Equity S.p.A.	April 29, 2022	166,666,666	16.66%

9.2.6 Allocation of share capital and voting rights on 30 June 2020

Shareholders	Position on 30.06.2020			Position on 30.06.2019			Position on 30.06.2018		
	Number of shares	% of share capital	% of voting rights*	Number of shares	% of share capital	% of voting rights*	Number of shares	% of share capital	% of voting rights*
Société Paul Ricard ⁽¹⁾	41,303,024	15.56	21.30	41,158,221	15.51	21.35	37,686,104	14.2	20.11
Mr Rafaël Gonzalez-Gallarza ⁽²⁾	1,477,603	0.56	0.93	1,477,603	0.56	0.94	1,477,603	0.56	0.92
Directors and Management of Pernod Ricard	323,330	0.12	0.15	712,183	0.27	0.31	679,446	0.26	0.3
Shares held by Pernod Ricard employees	3,132,107	1.18	1.57	2,629,860	0.99	1.41	2,673,627	1.01	1.39
MFS Investment Management (USA) ⁽³⁾	24,035,625	9.06	7.57	24,035,625	9.06	6.71	24,035,625	9.06	6.79
Groupe Bruxelles Lambert (Belgium) ⁽⁴⁾	19,891,870	7.49	12.45	19,891,870	7.49	11.79	19,891,870	7.49	11.28
Capital Group Companies (USA) ⁽⁵⁾	15,736,495	5.93	4.96	26,432,808	9.96	8.4	26,432,808	9.96	8.5
BlackRock Investment Management Limited (UK) ⁽⁶⁾	11,849,009	4.46	3.73	12,129,522	4.57	3.86	-	-	-
La Caisse des Dépôts et Consignations ⁽⁷⁾	6,543,422	2.47	2.06	3,958,979	1.49	1.26	3,958,979	1.49	1.29
Amundi Asset Management ⁽⁸⁾	2,644,214	1.00	0.83	3,952,932	1.49	1.26	3,116,657	1.17	1
Elliott Capital Advisors, LP (USA) ⁽¹⁹⁾	-	-	-	1,668,270	0.63	0.53	-	-	-

CAMPARI GROUP

Daive Campari-Milano S.p.A.

**Transfer of the registered office to the Netherlands
and enhancement of the current increased**

Investor presentation

18 February 2020

TOASTING LIFE TOGETHER

Loyalty voting mechanism rewarding long-term shareholders

Ordinary Shares

Special Voting Shares (SVS)

Aggregated Voting Rights

1 ordinary share (1 vote)

-

1

1 ordinary share (1 vote) +

1 Special Voting Share A (1 vote) ⁽¹⁾

2

1 ordinary share (1 vote) +

1 Special Voting Share B (4 votes) ⁽²⁾

5

1 ordinary share (1 vote) +

1 Special Voting Share C (9 votes) ⁽²⁾

10

- **Tradeable** (Listed on the Italian Stock Exchange)
- **Transferrable** (ordinary shares associated with SVS transferrable subject to removal from the Special Register)
- **Dividend paid on ordinary shares only**⁽³⁾

- **Non tradeable**
- **Related voting rights lost upon transfer** of the underlying ordinary share and **upon occurrence of a change of control over such shareholder**

2 years
of uninterrupted
ownership

5 years
of uninterrupted
ownership

10 years
of uninterrupted
ownership

Campari Group

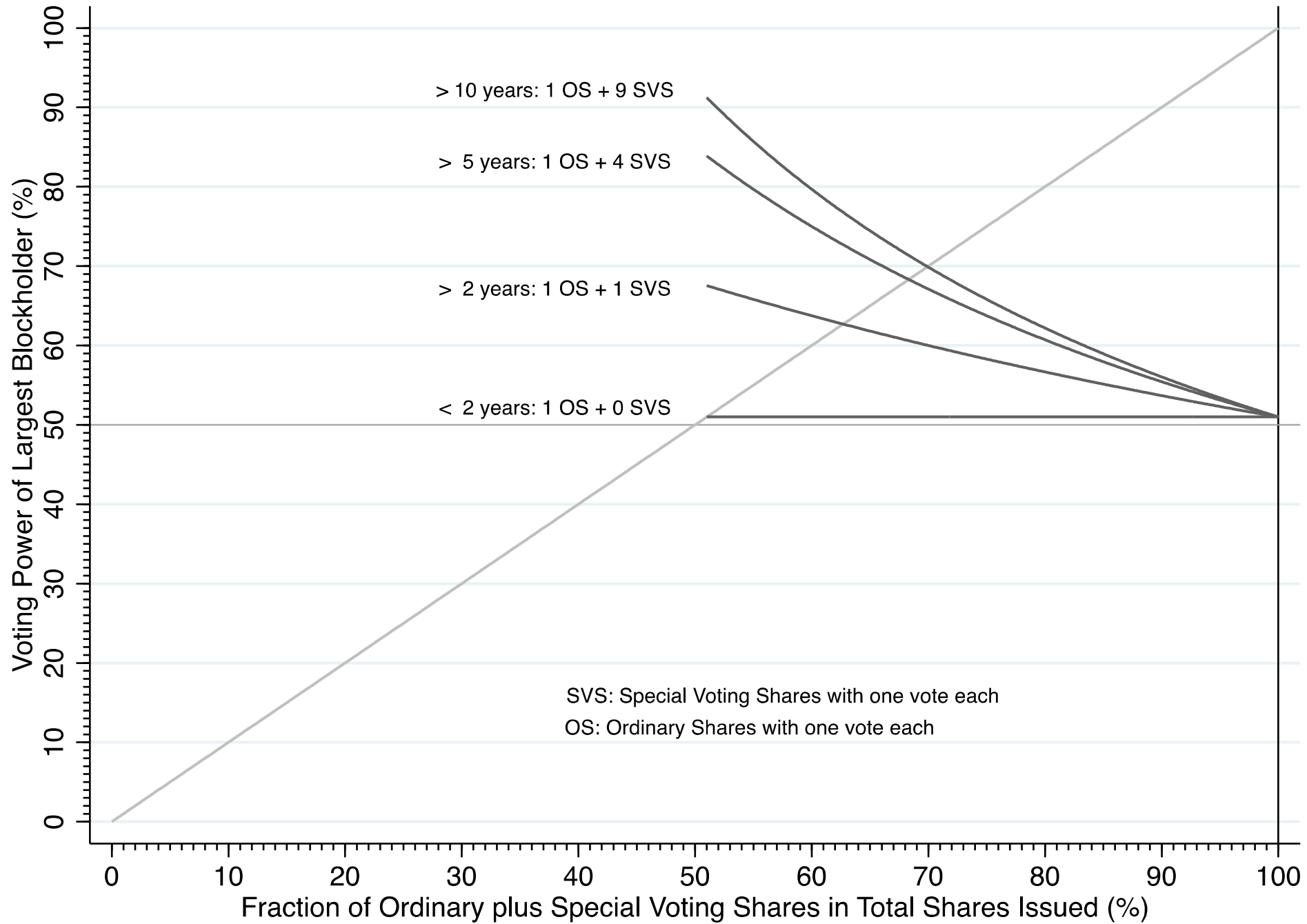
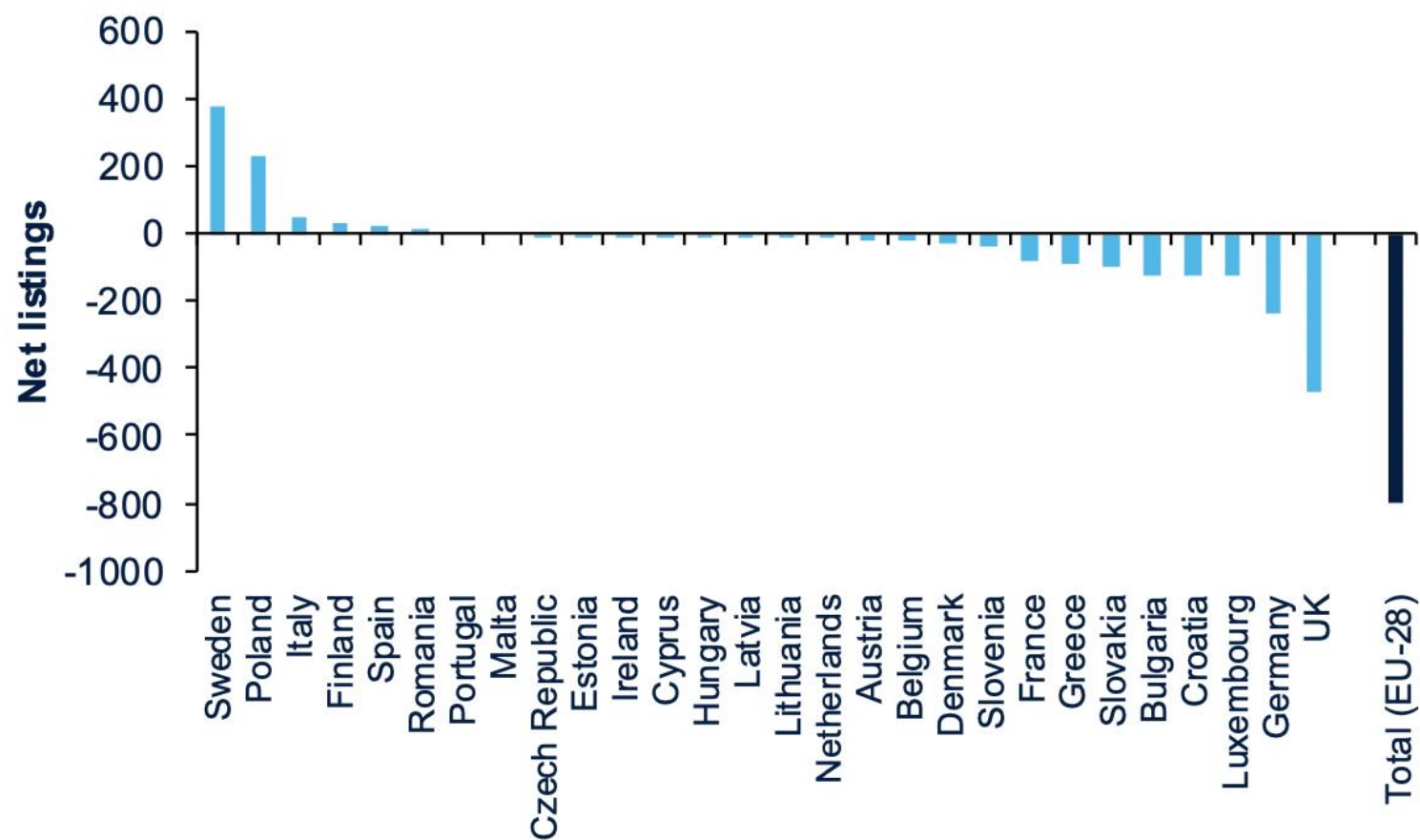


Figure 2.9 New listings net of delistings in the EU-28, 2010–18



Note: Calculated as the number of listings in 2018 minus the number of listings in 2010. See note to Figure 2.8.

Source: Oxera analysis of stock exchange data; WFE.

Source: Oxera Study of Primary and secondary equity markets in the EU for the European Commission

Dual Class Arguments: IPOs

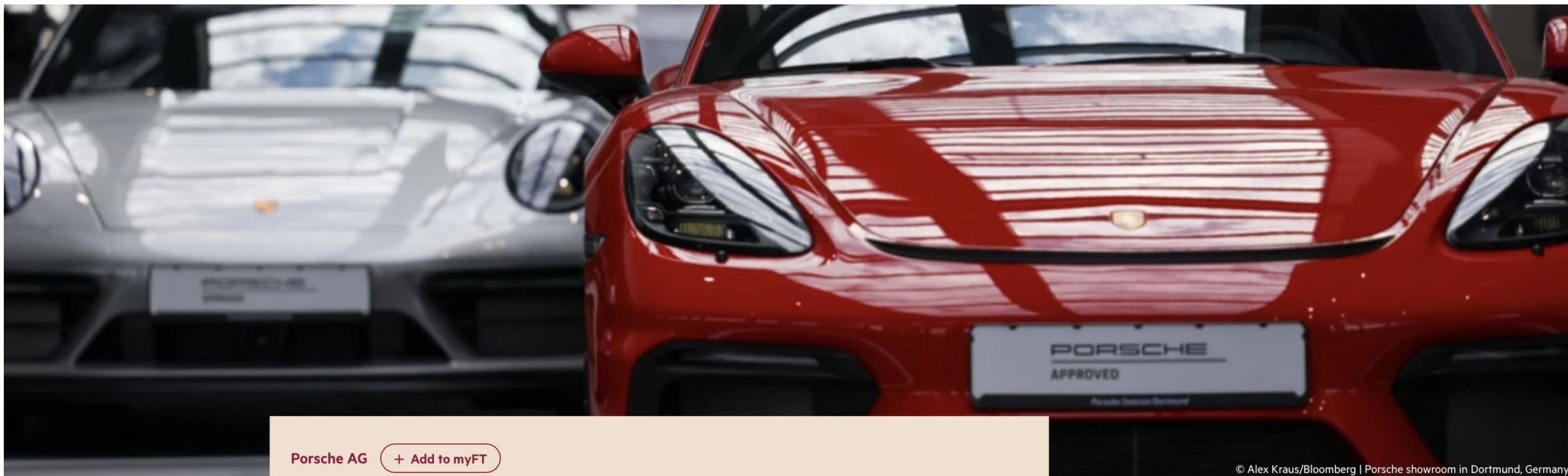
1. IPOs and Dual Class

- i. Large number of IPOs in the United States and Sweden, often with dual class
- ii. Few(er) IPOs in other European countries

German/UK argument => introduction of dual class will lead to more IPOs

Correlation is not causation, but a powerful political argument

Is it harmful to put dual class on the books?



Porsche AG

+ Add to myFT

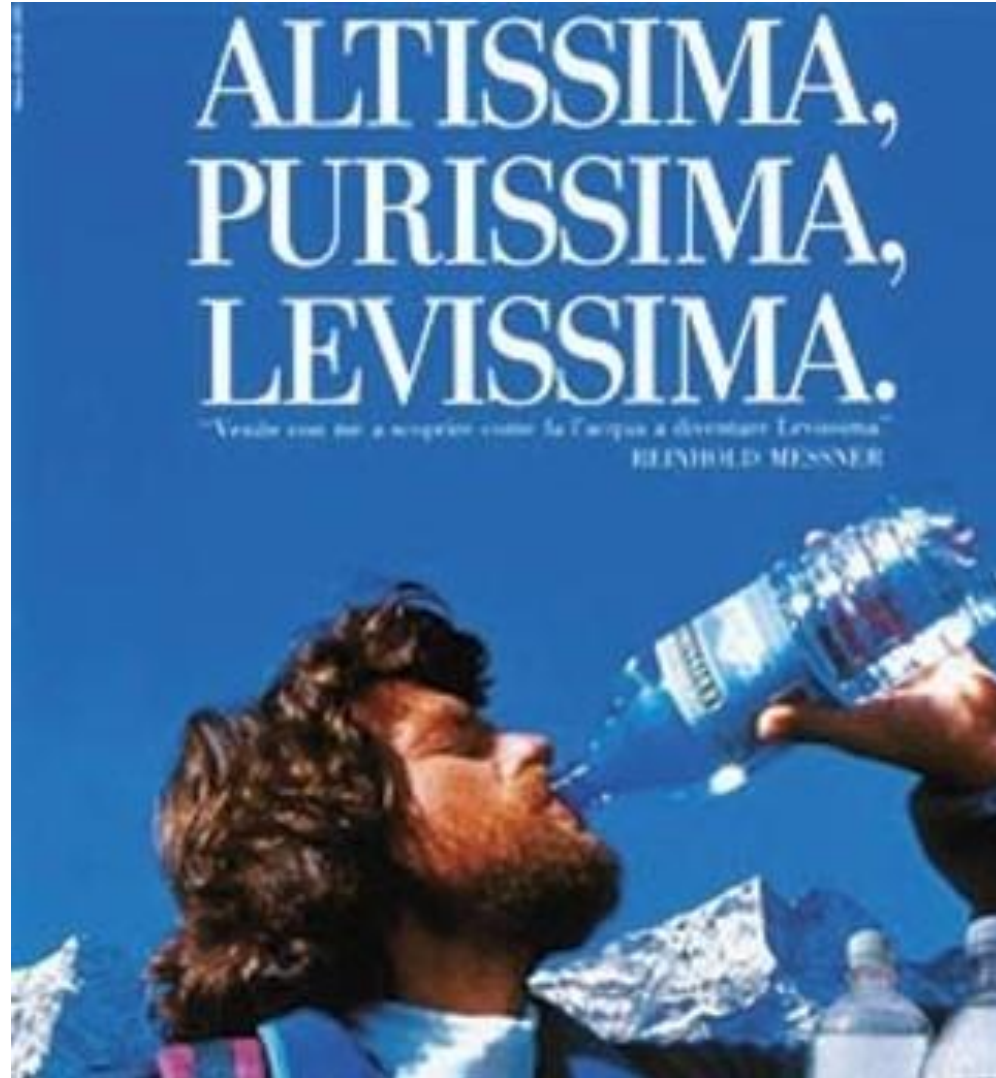
© Alex Kraus/Bloomberg | Porsche showroom in Dortmund, Germany

Porsche IPO: the race to catch Ferrari

German sports car brand seeks luxury valuation in long-awaited float

Peter Campbell in London and **Joe Miller** in Frankfurt

Dual Class and ESG



Dual Class Arguments: ESG

1. ESG and Dual Class

- i. Founder wishes to commit to ESG at the expense of shareholder value (e.g. no animal testing; no plastic bottles) (Hart and Zingales 2017)
- ii. The market for corporate control gets in the way: raider or activist could take control and change strategy;
- iii. Why not use one-share-one-vote with 50%+? Expensive. Dual class is ideal for locking in vision.

Conclusion

1. Loyalty shares with tenure voting are not the new (or better) dual class
 - Less transparent, less predictable, less effective
2. The practical problems with tenure voting could be overcome with technology
 - Long-term institutional shareholders would acquire multiple voting rights
 - But is there any demand for this, if "stealth dual class" was all along?
3. "Reward for long term-shareholders"
 - Cash-flow loyalty shares (cash flow warrants) can be used with dual class or tenure voting
4. IPOs and ESG
 - Strong arguments for putting dual class on the books
 - Private ordering arguments for putting compensating measures on the books as well, for example list voting or representation on nomination committees
 - Dual class preferable to non-voting shares for institutional shareholders