

Investment Stewardship

Vote Bulletin: Amplifon SpA

Company	Amplifon SpA (Milan Stock Exchange: AMP)
Market and Sector	Italy / Health Care Distributors
Meeting Date	30 April 2024
Key Resolutions ¹	Item 1: Proposal to enhance the increased voting rights mechanism currently in place Item 2: Proposal to introduce the possibility to hold shareholders' meetings exclusively by appointing a so-called proxy agent
Key Topics	Corporate governance, shareholder rights
Board Recommendation	The board recommended shareholders vote FOR Items 1 and 2
BlackRock Vote ²	BlackRock voted AGAINST Items 1 and 2

Overview

Amplifon SpA (Amplifon) is a large Italian hearing care solutions company with retail operations in 26 countries.³

As part of our fiduciary duty to our clients, BlackRock Investment Stewardship (BIS) promotes sound corporate governance as an informed, engaged shareholder on their behalf. In our experience, sound governance is critical to long-term financial value creation and the protection of investors' interests.

BIS takes a constructive, long-term approach to our engagement with companies and focuses on the management and oversight of the drivers of risk and financial value creation in a company's business model. Engagement may also help inform our voting decisions for those clients who have given us authority to vote on their behalf.

In March 2024, the Italian government enacted significant changes to local regulation with the goal of positioning the Italian capital market as a more attractive and competitive listing option for public companies. The legislation – known as the “Law Capitali” – was approved by the Italian parliament in February 2024.⁴

¹ Amplifon SpA, “[Notice of Call of the Extraordinary Shareholders' Meeting to be held on 30 April 2024](#),” March 16, 2024.

² BIS conducts proxy voting for those clients who authorize us to vote on their behalf. As part of BlackRock's Voting Choice program, eligible institutional and retail clients can have greater access to the proxy voting process where legally and operationally viable. Read more about Voting Choice [here](#).

³ Amplifon SpA, “[Global Operations](#).”

⁴ Gazzetta Ufficiale, “[LEGGE 5 marzo 2024, n. 21](#).”

Among its provisions, the Law Capitali allows Italian-listed companies to amend their articles of association (AOA) to significantly increase the voting rights of certain shareholders, and to alter the format of their shareholder meetings, including providing the option to hold meetings with the exclusive participation of a sole representative appointed by the company.⁵

Moreover, the legislation delegates to the government a reform of the overall regulatory structure around Italian capital markets, which will result in a review of the Consolidated Law of Finance (TUF) and the Italian Civil Code. This reform could potentially override the new measures introduced by the Law Capitali.

As discussed in BIS' Global Principles, we believe that there are certain fundamental rights attached to shareholding. These rights include voting on the election of the board of directors and other standard governance matters; voting on key board decisions that may affect the creation of long-term financial value for shareholders; and having access to information on material governance, strategic, and business matters to make informed decisions. It is also our view that shareholder voting rights should be proportionate to economic ownership – we find that the principle of “one share, one vote” helps to achieve this balance. BIS, as a fiduciary to our clients, is not supportive of impediments to the exercise of these rights.

Amplifon called an extraordinary general meeting (EGM) for April 30, 2024, to propose amendments to its AOA in accordance with the new provisions contained in the Law Capitali. We note that the company is one of the first in the Italian market to propose such changes. In advance of the EGM, BIS engaged with Amplifon's corporate leadership to better understand its approach to the new regulation, and how the proposed AOA amendments may impact the rights of BlackRock's clients as long-term, minority shareholders.

Rationale for BlackRock's vote

Item 1: Proposal to enhance the increased voting rights mechanism currently in place (AGAINST)

BIS did not support management's recommendation on amending Amplifon's AOA to further increase voting rights for certain shareholders. In our view, the proposed share structure would significantly impact the fundamental rights of minority shareholders, including BlackRock's clients, to signal support for or concerns about a company's approach to delivering long-term financial returns.

At an EGM held in January 2015, Amplifon's shareholders approved amendments to the company's AOA to grant double voting rights to shareholders who maintained their holding for at least 24 continuous months.⁶ The amendments were proposed by Amplifon as a result of 2014 Italian regulations that were intended to increase the competitiveness of Italy's capital market.

Item 1 on the agenda for Amplifon's April 2024 EGM was a management proposal to further amend the company's AOA to progressively increase these enhanced voting rights to a maximum of ten votes per share, after a continuous holding period of 10 years.⁷ In materials published prior to the April 2024 EGM, Amplifon stated its view that the increased voting rights would “encourage a capital structure more supportive of the Company's further growth path at [a] global level in the long-term”, and “underpin [its] growth strategy.”⁸

We recognize that in certain markets, for a limited period of time, companies may have a valid economic argument for creating separate share classes with equivalent economic exposure and preferential, differentiated voting rights. We disagree, in principle, with such structures, as in our view they violate the fundamental corporate governance principle of proportionality and result in a concentration of power in the

⁵ Simmons & Simmons LLP, “Draft Law on Capital Markets (the so-called “DDL Capitali”),” March 4, 2024.

⁶ Amplifon SpA, “The Extraordinary Shareholders' Meeting approved the introduction of increased voting rights,” January 29, 2015.

⁷ Amplifon SpA, “Directors' Report on the Proposed Agenda,” March 28, 2024.

⁸ Amplifon SpA, “Q&A Relating to the Extraordinary Shareholders' Meeting to be held on April 30, 2024,” March 28, 2024.

hands of a few shareholders, thus disenfranchising other shareholders and amplifying any potential conflicts of interest. At the time of the April 2024 AGM, Amplifon's major shareholder – a holding company owned by Amplifon's founding family – held 42.12% of shares and 59.17% of the voting rights.⁹ With the approval of Item 1 and the resulting potential increase in voting rights, resolutions requiring two-thirds shareholder support could be passed with just the approval of this major shareholder.

As a result of these concerns, BIS determined that support for this proposal would not protect our clients' fundamental rights as minority shareholders and was counter to their financial interests.

Item 2: Proposal to introduce the possibility to hold shareholders' meetings exclusively by appointing a so-called proxy agent (AGAINST)

BIS did not support Item 2. In our view, these proposed changes would remove the option for shareholders to directly participate in shareholder meetings should they wish to do so, and limit the facilitation of open, meaningful and two-way dialogues between the company and its shareholders.

As previously noted, provisions in the Law Capitali also permit Italian companies, through amendments to their AOA, to hold general meetings with the exclusive participation of a representative appointed by the company.¹⁰ The format was originally introduced in the Italian market as a measure to safeguard public health in 2020 during the COVID-19 pandemic.

Item 2 on the agenda for Amplifon's April 2024 EGM was a management proposal to amend the AOA to provide the company with the option to hold its shareholder meetings under this format going forward. In supporting materials, Amplifon noted that "the information, debate, and discussion function of attending shareholders' meetings in person [...] has progressively decreased."¹¹

It remains our view that shareholders should have the opportunity to participate in the annual and special meetings for the companies in which they are invested, as these meetings are an opportunity for shareholders to provide feedback to, and hear directly from, the board and management. Under the structure proposed by Amplifon, shareholders will be severely limited in their ability to access and participate in the general meeting, including engaging with the board, management, and auditor, or hearing from other shareholders. Additionally, they would not be able to vote on proposed resolutions during the meeting, to follow the proceedings live, and would only be able to submit questions at least seven days prior to the meeting.

⁹ Amplifon SpA, "[Shareholding Structure](#)."

¹⁰ Simmons & Simmons LLP, "[Draft Law on Capital Markets \(the so-called "DDL Capitali"\)](#)," March 4, 2024.

¹¹ Amplifon SpA, "[Q&A Relating to the Extraordinary Shareholders' Meeting to be held on April 30, 2024](#)," March 28, 2024.

About BlackRock Investment Stewardship (BIS)

BlackRock Investment Stewardship (BIS) promotes sound corporate governance as an informed, engaged shareholder on behalf of our clients. For those clients who have given us authority,¹² we vote proxies in line with our public [Global Principles and regional voting guidelines](#) and informed by our engagements, where relevant, as well as our analysis of company disclosures.¹³ We vote with the sole objective to advance our clients' long-term financial interests.

As one of many shareholders, and typically a minority one, our role, on behalf of our clients as long-term investors, is to better understand how a company's leadership is managing risks and capitalizing on opportunities to help protect and enhance its ability to deliver long-term financial returns.

The BIS team of more than 65 dedicated professionals¹⁴ operates across nine offices globally, taking a localized approach while also benefitting from global insights. We focus most of our efforts on corporate governance as, in our experience, sound governance is critical to the success of a company, long-term financial value creation, and the protection of investors' interests.

We are committed to transparency in the stewardship work we do on behalf of clients. The BIS [Global Principles, regional voting guidelines, and five engagement priorities](#) (collectively, the BIS policies) set out the core elements of corporate governance that guide our investment stewardship program globally and within each regional market every year. These policies support effective stewardship processes and transparency and align with our commitment to pursue long-term financial returns for our clients as shareholders.

In addition, we inform clients about our engagement and voting policies and activities through direct communication and through various other disclosure on our [website](#). For shareholder meetings where a vote might be of particular interest to clients, we may publish a vote bulletin after the meeting explaining how we voted on key proposals.

Want to know more? blackrock.com/stewardship

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¹² BIS conducts proxy voting for those clients who authorize us to vote on their behalf. As part of BlackRock's Voting Choice program, eligible institutional and retail clients can have greater access to the proxy voting process where legally and operationally viable. Read more about Voting Choice [here](#).

¹³ As detailed in our [Global Principles](#), proxy voting involves logistical issues which can affect BlackRock's ability to vote such proxies, as well as the desirability of voting such proxies. As a consequence, BlackRock votes proxies on a "best-efforts" basis.

¹⁴ As of December 31, 2023.