

**CONSOB**  
**Divisione Studi Giuridici**  
**Via G. B. Martini, n. 3**  
**00198 ROMA**

7 February 2011

**Comments to the Consultation on the “Richieste di informazioni ai sensi dell’articolo 114, comma 5, del Decreto Legislativo 24 Febbraio 1998, n. 58, in materia di remunerazioni, autovalutazione dell’organo amministrativo e piani di successione - Raccomandazioni in merito all’informativa sui compensi prevista dall’art. 78 del Regolamento n. 11971 del 14 Maggio 1999 e successive modificazioni”**

Dear Sirs,

By way of background, Hermes is one of the largest asset managers in the City of London. As part of our Equity Ownership Service (EOS), we also respond to consultations on behalf of a number of institutional investors from the US, Australia and Canada, as well as across Europe. We assist these clients to act as good owners of the companies in which they invest, and to play an active part in regulatory standard-setting.

Hermes takes a close interest in matters of company law and regulation because they set the context for the exercise of our clients’ rights as part-owners of the companies in which they invest. We seek to safeguard our clients’ current rights and also to enhance the transparency and accountability of companies and their directors to their long-term owners and of capital market participants more generally.

We are therefore very pleased to have the opportunity to provide feedback on the CONSOB consultation document regarding the transparency of remuneration, succession plans, and board self-assessment. We answer the specific questions in the consultation paper below.

**Q1) Condividete la decisione di intervenire in via transitoria con richieste e raccomandazioni in tema di trasparenza sulle aree oggetto della comunicazione?**

We welcome the scope and breadth of the regulatory objectives set by the Commission in this consultation, and we welcome the introduction of a temporary regime on these matters as we consider it appropriate to encourage companies to



move to enhanced transparency on corporate governance even before the final regulation is enacted. We are particularly pleased with the attention given by the Commission to improving the transparency on remuneration, board self-assessment, and succession plan issues.

**Q2) Condividete la scelta delle informazioni richieste in tema di accordi che prevedono indennità in caso di scioglimento anticipato del rapporto?**

We lend our support to the list of information companies should provide about remuneration. We would suggest adding any payments in respect of non-compete agreements among the features to be explicitly communicated.

**Q3) Condividete la scelta delle informazioni richieste in tema di piani di successione?**

We support the list of information that should be disclosed regarding succession plans.

**Q4) Condividete la scelta delle informazioni richieste in tema di autovalutazione del Consiglio di amministrazione?**

We support the list of information that should be disclosed regarding board self-assessment. We would suggest to encourage more transparency about the balance and mix of backgrounds and competencies among the board members.

**Q5) Condividete la scelta di indirizzare le richieste in tema di piani di successione e di autovalutazione alle sole società del FTSE MIB?**

We consider that an appropriate balance is struck requesting more disclosure about succession plans and board self-assessment from the largest Italian companies included in the FTSE MIB index. We acknowledge that these activities can be costly from an organizational and economic point of view; nevertheless, we would suggest the Commission to encourage enhanced transparency best practice even from smaller listed companies.

**Q6) Condividete il contenuto dell'analisi costi-benefici realizzata?**

We appreciate the analysis of costs and benefits prepared by the Commission. We would point out, among the further benefits of the proposed regulation, the improved perception of Italian companies' governance and ability to attract investments from foreign institutions and responsible owners.

We welcome the continued attention by the Commission to these crucial issues for the development of the Italian financial market. We would welcome dialogue on the issues noted in this letter or regarding our activities if that would be of assistance to you.

Yours sincerely,



Paul Lee  
Director