

Finnish Implementation of the Shareholder's Rights Directive

- Global Custody Banks perception and suggestions -

During the period November 4-6, 2008, Sodali conducted an informative campaign toward the main Global Custody Banks in order to increase the level of awareness of the ongoing and further Cross border voting process implementations within the Finnish Financial market drawn in the Government Bill for the adoption of the Shareholders' Rights Directive, which is planned to take place on August 3rd, 2009 and effective for the 2010 season.

In that sense, Sodali believes that it is fundamental, in relation to any implementation of cross border voting process, to listen and understand the investors and intermediary community needs and align common interests of Issuers and market operators.

Thanks to the Finnish Financial community and the Ministry of Justice, Sodali has been able to perform a direct contact campaign towards Global Custodian banks to inform them about major implementation and gather their perception on the following issues:

- **Notice to convene the general meeting** – no later than 3 weeks prior to the meeting

The contacted parties were overall positive of this further step and to be updated in advance. They emphasised on the importance of a timely delivery of information and added that although they were happy to hear the Finnish market is moving forward to meet their needs, they suggested at least one month prior to the meeting for the convocation itself. This is also connected to the availability of documents to allow the shareholder to have enough time to evaluate essential and necessary information in a timely manner. In fact, these two deadlines have a strong impact on the participation level of the shareholders as most global custody banks have replied they often couldn't place the votes just because they run out of time. For instance, one Global custody bank specified that its Institutional investors, voting through their proxy platform, sometimes blame them because of delayed information.

- **Appointing a proxy to attend the meeting on behalf of the shareholder** – multiple proxy holder who can represent several shareholders

Positive comments on this point as well. Global custodians told us they were not aware of the change and appreciated the change in this matter. As a matter of fact, they suggested that it would be helpful if they would allow an independent representation (usually represented by a lawyer) like in Switzerland or Italy among the others as a proxy instead of appointing anyone designated from the issuer's side.

- **Partial and Split voting** – allowed (partial voting is already allowed)

This was accepted as another positive step indeed.

- **Removal of effective blocking** – the record date practice will be amended to remove the effective blocking from the holders of nominee registered shares through delayed publishing of the temporary register of shareholders. This implementation event seems to be in the right direction to smooth the

voting process and have a strong impact on the practical timeline to process the voting instruction from the intermediaries. For this reason and given the fact that the Ministry of Justice would probably come up with more details, we have decided to not include such issue in our perception and postponed it.

20 Targeted Global Custody Banks

1. Citigroup
2. Bank of New York Mellon Corp.
3. JP Morgan Chase & Co.
4. BNP Paribas
5. HSBC Bank
6. State Street Corp.
7. Societè Générale
8. Northern Trust Co.
9. Brown Brothers Harriman & Co.
10. RBC Dexia Fund Services
11. SEB Securities Services
12. Pictet & Cie.
13. Kredietbank Luxembourg
14. BBVA
15. Julius Baer & Co. Ltd.
16. UBS
17. Deutsche Bank
18. Clearstream
19. Bank of Ireland
20. Banco Santander

MAJOR SUGGESTIONS

During our conversation with the major players in the global custodian community, some other suggestion came up and we think these may be a further contribution to take in consideration in the long run. In that sense, the main ones are:

- No disclosure of Beneficial Owners in the cross border voting process such as in the US, Canada, France (fiduciary basis), UK, Germany.
- The International Financial Community (investors and intermediaries) still continues to have a limited knowledge about even the most recent implementation such as the “Power of Attorneys abolishment”. In that sense and looking in the long term, they asked for a broader and more efficient process of communication between Issuers and the marketplace. They are totally in favour of any of the proposed implementation, however they believe the strongest need of such awareness is through direct and efficient communication. Specifically all the global custodians request a written and formal communication by email of the ongoing implementation of the Directive and the practical effects on the Finnish cross border voting process.
- Actually, for those companies that are required to accomplish such obligation, the 20F are usually published before the Annual Report. This gap creates inefficiencies and discrepancies in the investor community process of such documents analysis. A timely publication of the Annual report would allow to eliminate such informative misalignment.