

General Meeting of Shareholders – Citi Handlowy Update on Market Standards and Proxy Voting Process in Poland

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Strictly Private and Confidential



Agenda

- Standards on Proxy Voting Process – Background
- General Meeting – Calendar of Events
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- Citi Handlowy Support for Proxy Voting
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Standards on Proxy Voting Process – Background

- Standards were established to create common market understanding of legal implementation of Directive 2007/36/EC on the rights of shareholders into Polish legislation
- Bottom up market initiative led by: Custodian Banks Board and Polish Association of Listed Companies
- Citi Handlowy is leading this market initiative as representative of Custodian Banks Board
- Initiative supported by: National Depository for Securities, Warsaw Stock Exchange and Polish Financial Supervision Authority ...



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ADWOKACI I RADCOWIE PRAWNI

Standards on Proxy Voting Process – Background (Cont'd)

- ... and number of other market participants and industry organisations



Izba Domów Maklerskich



Stowarzyszenie Inwestorów Indywidualnych



Bank BPH
grupa GE Capital



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BNP PARIBAS
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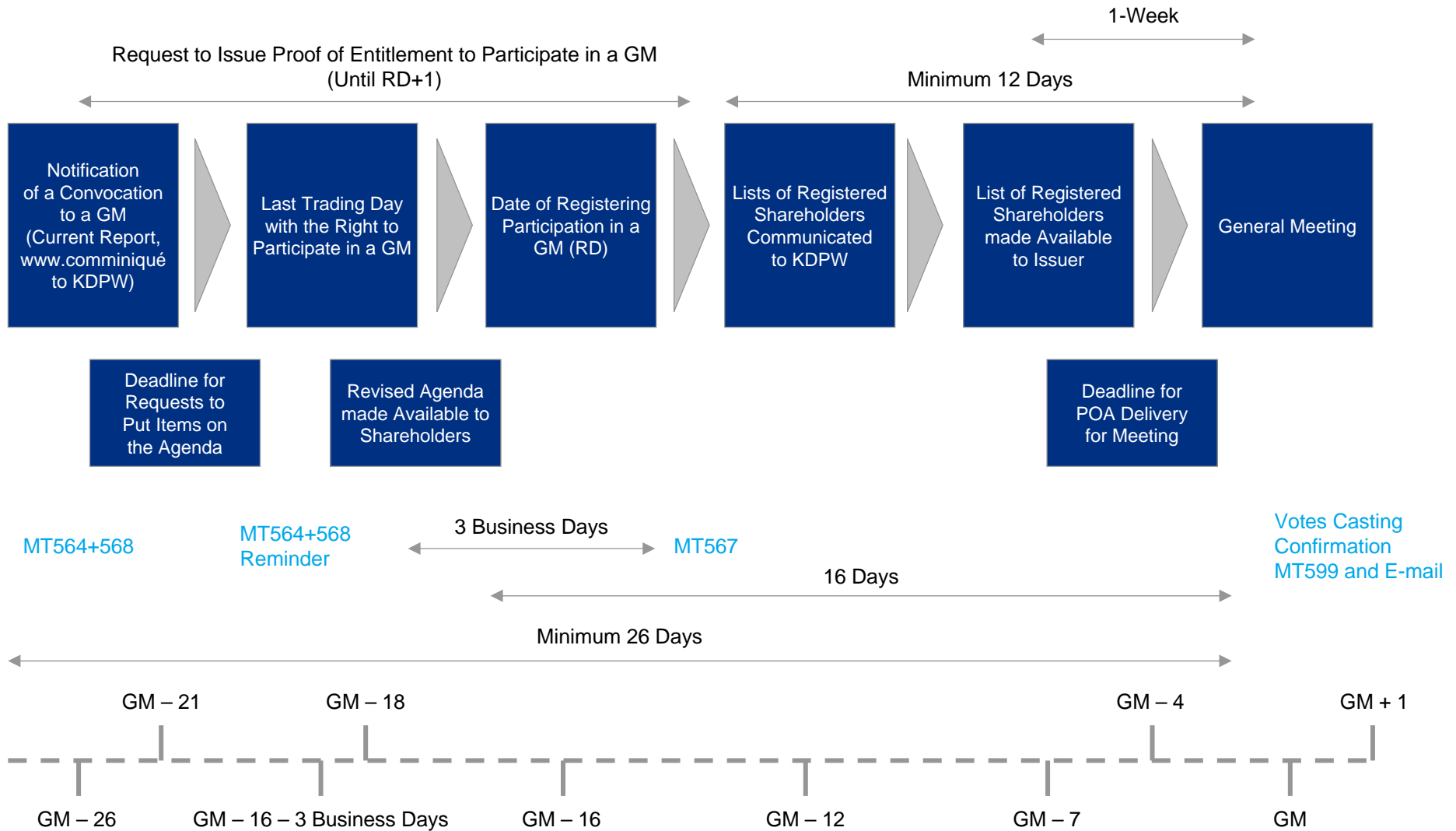


WISEK | Fundusze Inwestycyjne Arka

- First set of standards were published in August 2009 when Directive 2007/36/EC was implemented in Poland
- Second edition had been issued in English in April 2010 to sum up first experiences
- File with standards is available for downloading under link:

http://www.zbp.pl/photo/!Struktura/Dzialalnosc/Banki%20Powiernicze/organisation_of_a_GM_recommendations.pdf

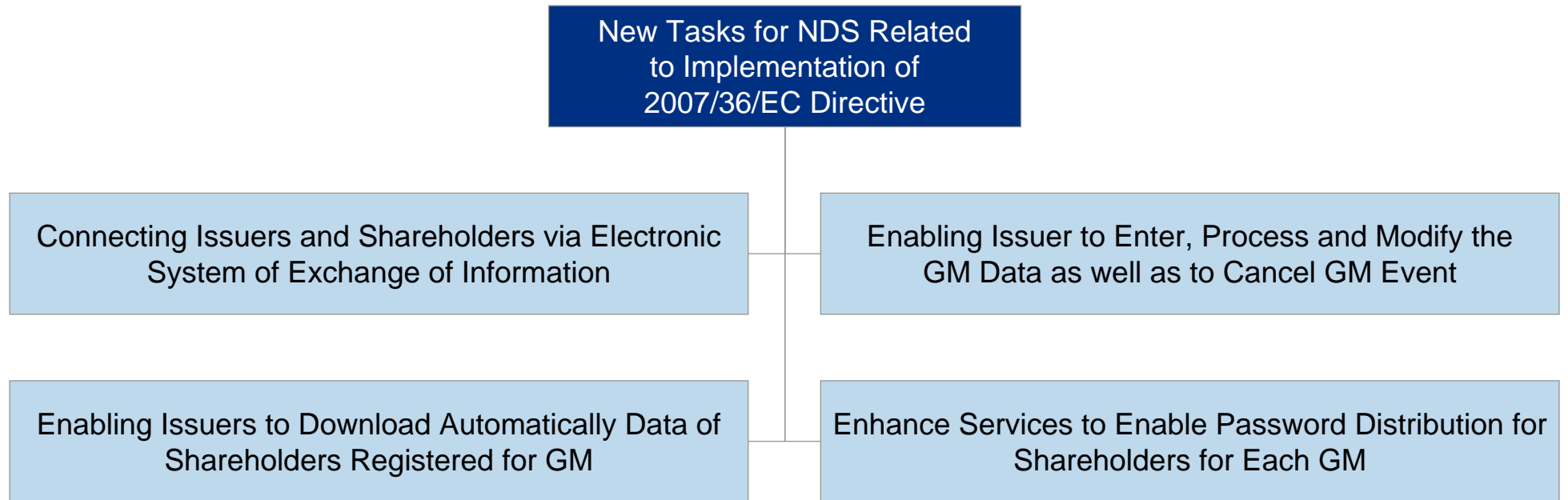
General Meeting (GM) – Calendar of Events



General Meeting – Major Changes after 3 August 2009

- Record date for registration for GM
- No blocking of securities
- Split voting possible
- E-meeting option available for issuers and shareholders
- Correspondence voting option available for issuers and shareholders

National Depository for Securities – New Role and Responsibilities



General Meeting – Important Notes and Hints

Shareholders must Ensure they know **Settlement Cycle as well as their Position on RD** to Properly Register for GM

Shareholders are Recommended to **Collect Proof of Entitlement** to Participate in GM in case any Problems Occur

Electronic Form to Appoint Attorney Set by Issuer is just Example but not Obligatory for Shareholder

Shareholders are Recommended to Ensure they **Understand if E-GM is Possible** and if so what Steps are Necessary to take Part in such E-GM

By Certain Date **Shareholder may Request to Remove its Name from List** and Custodian May Request it to NDS. Usually it is Around Eight Days Prior to GM Date

After RD+1 Neither Issuer Nor Custodian can Accept Client Instruction to Register for GM – There is No Legal Ground for This

Recommendations – Issuers vs. Shareholders – Part 1

- Issuers should not block attendance of GM by shareholders who on RD were entitled to be on meeting and sold shares prior to GM date (misinterpretation of regulations) ■
- Issuer should allow electronic communication with shareholders – recommended dedicated e-mail address ■
- File size transfers should be resolved – relates to sending of electronic version of POA as well as demand to convoke GM or amend GM agenda ■
- To allow electronic voting issuers by-laws must be extensively amended to address all specifics of electronic voting ■
- Electronic participation possible during GM – issuing one constant ID for shareholder recommended (to be collected from issuer personally) while password to be confirmed for each GM ■

Completed

In Progress

To be Done

Recommendations – Issuers vs. Shareholders – Part 2

Completed

In Progress

To be Done

- Shareholder may demand from issuer list of shareholders registered for GM via e-mail ■
- To participate shareholder must just be on the list with issuer. Issuer should not demand from shareholders proof of entitlement to participate in the GM ■
- In case shareholder is not on the list issuer should accept proof of entitlement to participate in the GM as a document to participate in GM ■
- First test e-meeting suggest that most important issue to resolve is time lag between actual events at place of GM and its display on PC at residence of shareholder ■
- Qualified electronic signature could also be used for verification of identity of shareholder but only as option ■

Voting by Correspondence

- Voting by correspondence should be admitted by issuer's Rules of GM
- Voting by correspondence is not recommended as creates many practical problems

Problems are not related to change of meeting agenda as this requires consent of 100% of share capital which for public company is not possible

As draft resolution may change and be voted problem becomes how to treat such votes

Question arises whether issuer which accepts voting by correspondence must admit this form of voting for all resolutions adopted by GM

Votes may not reach issuer for technical reasons

It is difficult to vote in personal issues as personalities are usually known during GM

Rules of GM should define principles governing binding force of delivering a correspondence vote and recalling thereof

How to arrange voting by groups

How to organise secret voting if a correspondence vote is open once the results of voting have been communicated

- Shareholder may be entitled to cast a vote in an electronic format before voting procedure starts, which shall constitute a specific kind of voting by correspondence, on basis of provisions of the Rules of GM

E-meeting – Issuers and Shareholders Considerations

- Issuers should prepare itself for e-meeting in terms or technical approach as well as rules of GM
- Preparations should include defining the following processes by issuer

Notifying willingness to participate in a GM over Internet

Obtaining access to GM (login, password, etc.)

Minimum hardware and software requirements for investor to join GM

Permissible time for voting over the Internet, etc.

Split voting possibilities

Establishing of two way communication (text communication recommended)

Determining way of speaking during GM, time and number of speeches

- It should be stressed that in case of E-GM a significant proportion of risk is imposed on shareholder (such as correct functioning of computer equipment used, quality of Internet connection and possible resulting voting delays)
- It is worth for shareholder getting acquainted with the regulations applied by a specific company on how E-GM is organised, as well as to become aware of the risks relative to electronic communication which apply to shareholder

Citi Handlowy Role in National G3 Group Works

- Citi Handlowy represents Custodian Banks Board in national working group aimed at removing “Giovaninni Barrier 3”
- National G3 working group prepared local market implementation plan to ensure changes in market practices and procedures with regards to corporate actions to bring local market procedures in compliance with ECSCA’s & ECSDA recommendations
- National G3 working group will shortly work on implementation plan for document [Market Standards for General Meetings](#) prepared by Joint Working Group on General Meetings at EU level (document dated of 30 October 2009 with recently added Q&A section)

Citi Handlowy Support for Proxy Voting – Part 1

- MT564 and MT568 – once GM is announced, covering all details on GM including GM agenda, amendments or suspensions
- MT567 to confirm receipt of MT565, client registration and voting instruction
- In case client registration and voting instruction had been received but POA for proxy voting is missing or is incorrect (e.g. name on POA does not match client account name), e-mail or MT599 is sent immediately to advise the discrepancy
- After GM, an MT599 with vote casting confirmation as well as detailed e-mail confirmation about how votes were casted and whether resolution has been accepted or rejected

Citi Handlowy Support for Proxy Voting – Part 2

- Upon request
 - Shareholders' GM agenda and other GM details can also be sent via e-mail
 - Draft of resolutions to be taken during shareholders' meeting can be sent if available in English
- Upon request or periodically as agreed with client
 - A list of client securities accounts with their POA status (if there is POA for proxy voting or not)
 - Extended statistics on received proxy voting instructions and instruction status
 - To provide better quality control, statistics on MT564 (with exact timing), which were sent to proxy voting agent (if used)

Summary



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