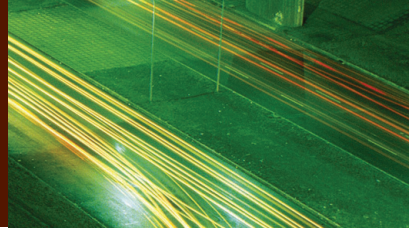


# Santander Global Securities Case Study

## The Broadridge International Shareholder Communications Programme



### **SANTANDER joins the International Shareholder Communications Programme established by Broadridge (formerly Automatic Data Processing) to increase shareholder participation at corporate events.**

Santander Global Securities (formerly Santander Investment, S.A.) is a wholly owned subsidiary of Grupo Santander. Since 1998, this subsidiary has been a market leader and regional specialist in services related to issuers in Spain and Latin America. Also, Santander Global Securities (“Santander”) has been active in the securities finance business for over 15 years, being the only Spanish member of the International Securities Lending Association (ISLA).

Leveraging upon its capacity as a major custodian, its understanding of the relationships between global/local custodians, institutions and the mechanics involved in investor communications and voting, has enabled Santander Global Securities to achieve success in increasing global voting quotas for its corporate clients (issuers).

Santander understands that shareholder participation at corporate events (through corporate governance or social responsibility) is the primary vehicle by which shareholders can influence a company’s activities. With shareholders spreading widely across different countries, attention has focused on the efficiency of systems which address cross-border voting.

However, the complexity of the voting process, layers of custodians, omnibus account structures and/or barriers in the form of costs, logistics, regulations and/or differing protocols, make it difficult for many investors, especially those based outside the home market of the issuer, to exercise their legitimate voting rights. Santander’s experience as an issuer agent shows that the idea of simply disseminating agendas (proxy materials), relying on investors to vote and leaving it basically up to chance simply does not work.

It is Santander’s business challenge to become Spain, Portugal and Latin America’s global issuer agent and to implement a proactive strategy for each AGM/EGM campaign. By way of its collaboration with Broadridge’s International Shareholder Communications Programme, Santander is able to provide solutions for investors and issuers alike, for the following:

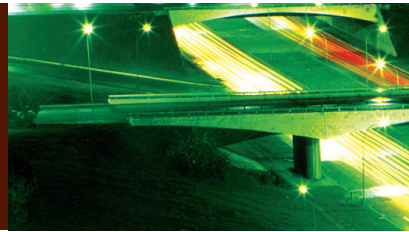
- Lack of adequate experience and knowledge of security class actions.
- Difficulty in sourcing accurate, comprehensive and timely information.
- Timeframes for entitlement calculation, reconciliation and participation.
- Non-standard, complex and lengthy processing.
- Disclosure of beneficial owners - confidentiality concerns.
- Misguided concerns over “conflict of interests” and “share blocking”.

Santander works very closely with the issuer, providing frequent reports of significant developments, voting tendencies and interim voting update results. With such feedback, the issuer can decide if other measures are to be implemented, such as direct contact.

“We chose to collaborate with Broadridge after hearing that they were developing a service, called the International Shareholder Communications Programme, which could help us solve in an efficient way the problems which are so common place in the proxy environment i.e. low vote returns, insufficient communication with investors, sending out alerts to remind investors that haven’t voted and maintaining audit trails which could prevent lost votes. All these solutions were offered to us by Broadridge, as if tailor-made to our needs” said Juan Prieto, Head of Santander Global Custody.

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## The Broadridge International Shareholder Communications Programme



Santander recognises Broadridge's ability to accurately collate such high volumes of shareholder information. The main benefits of Broadridge's service to issuers are the ability to:

- Maintain full integrity of the general meeting and agenda details.
- Emphasise corporate news and financial statements prior to the general meeting date.
- Improve timeliness of the general meeting communication, increase voting decision period for investors and reduce incidence of late voting.
- Monitor voting prior to general meeting deadline date and prevent an oversight by investors and/or custodians that could result in the failure of voting.
- Publicise general meeting results and post-general meeting corporate news and financial statements.
- Maximise first-class treatment of investors, promote corporate image and increase meeting participation.
- Achieve greater corporate transparency and enhance investor communications.
- Eliminate potential risks to the general meeting due to mis/non-communications and reduce investors' proxy processing costs.
- Align with the best practices in corporate governance and improve the information flow, which is important to investment decisions.
- Obtain exclusive statistical data in internal reporting (e.g., shareholder base analysis) and optimise investor relationship management.

The decision to collaborate with Broadridge was based on Santander's strategic and expansion plans. Santander has experienced many positive effects since joining Broadridge's International Shareholder Communications Programme:

- Broadridge provides access to factual and accurate information, well before the corporate event, which helps investors to make a timely and well-informed decision.
- Investors can see and perceive a transparent process governed by good corporate governance practices.
- Investors' proxy processing costs are reduced as the issuer side assumes an important portion of the communication & vote processing costs.
- Shareholder motivation and participation are increased on a continual, medium and long-term basis.
- The barrier between the shareholder and management is lifted and replaced with dialogue.
- Shareholder loyalty is created by the possibility to inform investors of meeting results or corporate circulars.

### Success in partnership

Santander has noticed that vote participation has increased in general and now is able to estimate, based on in-house analysis of voting trends, what the outcome of an AGM is likely to be.

"The possibility to run an end-to-end audit trail was unthinkable before. In one AGM, we were able to trace 27 million lost votes by means of the audit trail reports. The quick response of Broadridge personnel provided us with the information we needed to find the lost votes in the custody chain", said Wayne Cowan, Santander Global Securities.

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## The Broadridge International Shareholder Communications Programme



### Smooth implementation

Ease of implementation was important to Santander in ensuring minimum disruption to business. “The service was implemented very smoothly and only took a week. Contracting the service wasn’t in any way bureaucratic or pain staking. It did not involve any programming efforts on our part or that of our or corporate issuer clients,” said Cowan.

Santander is now able to monitor the flow of general meeting information and vote communications. The idea of being able to anticipate voting returns at general meetings is reassuring to Santander and its issuer clients. From an operational perspective, Santander and Broadridge jointly are seen as the mediators in upholding good corporate governance, by enabling investors to exercise their legitimate voting rights under an issuer pay model and showing companies that investors will vote when given the opportunity to do so.

To learn more about our products and services, call us at: **+1 (631) 374 1878** or visit our website at **[www.broadridge.com/investor-communications/international](http://www.broadridge.com/investor-communications/international)**.