

Association of Institutional Investors (API)

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PRESS RELEASE

API: Seppo Remes problem hurts Government efforts

The Association of Institutional Investors (API) believes that the issuance by FSB Russia's economic security department of a warning to Mr. Seppo Remes, a member of the API Board of Directors, Chairman of the Board of Directors at investment fund EOS Russia, and the recent 5-year ban on his entry to Russia, while causing substantial damage to Mr. Remes's reputation, have also frustrated the Government's efforts to increase the transparency and efficiency of public-held companies' Boards of Directors.

Mr. Remes is actually accused of "creating conditions for committing crimes," namely, of collecting information on the top executives and development strategies of Russian publicly-held power companies in his capacity as a member of the Boards of Directors at these companies. Mr. Remes was denied entry to the Russian Federation on March 22.

Mr. Remes has been an independent Director at Russia-based power company ROSSETI for many years. In recent times, he has represented the Russian Government's interests on the ROSSETI Board of Directors acting as a professional attorney by virtue of a standard contract with Russia's Federal Agency for State Property Management (Rosimushchestvo) which nominated Mr. Remes several times as a candidate to the Board of Directors of this and other companies. Furthermore, Mr. Remes is an existing member of the Boards of Directors at SOLLERS, SIBUR, RUSNANO, etc.

The API members, Rosimushchestvo and many other investors have repeatedly supported the election of Mr. Remes who has been highly appreciated as a professional, positive, and prudent member of the Boards of Directors of these companies.

The warning handed to Mr. Remes means that virtually any member of the governance bodies of any major Russian company could be incriminated over a similar wrongful intent. Without collecting or analyzing information on companies operating in the same economic sector (including their plans, structure and management composition), a member of the Board of Directors cannot fully participate in the work of the Board of Directors, thereby violating his/her obligations to the company and its shareholders.

The warning addressing Mr. Remes actually exposes the current activities of financial analysts, investment managers, investor relations specialists to major risks, since the activity the FSB warning refers to is one of the key elements of their work. Moreover, the investment activity as such is being jeopardized, given that it is impossible to invest without collecting and analyzing information on companies as investment targets.

The API expects the Government of Russia to formulate and express its vision on the Seppo Remes case with respect to the legality of collecting information by members of the governance bodies of publicly-held joint-stock companies.

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