

**Hellenic Observatory Of Corporate Governance**

# **Corporate Governance in Greek listed companies**

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**Ελληνικό Παρατηρητήριο Εταιρικής Διακυβέρνησης**

# Review of the Hellenic Observatory of Corporate Governance

December 2020

## Editorial

This issue introduces the results of the ongoing research from the Director and the Associates of the Hellenic Observatory of Corporate Governance (HOCG). It is intended to serve as a resource for academics, scholars, and board directors alike. Information has been collected from all listed firms of the Athens Stock Exchange (ATHEX) as of the end of 2016. The findings are notable, demonstrating the pace that Greece's most powerful companies adopt the values and principles of Corporate Governance (CG henceforth).

Undoubtedly, the 2009-2016 period was marked by an uncertain atmosphere, with a series of violent fiscal changes, that posed a significant challenge to the Greek economy. In 2011, the Athens Stock Exchange Composite Index dropped by 51.9% (680.42 points); the second-worst result since 2008 (-65.5%). ATHEX had the worst performance of any world exchange for two consecutive years. The total market capitalisation of ATHEX shrunk to €26.70 billion in 31/12/2011, returning to valuations of ATHEX that could only be found back in 1992. The Greek economy remained in recession during 2012 for a fifth consecutive year. Despite these numbers, major changes in 2012 led to improvement of the economic conditions, and to significant increase in the ATHEX trade volume. As of December 31, 2012, ATHEX saw a slight increase, resulting in a total capitalisation of €33.73 billion. Compared to December 2011, the ATHEX Composite Price Index rose by 33.43%, closing at 907.90 points. The revived growth in the ATHEX lasted until the end of 2013. From that point on, rates fell below 2011 values and did not recover until the end of 2016 (rates close at 643.64 points in 2016). Overall, during the period under consideration, market capitalisation peaked in 2013 (€67.4 billion), before falling to €45.2 billion in 2016. Meanwhile, the number of listed companies continued to decrease at an even faster rate than previously reported, with the total number of listed firms falling from 277 in 2010 to 203 in 2016. It is worth noting that only three new listings were added between 2008 and 2016.

Conversely to the above, international investor involvement in listed firms increased significantly during the examined period. Initially - mainly due to the market's disappointing overall results - there was a marginal fall in foreign capital inflows (international investors decreased their stake in 2012 to 50.1 percent from 50.9 percent in 2011). However, foreign investors' stake in Greek listed companies saw a steady growth since then, hitting a high of 61.4% in 2016.

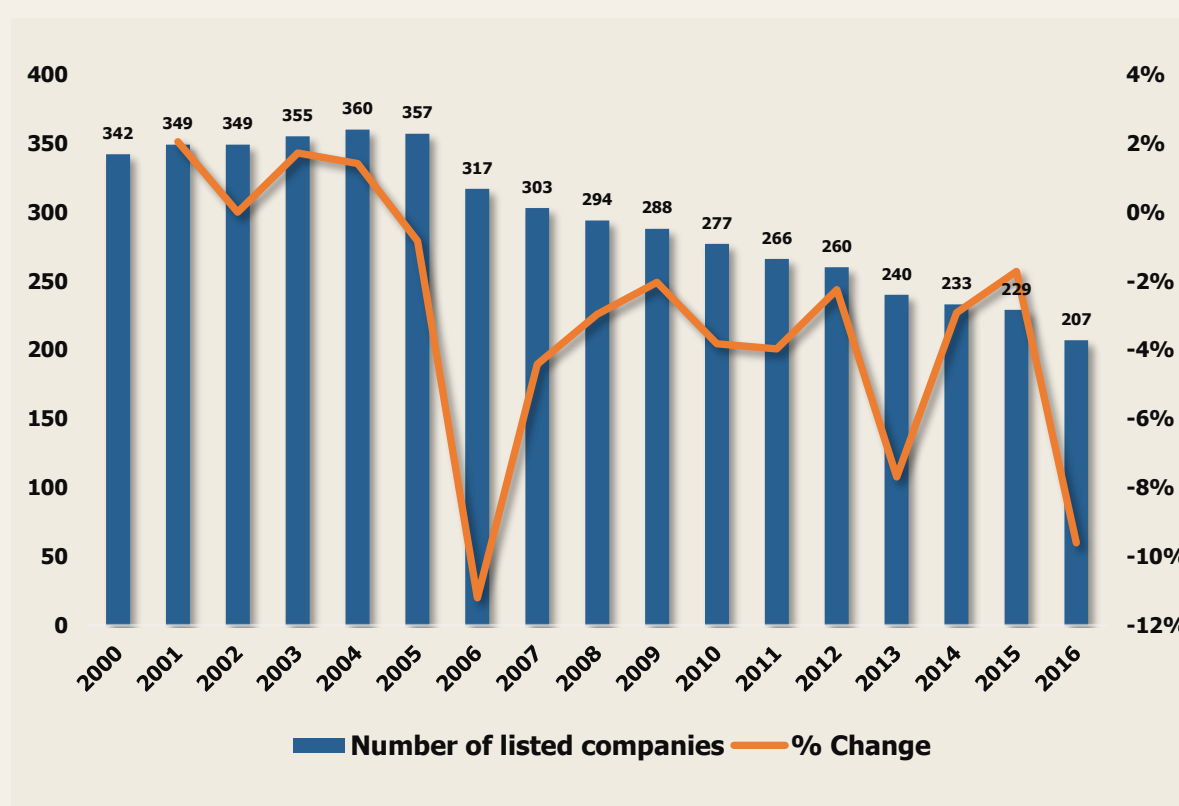
**Dr Dimitrios N. Koufopoulos** BSc, MBA, PhD, FCMI, FIC, AIIA, FRSA, CMBE

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# Athens Stock Exchange at a Glance

## Market capitalization

This section summarises the main developments in the ATHEX between 2000 and 2016. In 2004, ATHEX had the highest number of listed companies (360). That number follows a downward trend ever since, leaving ATHEX with only 207 companies in 2016 (see **Diagram 1**). Reasons that have been cited towards this gradual drop include the diminishing interest in the Greek capital market after 2005, the tightening of legislation framework, the fiscal instability and insecurity after 2010, and the growing inability of listed firms to reap the benefits of their listing status. Other reasons that have led to the delisting of firms, include mergers and acquisitions (M&A) activity, squeeze-outs and liquidations.

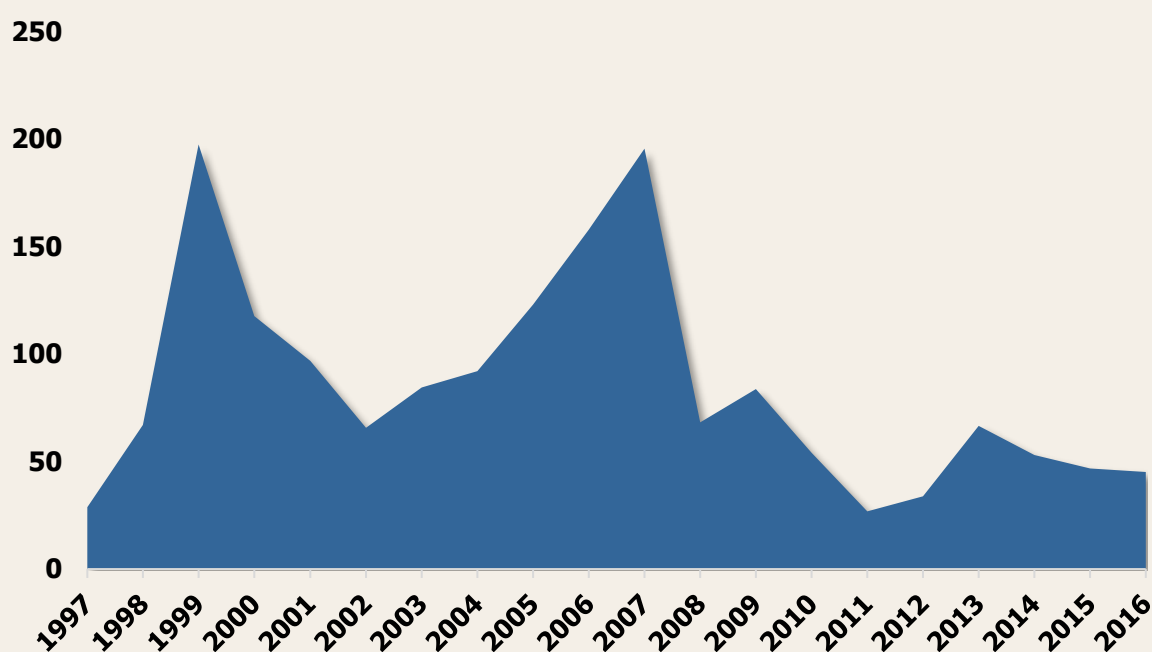


**Diagram 1: Number of Listed Companies from 2000 to 2016**  
Source: ATHEX factbooks (compiled by HOCG)

Examining the total capitalisation of ATHEX between 2000 and 2016, two spikes can be observed just before the two major financial events that triggered a reduction in capitalisation; the ATHEX crash at the end of 1999 and the beginning of the global financial crisis in 2008. As seen in Diagram 2, total capitalisation was €197.5 billion in 1999, while almost the same capitalisation (€195.5 billion) was registered in 2007. Following the 2008 financial crisis and its global effects, the Greek stock market was further impacted by the 2010 debt crisis. The Eurozone's financial situation deteriorated further in the first months of 2010, converting the financial crisis into a debt crisis. Greece, the Eurozone's weakest economy, was at the epicentre of the crisis, with high deficits and systemic economic problems. The pressure on

the Greek bond market was continuous, sky-rocketing the borrowing cost for the country, which made the issuing of new bonds impossible. Based on the above, on the 23<sup>rd</sup> of April 2010, Greece asked the IMF and the countries of the Eurozone for financial support.

In line with the deterioration of the country's fiscal indicators, the total market capitalisation of ATHEX shrank to €26.90 billion in 31/12/2011, rose to €33.90 billion in 31/12/2012 and increased even further in 2013, following the improvement of basic financial indicators and the renewed support to the Greek government (**Diagram 2**). Political instability and growing tension between Greece and its lenders affected the capital market, with the ATHEX capitalisation following once again a negative trend, with €53.5 billion in 2014, €47.3 billion in 2015 and €45.3 billion in 2016. If we include firms listed in the Alternative Market of ATHEX, capitalisation figures are slightly different. The difference is more notable in 2013. If we include all the subcategories of listed firms, total capitalization for that year would be €67.6 billion, whereas for 2014 it would be €53.5 billion, for 2015 €47.3 billion and for 2016 €45.3 billion.



**Diagram 2: ATHEX total capitalisation 1997-2016 (twenty years observations)**  
**Source: ATHEX corporate presentation 2017 – 6<sup>th</sup> Investment Forum in NY p. 23**

**Table 1** provides a comparison of the capitalisation of the Greek stock exchange over major international exchanges. In 2016, the Greek stock exchange had only 0.02% of NYSE's capitalization, and 0.2% when compared to that of the Deutsche Börse. Therefore, *this reduction in the capitalisation of the Greek market comes in stark contrast to the major stock markets across the world*, which either recorded a constant increase throughout this period (NYSE), or a temporary decrease as in 2015, before the significant growth experienced in 2016 (e.g. Hong Kong Exchanges and Clearing and Deutsche Börse AG). Given the EUR/USD exchange rates at the end of 2014-2016, the adjusted ATHEX capitalisation figures would be \$65,035 billion for 2014, \$51,704 for 2015 and \$47,493 billion in 2016.



Stock Markets	2014	2015	2016
<b>ATHEX</b>	55,154	42,079	37,163
<b>NYSE</b>	17,786,787	19,351,417	19,573,073
<b>NASDAQ</b>	7,280,752	6,979,172	10,039,335
<b>Deutsche Börse AG</b>	1,738,539	1,715,800	2,262,233
<b>Japan Exchange Group</b>	4,377,994	4,894,919	6,222,834
<b>Hong Kong Exchanges and Clearing</b>	3,233,030	3,184,874	4,350,500

**Table 1: Domestic Market Capitalisation 2014-2016 in \$ million**  
**Source: World Federation of Exchanges**

## The ATHEX Composite Price Index

As seen in **Diagram 3**, the ATHEX Composite Price Index followed a cyclical pattern between 1996 and 2008, with two high points and a subsequent drop. The first peak occurred in 1999, when the ATHEX Composite Price Index hit an all-time high of 5535.09 points at the end of that year, after previously peaking in September 1999. The Greek stock market bubble burst of that same year led the Index to a 3-year plunge (2000-3388.6 points, 2001-2591.6 points, and 2002-1748.42 points). Subsequently, the recovery was slow but steady. Between 2003 and 2007, the ATHEX Composite Index managed to regain its losses and rose to 5178.83 points, before the financial crisis of 2008 hit the already struggling Greek economy, plunging the ATHEX Composite Price Index to 1786.51 points in 2008. In 2009, there was an anaemic recovery, which drove the Index back to 2196.16 points, before a steep dive in 2012, when the Index barely recorded 680.42 points. Between 2012 and 2016, the Index remained at the same levels. More specifically, in 2015, the Index reached to the lowest point since 1996 with 631.35 points, and to the the second-lowest in 2016 with 643.6 points.



**Diagram 3: ATHEX Composite Price Index 1996-2016**  
Source: ATHEX Factbooks (compiled by HOCG)

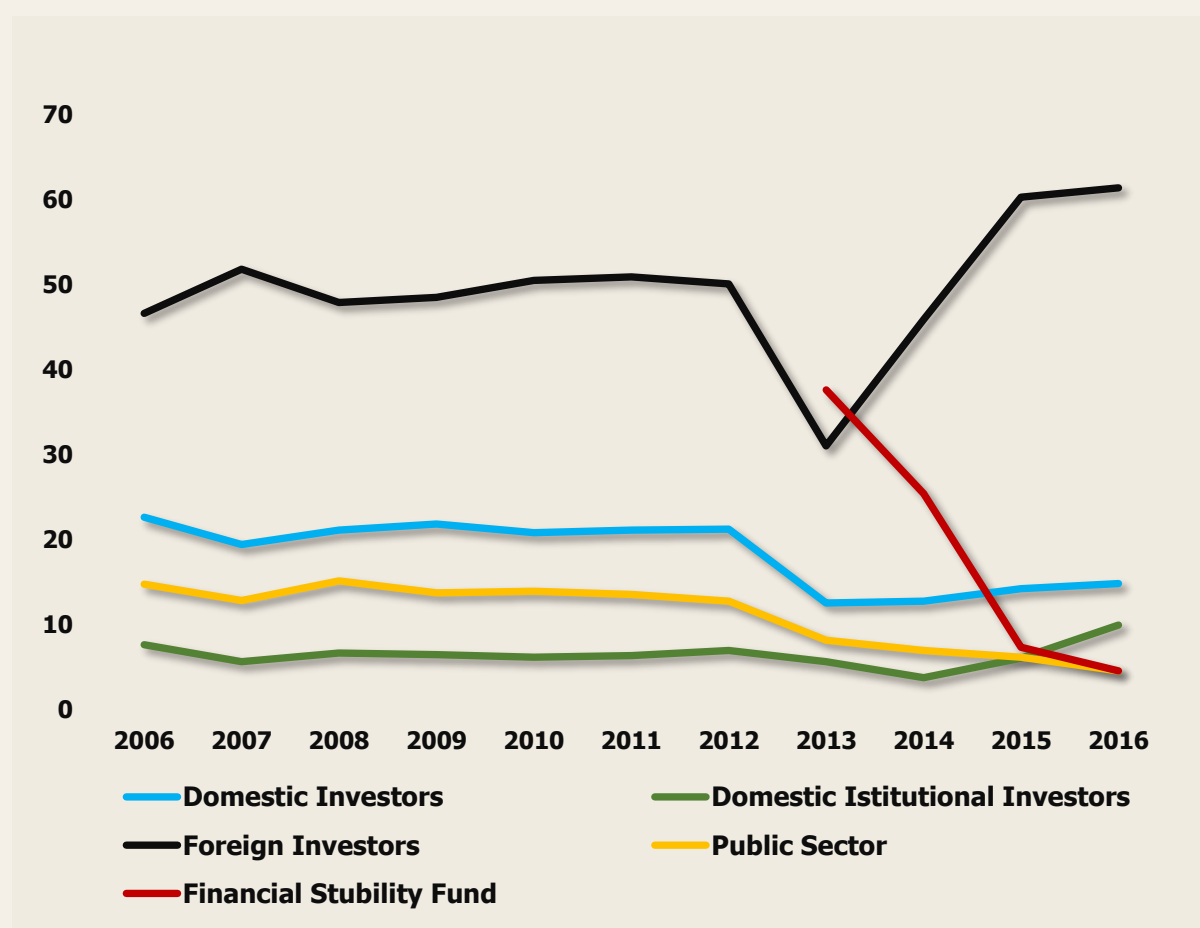
## Investor participation

As depicted in **Diagram 4**, the participation of domestic and foreign investors in Greek firms' capitalisation remained relatively unchanged for a few years after the outbreak of the 2008 financial crisis. Specifically, from 2006 until 2012, foreign investors occupied the first position in terms of participation. Throughout this period, they were controlling almost half of ATHEX's capitalisation (starting with 46.6% of the total capitalisation in 2006, which was the lowest point for the period 2006-2012, and recording the highest level in 2007, with 51.8% of the total capitalisation). The same trend can be observed across the rest of the investors (*Domestic*, *Domestic Institutional* and *Public Sector*). Slightly more than 20% of the market capitalisation was controlled by domestic investors, whereas the public sector held the third position with almost 14% during this period. The lowest participation in terms of capitalisation during this period can be attributed to domestic institutional investors with participation ranging between 7.6% and 5.6%.

In 2013, following the stability pact signed by the Greek government, the financial system was negatively affected. In terms of total market capitalisation, foreign investor participation plunged from 50.1% in 2012, to 31% in 2013. However, as will be explained later, this phenomenon was mainly due to the fact that part of the capitalization was now in the hands of the Hellenic Financial Stability Fund (37.6% in 2013). Foreign investors' presence in ATHEX is more notable in the following years, as evidenced by a significant increase in their participation, controlling 45.5% of the total capitalisation in 2014, 60.3% in 2015 and 61.3% in 2016 (the latter being the highest value seen in the period 2006-2016). Meanwhile, the participation of the Financial Stability Fund followed a downward trend over the same period, reaching to only 4.5% in 2016.

All other types of investors saw their interest quickly decline. Domestic investors' participation fell from 21.2% in 2012 to 12.5% in 2013, while public sector participation fell from 12.7% in 2012 to 8.1% in 2013, and domestic institutional investors' participation fell from 6.9% in 2012 to 5.6% of total capitalisation in 2013. Domestic institutional investor participation peaked at 3.7 percent in 2014, only to rise to 9.9 percent of overall market capitalisation in 2016. Domestic investor engagement recovered at a slow but steady pace in the following years, hitting 14.8% of total market capitalisation in 2016. On the other hand, public sector's participation continued to decline, contributing only 4.1% to the total capitalisation in 2016.

As mentioned earlier, attention during these years should be given to the role of the Hellenic Financial Stability Fund (HFSF). The HFSF was founded in July 2010 (under Law 3864/2010) to contribute to the financial stability of the Greek Banking system by providing equity capital, if necessary. More specifically, under the 2nd Programme, €50 billion were allocated via the HFSF for bank recapitalisation, while under the 3rd Programme an additional buffer of up to €25 billion was credited for the same purpose. The main objective of the HFSF has been to support the stability of the Greek Banking system for the protection of public interest. The executive board of HFSF consisted of three members: two of them having an extensive experience in international banking matters were appointed by the Minister of Finance, while one other member was appointed by the Bank of Greece.



**Diagram 4: Investor participation as a percentage of total capitalisation 2006-2016**  
**Source: ATHEX corporate presentation 2017 – 6<sup>th</sup> Investment Forum in NY**

## M&As, de-listings, IPOs and shares under surveillance

**Table 2** shows that during the 2008-2016 period, the number of merger and acquisition (M&A) transactions amongst public firms was relatively stable (2-3 transactions per year). There are two exceptions; one in 2008 when no M&A transactions were recorded, and one in 2010, when 5 M&A transactions were consummated. In total, 23 M&A transactions were completed during the period under examination, out of which only 4 were acquisitions. *The small M&A activity can be attributed to the adverse macroeconomic conditions in the country.* Some mergers between financial institutions were consummated in response to the difficult macroeconomic conditions and the to the need for structural changes in the financial sector.

Year	No. of M&A deals	No. of companies Delistings	No. of companies IPOs	No. of companies under Suspension	No. of companies under Surveillance	No. of companies under deletion	No. of companies of low dispersion
<b>2008</b>	0	1	0	14	22	-	46
<b>2009</b>	3	5	0	18	24	-	41
<b>2010</b>	5	6	0	19	30	-	46
<b>2011</b>	2	9	0	28	41	3	18
<b>2012</b>	3	6	0	42	42	2	20
<b>2013</b>	3	16	1	40	40	1	10
<b>2014</b>	2	6	1	38	37	3	11
<b>2015</b>	3	1	0	43	32	4	11
<b>2016</b>	2	19	1	27	30	4	11

**Table 2: Number of M&A transactions and Delistings in ATHEX 2008-2016**  
**Source: Athex Factbooks 2009-2017**

The annual number of de-listing events varies hugely during the 2008-2016 period (between 1 and 19 events). In 2008 and 2015 only one event was recorded, whereas 2016 was the year with the highest number of delisting events (19). In 2013, the de-listing events were 13, while for all the other years this number was between 6 and 9 events. In total, over the period under examination, 69 companies had their shares de-listed from ATHEX. It is worth noting that this number includes companies that have been involved in mergers and acquisitions and hence have ceased to exist as separate entities, due to this event.

In the case of Initial Public Offerings (IPO), no activity is recorded between 2008 and 2013. After this prolonged period without the introduction of any new companies in ATHEX, one company was listed in 2014. In 2015, no companies were listed in the stock exchange, whereas 2 companies decided to follow this path in 2016. With respect to shares in



suspension, an upward trend can be identified (then number of stocks in suspension rises from 18 in 2009 to 28 in 2016) with two spikes in 2013 and in 2015 (45 and 46 companies in suspension respectively). This increasing number was observed following the tightening of the regulation against listed firms. Many of the firms under suspension were eventually de-listed during the period under scrutiny.

The number of shares under surveillance also varies considerably over the 2008-2016 period. Once again, the increasing trend can be attributed to the changes of the post-2010 regulatory framework. The highest number of company shares under surveillance (45) was registered in 2015, whereas the lowest number of shares under surveillance was recorded in 2011 (20). On average, 33 company shares were under surveillance between 2008 and 2016.

## Market Indices

ATHEX has formed several partnerships with the larger and most reliable index providers, calculating and distributing 26 indices globally, in real-time and on day-end basis. One of the biggest partnerships is that with FTSE (now FTSE/Russell), from which several indices have been developed (e.g., FTSE/ATHEX Large Cap, FTSE/ATHEX Mid Cap, FTSE/ATHEX Global Traders Plus Index). More analytically the following indices track ATHEX<sup>1</sup>:

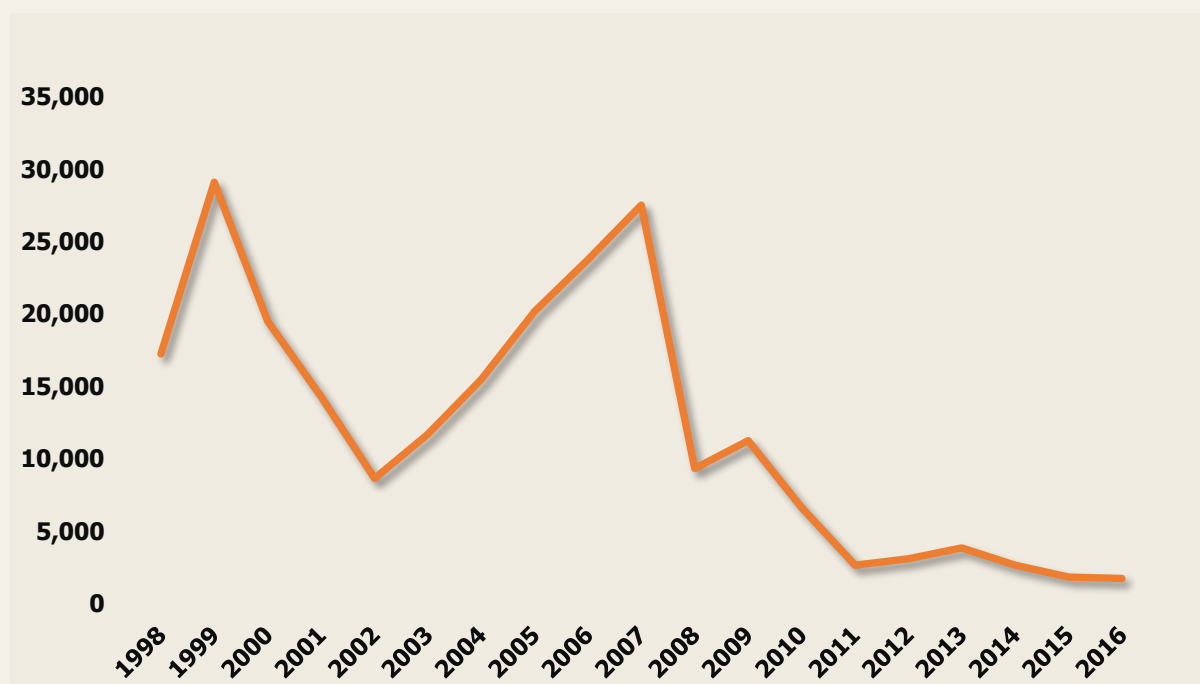
- Athex Composite Share Price Index
- FTSE/Athex Large Cap
- Athex Select Index Plus
- Athex Select Index
- Athex Alternative Market Price Index
- Athex All Share Index
- FTSE/Athex Mid Cap Index
- FTSE/Athex Market Index
- Hellenic Mid & Small Cap Index
- FTSE/Athex High Dividend Yield Index
- FTSE/Athex-CSE Banking index
- FTSE/Athex Mid & Small Cap Factor-Weighted Index
- FTSE/Athex Global Traders Index Plus
- FTSE/Athex Large Cap Total Return
- FTSE/Athex Mid Cap Total Return
- ATHEX Composite Index Total return index
- FTSE/Athex High Dividend Yield Index Total Return
- FTSE/Athex-CSE Banking Total Return index
- FTSE Med Index

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<sup>1</sup> ATHEX also calculates 17 sector indices.

## FTSE Index

The FTSE Index for large capitalisation - which includes the 25 largest capitalisation securities, according to FTSE/Russell Ground Rules - follows the recorded trends in the Greek Economy and more specifically those of the ATHEX Composite Index (**Diagram 5**). The highest points are recorded in 1999 and 2007 with 29.101 and 27.524,8 points respectively. The Index crashes right after the first peak, as a consequence of the Greek stock market bubble, and after the second, as a result of the 2008 Global Financial Crisis and the ensuing Greek debt crisis. From 2010 onwards, the index largely follows the General Index trends, with peak level prices in 2013 and a closing of 1.740,9 points in 2016.



**Diagram 5: FTSE25 Index 1998-2016 Large Capitalisation Closing Prices by 31/12 of each year**  
Source: Bloomberg

## FTSE/ATHEX Global Traders Plus Index

The FTSE/ATHEX Global Traders Plus Index is among the indices that were implemented over the years. The index tracks the market performance - either through exports, or through foreign output - of 30 listed companies with highly globalised operations. It is a free-float capitalization-weighted price index that was introduced in December 2012 with a three-step capping methodology<sup>2</sup>.

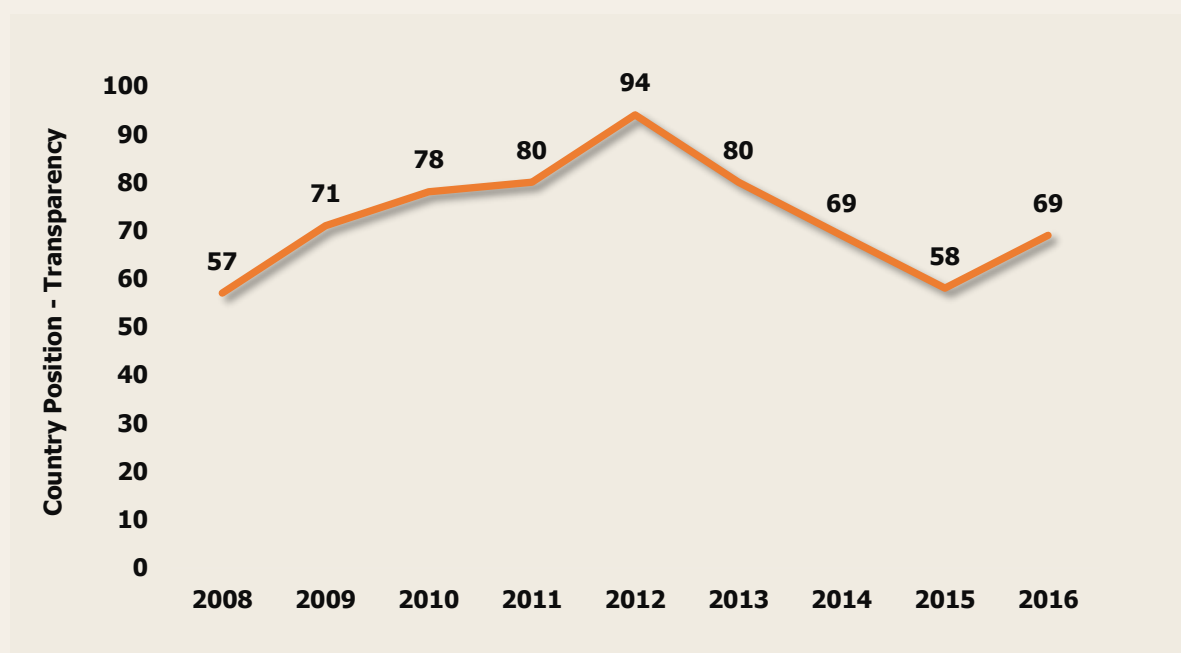
From 2012 to 2016, 46 companies have been included in the Global Traders Plus Index. 17 out of 46 companies (namely, Aegean, Centric, FHL Kiriakidis, Galaxidi Marine Farm, Halcor, Hellenic Cables, Iktinos Hellas, Intralot, Karatzis, Kleeman, Lykos, Metka, Nafpaktos Textile Industry, Sarantis, Selected Textiles SA, Thrace Plastics Co, Titan) have continuous presence in the index throughout the examined period. 8 companies were included in the index for 4 years (Crete Plastics, Eurodrip, F.G. Europe, Mytilineos, Nireus, S&B, Dromeas, Folli-Follie), 6

<sup>2</sup> The index can be found in **Table B1** of the Appendix.

firms were included for 3 years (Alco, Viohalco, Flexopack, Motor Oil, Alumil, Kiriakoulis Mediterranean Cruises), 10 for 2 years (Selonda, J&P AVAX, Biocarpet, Fieratex, Mathios Refractory, Mochlos, Nexans Hellas, Papoutsanis, The House of Agriculture Spirou, Vogiatzoglou Systems) and 5 companies were included only for 1 year (Corinth Pipeworks, Elval, Frigoglass, Sidenor, Hellenic Petroleum).

### Corruption Perceptions Index

In all developed economies, transparency and corruption are issues of vital importance, that affect the public's trust in the financial system. Due to the nature of the related illegal activities, it is not always easy for policymakers to anticipate their impact/effect on the economy. 'Transparency International' publishes the results of a survey that examines public perception regarding corruption in many countries. **Diagram 6** shows that during the 2008-2016 period, Greece's trajectory reveals different trends. From 2008 until 2012, Greece's position worsens (from the 57th position in 2008 to the 94th position in 2012). From that point onwards, an improvement can be identified. In 2013, Greece occupied the 80th position, in 2014 the 69th and 2015 the 58th position of the index. The latter is also the best rank for Greece between 2008 and 2016. However, this improvement did not continue in 2016 as Greece occupied the 69th position of the index.



**Diagram 6: Greece's Position in Corruption Perceptions Index 2008-2016**  
Source: Adapted by Transparency International Reports 2009-2017

## Global Competitiveness Report

Another index that casts light on the development of the Greek economy - which in turn affects ATHEX - is the Global Competitiveness Report. This report considers a series of measurements and formulates the 12 pillars of competition. By accessing both theoretical and empirical research, this index encapsulates the determinants of long-term growth and prosperity.

The first four pillars (Institutions, Infrastructure, Macroeconomic Environment, Health & Primary education) are of key importance for factor-driven economies. With respect to *Institutions*, Greece's performance has deteriorated significantly during the period under examination dropping from the 58th position in 2008 to the 81st in 2016 (see **Table 3**). On the contrary, *Infrastructure* has improved and has helped Greece go up from the 45th position to the 34th in 2016. As expected, the trend in the *Macroeconomic Environment* factor is downward, moving from the 106th position in 2008, to the 132nd position in 2016. Finally, with regard to *Health and Primary education*, the position of Greece remained relatively stable (from 40th place in 2008 to 41st in 2016).

The second-factor set affects more efficiency-driven economies and includes pillars 5 to 10 (Higher Education and Training, Goods Market Efficiency, Labour Market Efficiency, Financial Market Development, Technological Readiness and Market Size). Apart from *Technological Readiness*, where Greece's position has improved (from the 59th position in 2008 to the 36th position in 2016), all other pillars exhibit a deterioration. More specifically, the lowest point registered during this period for pillars 5 and 7 was 2012, with Greece taking 46th place for the *Higher Education and Training* pillar and the 133rd position for *Labour Market Efficiency*. After 2012, an improvement can be seen, but it is not important enough for the ranking to return to its previous levels (43rd position for the 5th pillar).

In terms of labour market performance, Greece remained in the same spot as in 2008, ranked 116th. The same pattern can be seen in the eighth pillar, *Financial Market Growth*, where Greece has fallen to 131st place (the lowest position was recorded in 2013 with the 132nd position). In terms of the 6th pillar, *Goods Markets Quality*, the lowest reported ranking was 118th between 2012 and 2014. Following the same downward trend, Greece fell from 64th place in 2008 to 89th place in 2016. Finally, Greece's status in terms of *Market Size* has declined, with the country ranking 52nd in 2016.









The last two pillars identify the factors influencing the most innovative economies. The first is *Business Sophistication*, where Greece fell eight places between 2008 and 2016 (64th and 74th), and the other pillar is *Innovation*, where Greece fell 14 places during the time (from the 63rd to the 77th position).

	Years	2009	2010	2011	2012	2013	2014	2015	2016
	<b>Performance Overview</b>	67	71	83	90	96	91	81	81
<b>Pillars</b>	<b>GDP per capita (in \$ 000)</b>	28,273	32,004	29,635	27,302	27,073	22,055	21,857	21,653
<b>1</b>	<b>Institutions</b>	58	70	84	96	111	103	85	81
<b>2</b>	<b>Infrastructure</b>	45	47	42	45	43	38	36	34
<b>3</b>	<b>Macroeconomic Environment</b>	106	103	123	140	144	147	135	132
<b>4</b>	<b>Health and primary education</b>	40	41	40	37	41	35	41	41
<b>5</b>	<b>Higher education and training</b>	38	43	42	46	43	41	44	43
<b>6</b>	<b>Goods Market Efficiency</b>	64	75	64	107	108	108	85	89
<b>7</b>	<b>Labour market efficiency</b>	116	116	125	126	133	127	118	116
<b>8</b>	<b>Financial market Development</b>	67	83	93	110	132	138	130	131
<b>9</b>	<b>Technological readiness</b>	59	53	46	47	43	39	39	36
<b>10</b>	<b>Market Size</b>	33	34	39	42	46	47	49	52
<b>11</b>	<b>Business Sophistication</b>	66	66	74	77	87	83	74	74
<b>12</b>	<b>Innovation</b>	63	65	79	88	85	87	79	77

**Table 3: Greece's Competitiveness 2008-2016**  
**Source: Adapted by The Global Competitiveness Report 2009-2017**



Between 2008-2016, the following firms were listed in foreign exchanges (**Table 4**). Some delisted during this period as explicitly mentioned in the Table. 2 firms were listed in NYSE (National Bank of Greece and Coca-Cola Hellenic Bottling Company), 2 firms in Nasdaq (ALPHA BANK, and M. J. MAILIS GROUP), 3 firms in the London Stock Exchange (COCA-COLA HELLENIC BOTTLING COMPANY, HELLENIC PETROLEUM, PPC (DEI)), and 2 firms were listed in Cyprus Stock Exchange (MARFIN POPULAR BANK PUBLIC COMPANY and BANK OF CYPRUS).

	ATHEX	NYSE	NASDAQ	LSE	CSE
	<b>ETE</b> <b>22/02/1905</b>	<b>NBG</b> <b>18/10/1999<sup>3</sup></b>			
	<b>ΕΕΕΚ</b> <b>15/07/1991</b>	<b>CCH</b> <b>10/10/2002<sup>4</sup></b>		<b>CCB</b> <b>31/8/2008</b>	
	<b>ΔΕΗ</b> <b>12/12/2001</b>			<b>PPCD</b> <b>12/12/2001<sup>5</sup></b>	
	<b>ΑΛΦΑ</b> <b>02/11/1925</b>		<b>ALBKY</b> <b>30/6/1996</b>		
	<b>ΕΛΠΕ</b> <b>30/06/1998</b>			<b>LSE: HLPD</b>	
	<b>ΜΑΙΚ</b> <b>16/06/1994<sup>6</sup></b>		<b>MJMSY</b> <b>31/5/2002</b>		
	<b>ΜΑΡΦΒ</b> <b>05/01/2007</b>				<b>CPB</b> <b>29/03/1996<sup>7</sup></b>
	<b>ΚΥΠΡ</b> <b>08/11/2000<sup>8</sup></b>				<b>BOC</b> <b>29/03/1996</b>

**Table 4: Cross listed Companies by 2016**

<sup>3</sup> NBG delisted from the NYSE in March 2019

<sup>4</sup> Coca Cola Hellenic delisted from the NYSE in July 2014. Its primary listing today is in London and its secondary listing in the ATHEX

<sup>5</sup> Public Power Corporation delisted from London in November 2017

<sup>6</sup> Maill Group delisted from ATHEX in February 2015

<sup>7</sup> MARFIN POPULAR BANK PUBLIC COMPANY delisted from Athens and Cyprus exchange in July 2013

<sup>8</sup> BANK OF CYPRUS delisted from Athens in January 2017 and is today listed in Cyprus and London

During the period of the study, gathering all the companies that entered the top-10 of capitalisation for every year, we have recorded only 23 entries. Some of them, such as the Hellenic Telecommunications Organisation, are present in the list of largest companies in terms of capitalisation since 2002. On the other hand, companies, such as Folli-Follie, was included only over the last 3 years (2014-2016). However, it is worth mentioning that, out of the theoretical maximum of 140 companies during this period, only 16.4 % managed to reach the largest capitalisation stage, signifying relative stability in the biggest companies in terms of capitalisation. For a detailed year-to-year overview, see **Table B2** in the Appendix.

Finally, we conclude this part of the study by outlining the major developments that took place during the period under examination. Hence, the full chain of events that shaped the number of ATHEX listed companies for 2009-2016 is recorded and described in **Table B3**.

# Research Findings

The following chapter reports results on key developments in the Greek capital market from 2009 to 2016. Variables examined include: board size, composition, leadership structure, gender, diversity, board committees and relationship with audit firms.

## Board Size

The average board size throughout the examined period is given in **Diagram 7**. After a period of continuous increase, the median board in Greece had 8 directors in 2009 (the average board size was 7.75, 7.86 and 7.90 in 2006, 2007 and 2008 respectively, evidence that verifies this consistent average size increase). During the next four years, the number of listed companies, and the average board size decreased significantly (the average board size of the 230 listed Greek companies was 7.03 in 2013). From 2014 to 2016, the average board size fluctuated, ending at 7.71 members in 2016, while the number of listed companies continued to decrease with only 203 listed companies in Athens Stock Exchange as of December 2016.

**Diagram 8** offers further insights on the actual distribution of directors that occupy seats in the ATHEX-listed companies listed at years 2009 and 2016. In 2009, over half of the sample's companies (144 out of 280, 51.4%) had between 7 and 9 directors on their board, whereas in 2016 less than half of listed firms had a board size between 7 and 9 directors (95 out of 203, 46.8%). 79 companies (28.2%) had between 4 and 6 board members on their board in 2009, deviating from the Greek CG Code good practices, whilst suggesting an ideal size of 7 to 15 members for public firms.

In 2016, 33.5% of firms had a board size of 4 to 6 members, signifying a noteworthy trend towards smaller boards for a significant fraction of ATHEX firms. 57 firms (20.3%) had 10 or more directors in 2009, while 19.7% of companies had a board size over 10 in 2016. The latter finding implies that despite the drop in the absolute number of public firms during the 2009-2016 period, the inclination of certain companies towards operating with a larger board remains strong through time. It is also interesting to note that following the introduction of the HCGC Corporate Governance Code, there were no firms operating their board with more than 15 members in 2016 (which is the maximum proposed size according to CG good practices). In 2009 there were 5 firms with a board size of 16 or more members. Lastly, it is worth stating that there is a considerable number of listed companies (33.5%) that have chosen to operate their boards with an even number of board members in 2016. This is a noteworthy increase over 2009 (27.5%).

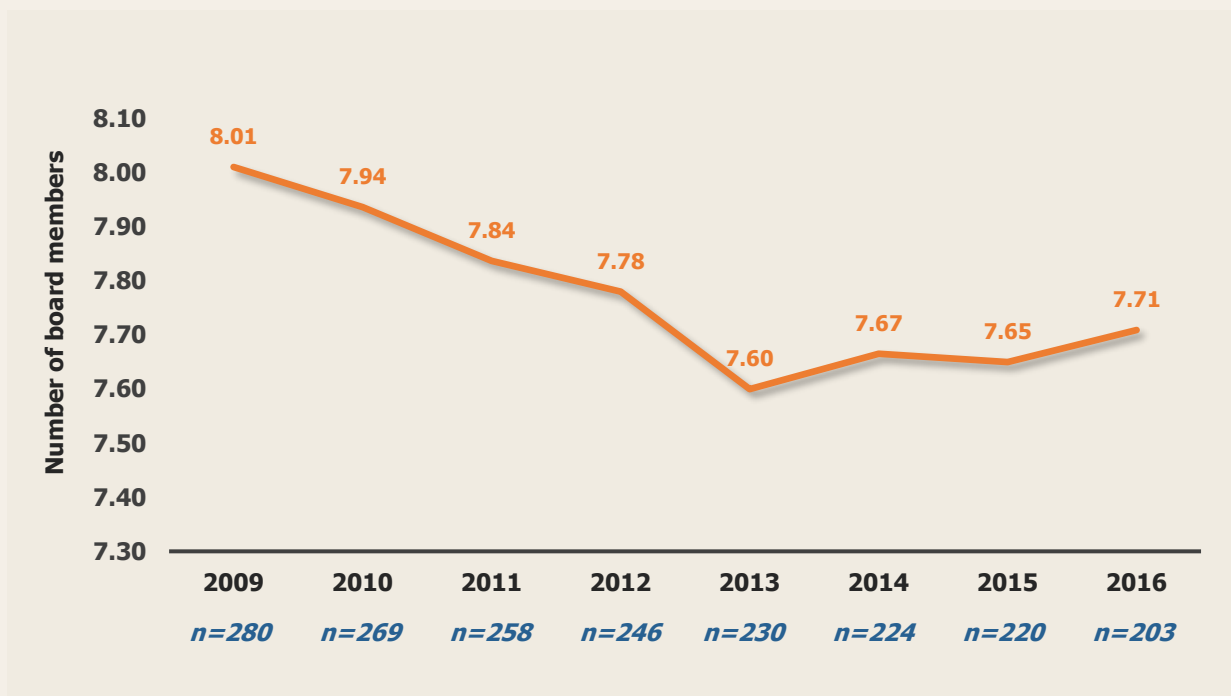


Diagram 7: Average Board Size 2009-2016

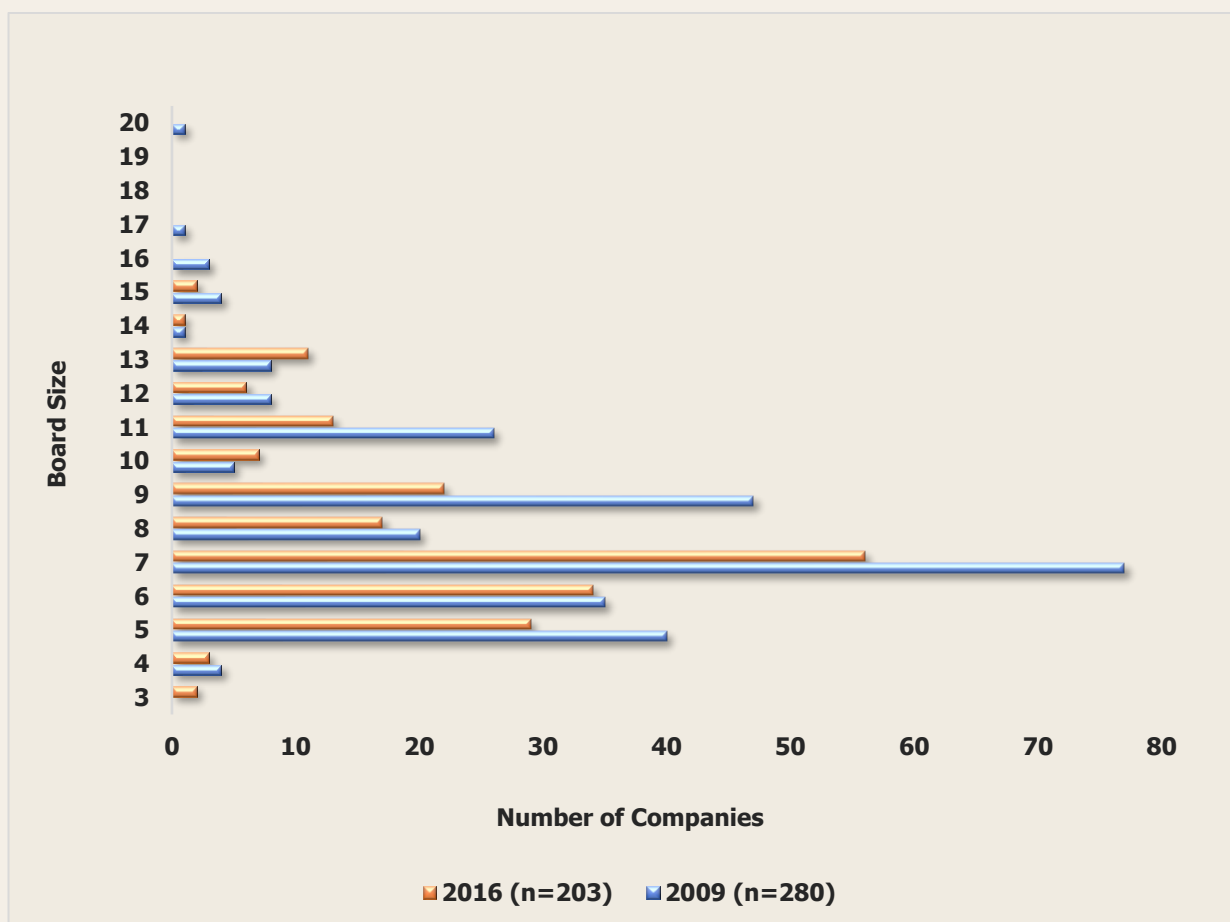


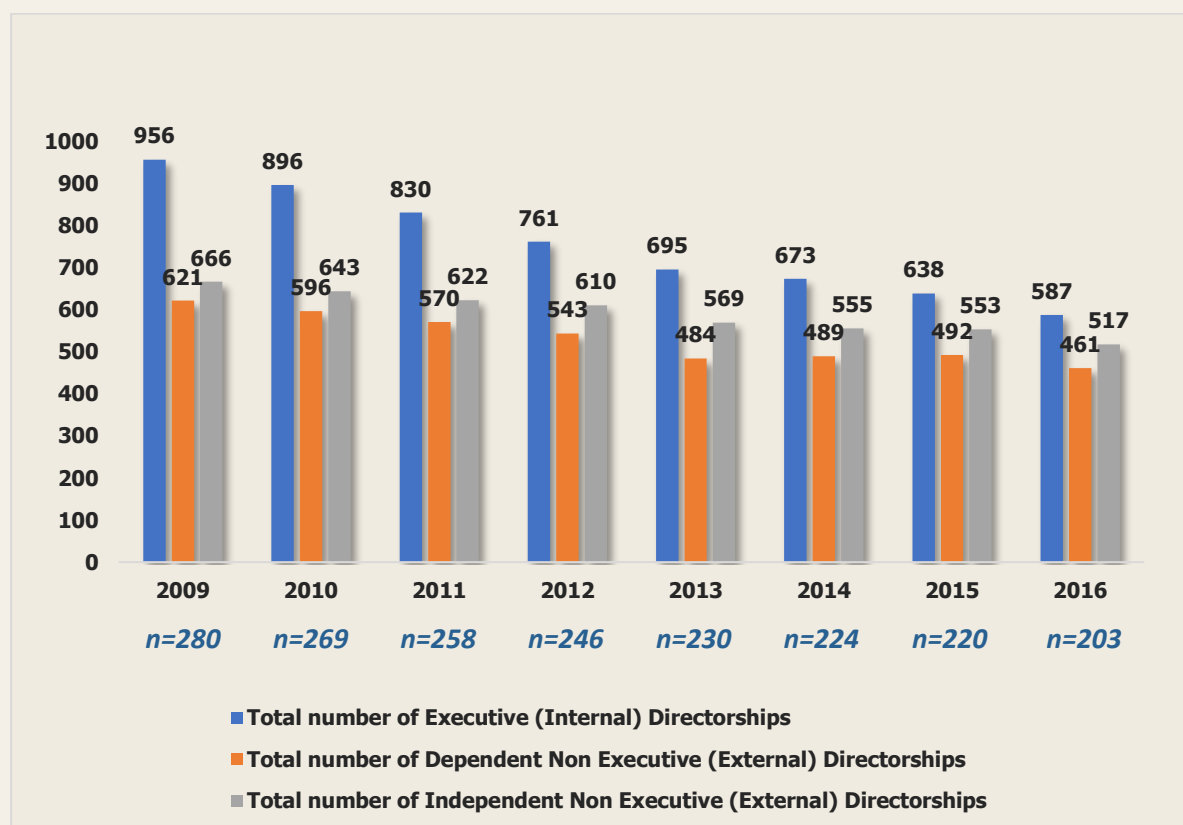
Diagram 8: Size of the Board in 2009 and 2016

## Board Composition

Directorships refer to the total number of seats on corporate boards<sup>9</sup>. As seen in **Diagram 9**, 2,243 board seats (directorships) existed in the boards of Greek listed companies in 2009. The number of directorships dropped to 1,565 (-30.2%) in 2016. The downward trend in directorships follows the steady decrease in the number of listed firms, as was discussed in previous chapters of this report.

A closer examination on the nature of non-executive directorships reveals that these seats are separated into non-executive dependent and non-executive independent directorships. In 2009, 956 seats were classified as internal directorships, whereas the non-executive directorships were 1,287.

The absolute number of independent, non-executive directorships in 2016 was 517, signifying an increase over 2009 (666 independent, non-executive directorships). More specifically, independent non-executive directorships were 33% in 2016, while they were 29.6% in 2009. Dependent non-executive directorships were 621 in 2009 (27.7% of total seats), while in 2016 they were 461 (29.5%).

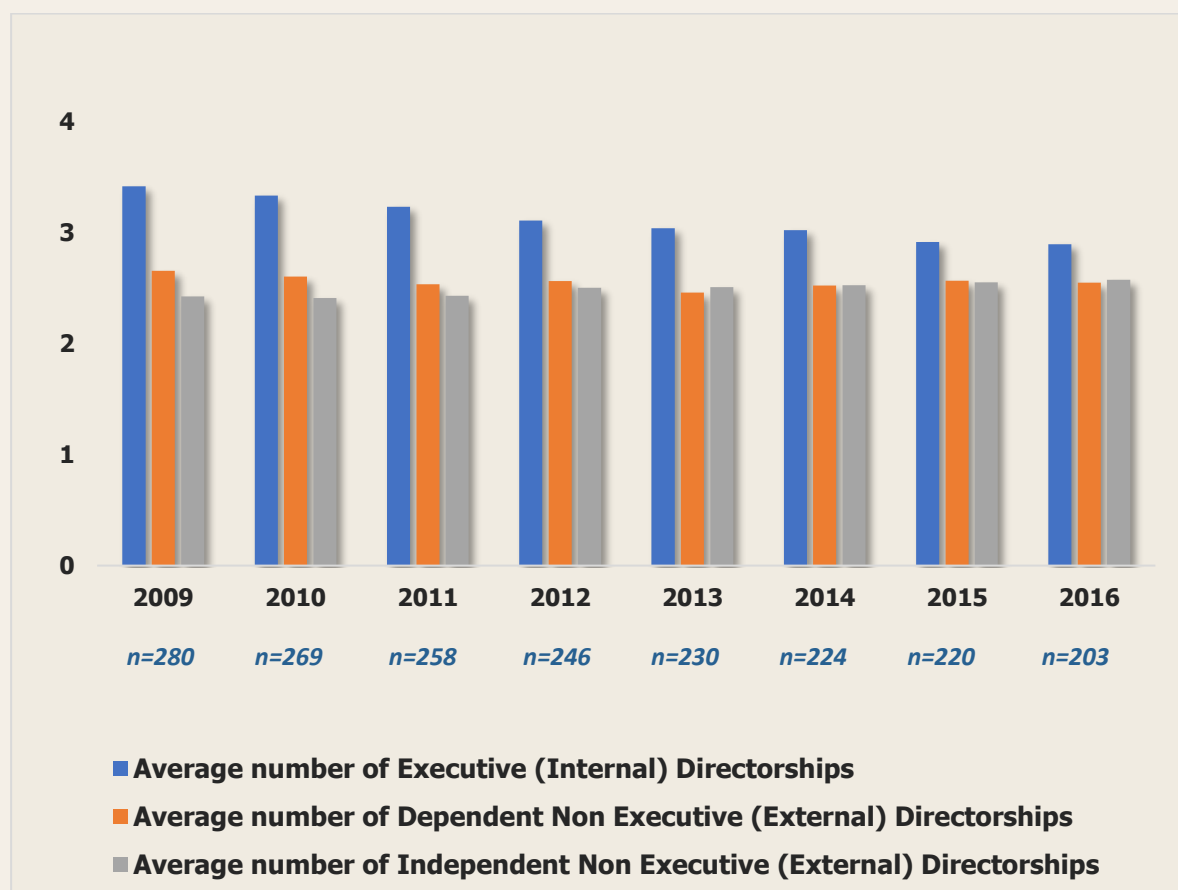


**Diagram 9: Total number of directorships 2009-2016**

<sup>9</sup> The total number of directors is slightly smaller than the total number of directorships since directors can serve in more than one board simultaneously.



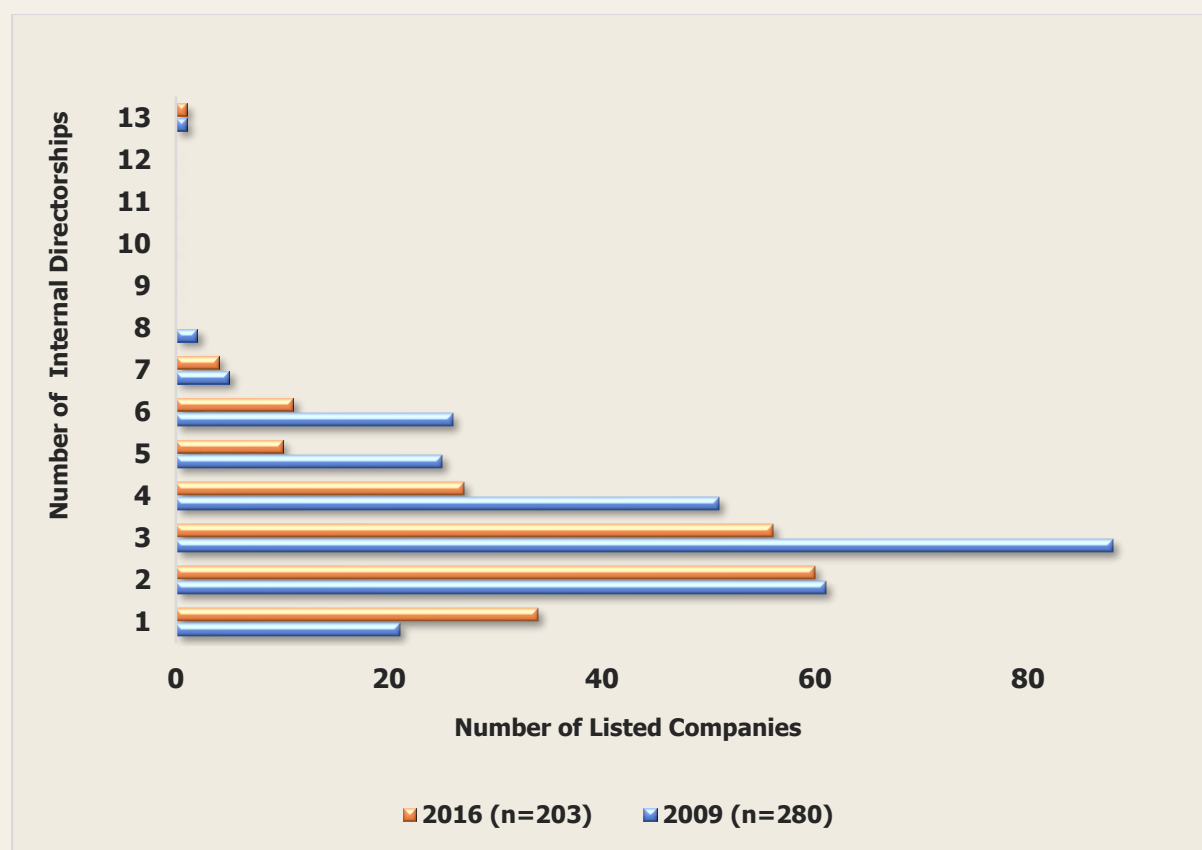
The total number of executive directorships decreased at a larger pace over the directorships of non-executive and independent non-executive members during the 2009-2016 period (**Diagram 10**). The above finding is evident by the fact that the average number of executive directorships was 3.4 in 2009, while being less than 3 (2.9) in 2016. On the contrary, average non-executive directorships were 2.7 in 2009, and 2.5 in 2016. Non-executive directorships exhibit minimal variation around the aforementioned values, while the long-run trend is slightly downward. Interestingly, independent directorships increased throughout the examined period, from 2.4 per company in 2009 to 2.6 in 2016, hinting towards a very slow, but consistent, tendency for further increase.



**Diagram 10: Average number of directorships 2009-2016**

**Diagram 11** shows the distribution of executive directorships. Internal (executive) board seats are less compared to external seats. CG good practices recommend that the presence of executive directors on a board is imperative for its smooth operation. In 2009, the vast majority of Greek listed firms had between 1 and 6 executive directors. More specifically, 88 companies had 3 internal directors, while 200 out of 280 firms in our sample had 2 to 4 executive directors (69.4%). In 2016 the total number of firms holding 2 to 4 directors was slightly higher (70.4%). Firms holding more than 4 internal directors shrunk from 21.1% in 2009 to just 12.8% in 2016, suggesting that listed companies appear to favour the presence of non-executive directors against their internal counterparts. One firm (Bank of Greece) held

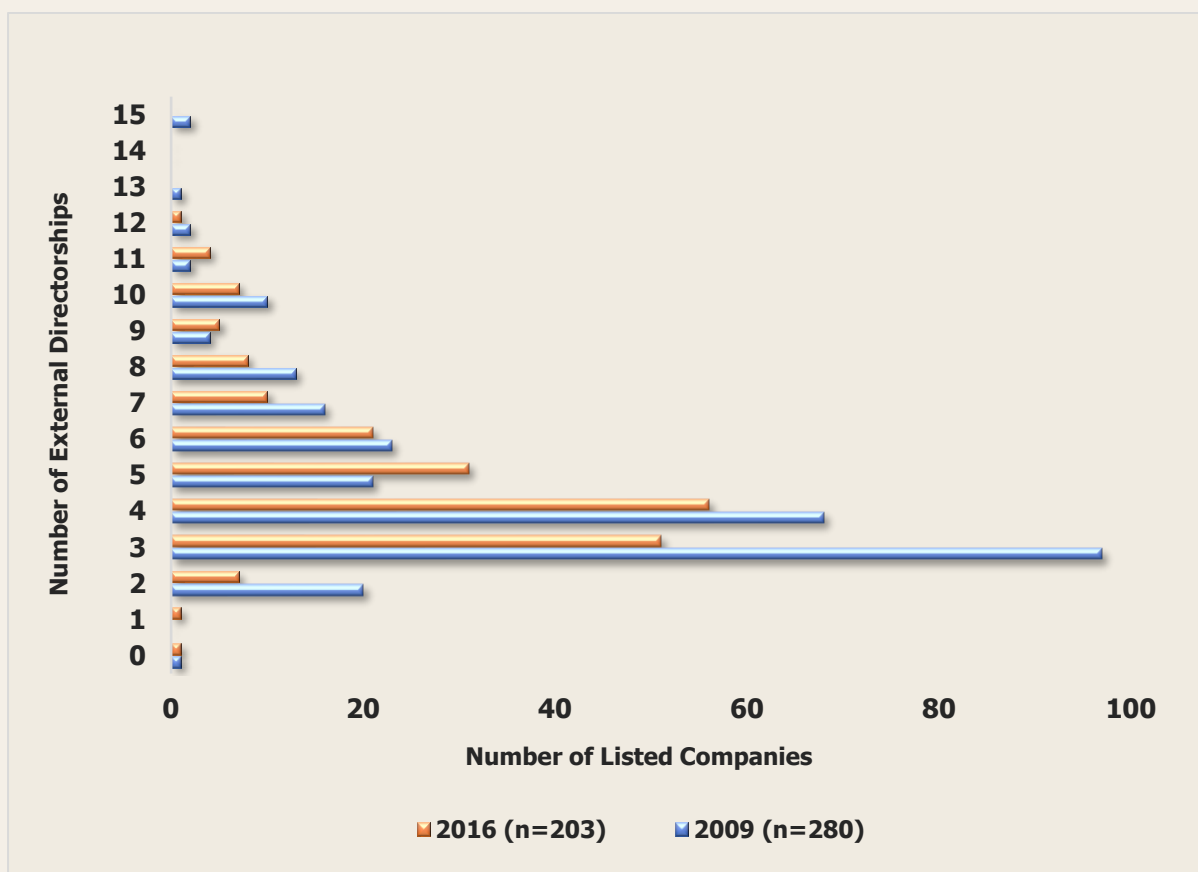
13 executive directors during the sample period, being a notable exception (by far) towards the documented tendency for fewer internal directors.



**Diagram 11: Distribution of executive directorships in 2009 and 2016**

As mentioned earlier, non-executive (external) board seats outnumbered internal board seats during the 2009-2016 period. In 2009, we identified 1,287 non-executive board seats, which exceeds the total number of internal directorships by 331 board seats. In 2016, 978 non-executive board seats were identified, while the difference over the total number of executive directorships was even higher than 2009 (391 seats). **Diagram 12** depicts the distribution of non-executive directors in 2009 and 2016 respectively.

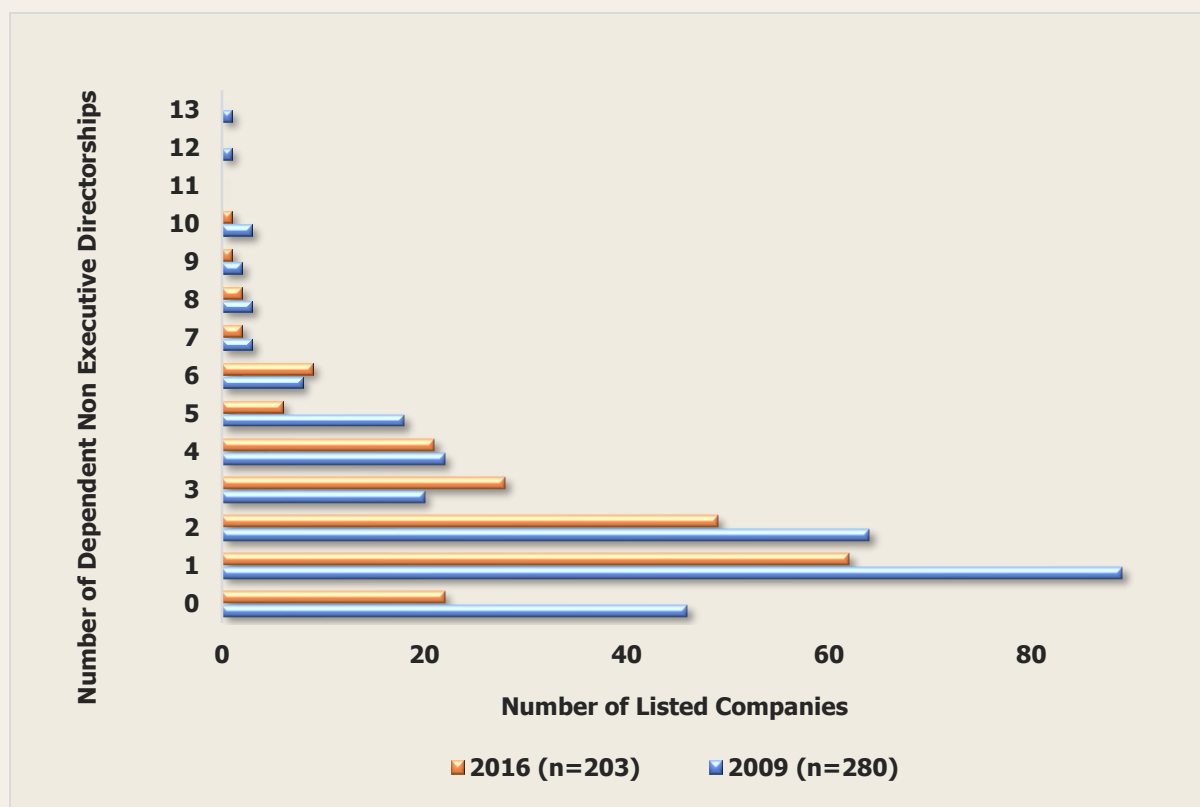
The majority of firms had between 3 and 4 non-executive board members in 2009 (58.9%) as well as in 2016 (52.3%). In 2009, 73.9% of the sample firms had up to 5 directors, while 72.4% of Greek listed companies had up to 5 board members in 2016. Meanwhile, 5.9% of firms had more than 10 external directors in 2016 and 6% of the sample firms had a board size more than 10, in 2009. As highlighted in earlier part of the report, it appears that during the examined period, ATHEX-listed firms lean towards a slightly greater representation of independent, non-executive directors compared to dependent external directors.



**Diagram 12: Distribution of non-executive directorships (both dependent and independent) in 2009 and 2016**

**Diagram 13** presents the distribution of dependent, non-executive directorships in 2009 and 2016 respectively. As can be seen from the diagram, approximately one out of three firms have one dependent external director (31.8% in 2009 and 30.5% in 2016). In 2009, 71.1% of the sample's firms have between 0 and 2 dependent external board members, whereas in 2016, that number drops to 65.5%. The vast majority of firms have up to five dependent, external directors (92.5% in 2009 and 92.6% in 2016). These figures underline a noteworthy stable distribution of dependent, non-executive directors in the examined period, as depicted in **Diagram 8**.

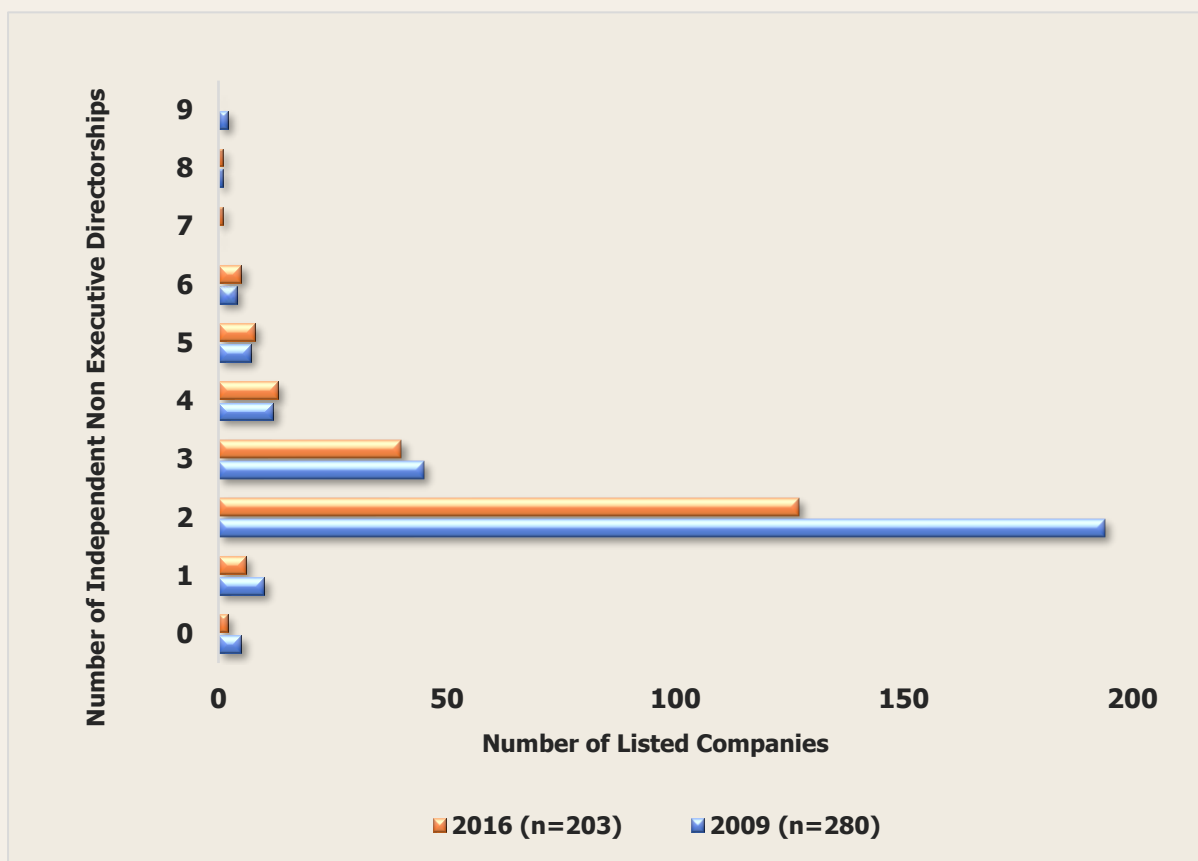
In 2016, 22 companies had no dependent, non-executive director, suggesting that the presence of dependent, external members is still popular amongst Greek firms. This, presumably, results from the inclination of controlling shareholders to have control of the board's operations through both internal and dependent, external members.



**Diagram 13: Distribution of dependent non-executive directorships in 2009 and 2016**

**Diagram 14** presents the distribution of independent, non-executive directorships in 2009 and 2016 respectively. As mentioned earlier, the average number of independent directors increased slightly during the examined period. In 2009, 194 out of 280 companies (69.3%) hold at least 2 independent directorships, whereas in 2016, 127 out of 203 firms (62.6%) have 2 or more independent directors on their board. With a few exceptions in the case of minority shareholders being represented at the board, and in accordance with the existing legislation, Greek firms have a minimum of 2 independent directors on their board.

In point of fact, it appears that over time - and in line with the small increase in average independent directorships - Greek firms opt for an even larger number of independent directors. Verily, 33.4% of firms have more than two independent directors in 2016. This figure represents a significant increase compared with 2009, when the relevant figure was 25.3%. Overall, the large majority of firms are strictly in line with the absolute minimum requirements. Only 5 firms have no independent external board seats in 2009, and only 2 firms in 2016.



**Diagram 14: Distribution of independent non-executive directorships in 2009 and 2016**

## Board leadership structure

One of the prevalent good practices of CG is the separation of roles between the board's Chairperson and its CEO. While the good practices of the Greek CG code call for the separation of the two roles, a large number of firms do not follow that practice, opting instead to have the same individual serving as the board's CEO and Chair. Part of the firms in our sample, separate the two roles but appoint as board's Chairperson an individual who is affiliated with the CEO. The aforementioned phenomenon leads us to surmise that, even though job separation exists, an indication of affiliated status is present. The criterion for affiliation in our study is the matching between the CEO's and the Chairperson's last name. This criterion is neither absolute, nor scientific. However, its employment offers further insight into boards that partially fulfil suggested good CG practices.

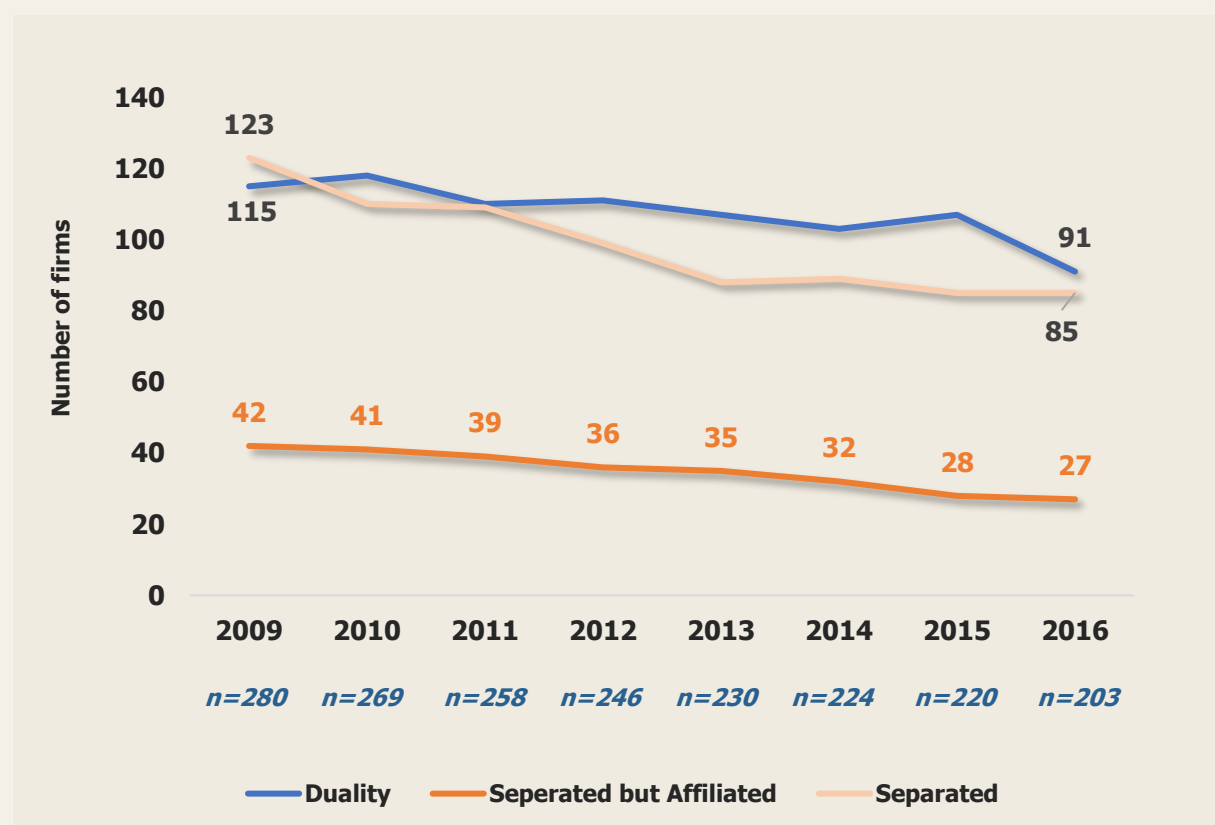
In 2009, 123 companies (or 43.9% of the sample), separated the leadership roles, having two different individuals serving as Chairperson and CEO respectively. On the other hand, 115 companies (41.1%) trusted the CEO and Chair board seats to one individual. Respectively, in 2016, 85 firms (41.9%) separated the leadership roles, while 91 firms (44.8%) had the same person serving as CEO and Chair of their board. Notably, there was a critical 15% of boards in 2009 (42 cases) and 13.3% of the sample's boards in 2016 (27 cases), where the Chairperson was affiliated with the CEO, under the categorization that was provided earlier.



A closer examination allows us to infer that duality (the practice according to which the same person serves as CEO and Chair of the board) increased temporarily between 2009 and 2016, approaching the 50% threshold of listed firms in 2013 and 2015 (46.5% and 48.6% respectively), but experienced a significant drop in 2016. The number of companies that separated the two roles during the examined period, followed a steady downward trend, in line with the decreasing number of listed firms. The highest percentage over the entire sample was observed in 2011 (109 out of 258 firms or 42.2%). As for the cases where the Chairperson is affiliated with the CEO - with the exceptions of 2010 and 2013, when the percentage of affiliated Chairperson was observed above the 15% threshold (15.2%) - the gradual long-term tendency is declining.

Lastly, as previously documented in the case of independent board members, it appears to be an extremely small, albeit gradual, trend towards more independent boards. The corresponding figure was 58.9% in 2009, and 58.1% in 2016. However, the latter finding is alarmingly weak, considering that during the examined period, the Greek CG Code was formed and the relevant directives towards the separation of roles in Greek firms were explicitly set out.

The above information is reflected in **Diagrams 15 and 16**.



**Diagram 15: Board leadership and CEOs 2009-2016**

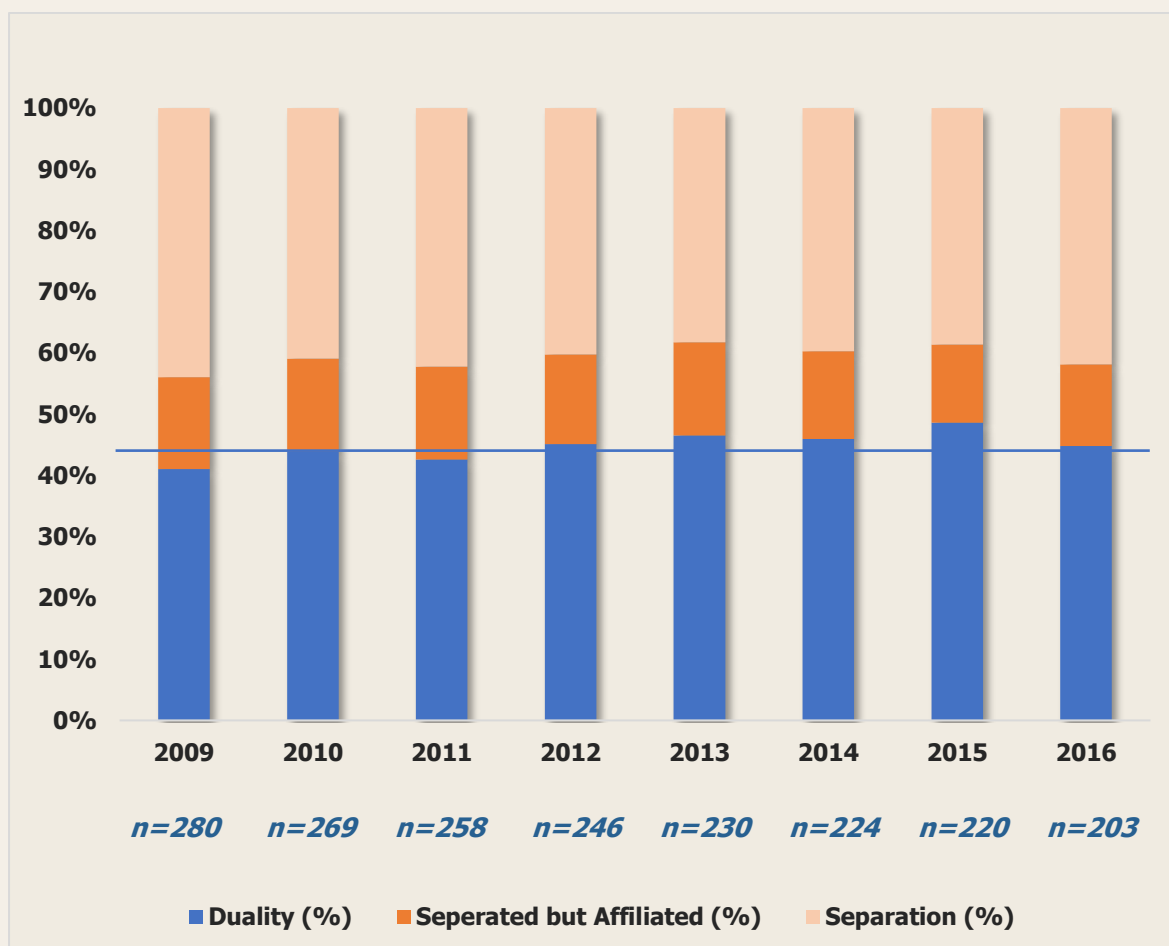


Diagram 16: Board leadership and CEOs 2009-2016

## Gender

Following the pattern of previous years, women continue to represent a minority on the boards of Greek firms. The total number of women holding board roles has decreased from 2009 to 2016. In 2009, only ten women held the CEO's position. The Chairperson seats held by women in 2016 were seven, while in six boards the same individual was serving both as Chairperson and as CEO. Therefore, the position of the CEO or Chairperson was held by a woman in 13 boards.

These findings are consistent with the observation that women are generally under-represented in the boards of Greek firms. **Table 5** reports the names and positions of all female CEO and Chair directorships at years 2009 and 2016.

Chairwomen				
Company Name	2009		2016	
	Last name	First Name	Last name	First Name
N. ΛΕΒΕΝΤΕΡΗΣ Α.Ε.	ΛΕΒΕΝΤΕΡΗ	ΑΡΕΤΗ	ΛΕΒΕΝΤΕΡΗ	ΑΡΕΤΗ
ΑΚΡΙΤΑΣ Α.Ε.	ΣΑΡΑΝΤΗ	ΛΟΥΚΙΑ	ΣΑΡΑΝΤΗ	ΛΟΥΚΙΑ
ΚΑΠΝΟΒΙΟΜΗΧΑΝΙΑ ΚΑΡΕΛΙΑ Α.Ε.	ΚΑΡΕΛΙΑ	ΒΙΚΤΩΡΙΑ-ΜΑΡΓΑΡΙΤΑ	ΚΑΡΕΛΙΑ	ΒΙΚΤΩΡΙΑ-ΜΑΡΓΑΡΙΤΑ
ΛΙΒΑΝΗΣ ΑΕ	ΛΙΒΑΝΗ	ΠΑΝΑΓΙΩΤΑ	ΛΙΒΑΝΗ	ΠΑΝΑΓΙΩΤΑ
Η ΝΑΥΤΕΜΠΟΡΙΚΗ - Π. ΑΘΑΝΑΣΙΑΔΗΣ & ΣΙΑ Α.Ε.	ΑΘΑΝΑΣΙΑΔΟΥ	ΕΙΡΗΝΗ		
ΒΑΡΒΑΡΕΣΟΣ Α.Ε.			ΒΑΡΒΑΡΕΣΟΥ	ΙΖΑΜΠΕΛΛΑ
ΑΦΟΙ Ι.& Β. ΛΑΔΕΝΗΣ Α.Ε."ΜΙΝΕΡΒΑ" Β. ΠΛΕΚΤΙΚΗΣ			ΛΑΔΕΝΗ	ΑΝΑΣΤΑΣΙΑ
ΤΕΞΑΠΡΕΤ Α.Ε.			ΚΑΡΑΣΣΟ	ΕΥΑ

CEO Women				
Company Name	2009		2016	
	Last name	First Name	Last name	First Name
ΑΛΟΥΜΥΛ ΒΙΟΜΗΧΑΝΙΑ ΑΛΟΥΜΙΝΙΟΥ Α.Ε.	ΜΥΛΩΝΑ	ΕΥΑΓΓΕΛΙΑ		
ΑΦΟΙ Χ. ΚΟΡΔΕΛΛΟΥ Α.Ε.Β.Ε.	ΚΟΡΔΕΛΛΟΥ	ΕΛΕΝΗ		
ΜΗΧΑΝΙΚΗ Α.Ε.	ΕΜΦΙΕΤΖΟΓΛΟΥ	ΜΕΛΠΟΜΕΝΗ		
Χ. ΜΠΕΝΡΟΥΜΠΗ & ΥΙΟΣ Α.Ε.	ΜΠΕΝΡΟΥΜΠΗ	ΑΛΙΚΗ		
ΖΑΜΠΑ Α.Ε.	ΜΠΑΛΟΠΟΥΛΟΥ	ΣΤΥΛΙΑΝΗ		
ΑΦΟΙ Ι.& Β. ΛΑΔΕΝΗΣ Α.Ε."ΜΙΝΕΡΒΑ" Β. ΠΛΕΚΤΙΚΗΣ	ΛΑΔΕΝΗ	ΕΛΕΝΗ	ΛΑΔΕΝΗ	ΕΛΕΝΗ
ΑΛΥΣΙΔΑ Α.Β.Ε.Ε.	ΣΠΥΡΑΚΗ	ΜΑΡΙΑ		
ΔΙΑΓΝΩΣΤΙΚΟ & ΘΕΡΑΠΕΥΤΙΚΟ ΚΕΝΤΡΟ ΑΘΗΝΩΝ ΥΓΕΙΑ Α.Ε.	ΣΟΥΒΑΤΖΟΓΛΟΥ	ΑΡΕΤΗ		
Χ.Κ. ΤΕΓΟΠΟΥΛΟΣ ΕΚΔΟΣΕΙΣ Α.Ε.	ΤΕΓΟΠΟΥΛΟΥ	ΕΛΕΝΗ		
Η ΝΑΥΤΕΜΠΟΡΙΚΗ - Π. ΑΘΑΝΑΣΙΑΔΗΣ & ΣΙΑ Α.Ε.	ΑΘΑΝΑΣΙΑΔΟΥ	ΜΑΡΙΕΤΤΑ	ΑΘΑΝΑΣΙΑΔΟΥ	ΑΓΓΕΛΑ
ΚΑΡΑΤΖΗ Α.Ε.			ΚΑΡΑΤΖΗ	ΜΑΡΙΑ
Π.Γ. ΝΙΚΑΣ Α.Β.Ε.Ε.			ΟΙΚΟΝΟΜΟΥ	ΑΓΓΕΛΙΚΗ
JUMBO ΑΝΩΝΥΜΗ ΕΜΠΟΡΙΚΗ ΕΤΑΙΡΙΑ			ΝΤΕΜΙΡΗ	ΚΩΝΣΤΑΝΤΙΝΑ
ΤΕΞΑΠΡΕΤ Α.Ε.			ΚΟΡΔΑ	ΕΛΕΝΗ

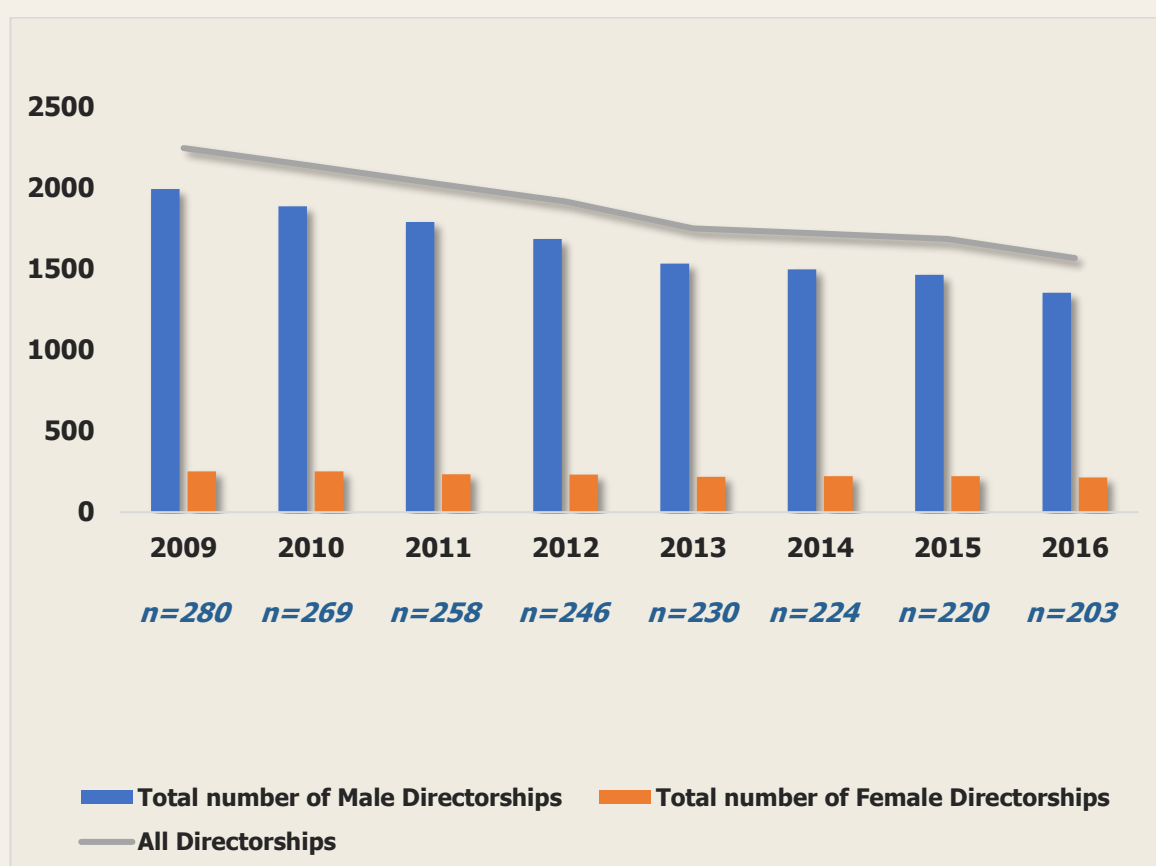
Chairwomen (Duality)				
Company Name	2009		2016	
	Last name	First Name	Last name	First Name
ΓΑΛΑΞΙΔΙ ΘΑΛΑΣΣΙΕΣ ΚΑΛΙΕΡΓΕΙΕΣ Α.Ε.	ΠΑΝΤΕΛΕΗΜΟΝΙΤΟΥ	ΑΘΑΝΑΣΙΑ	ΠΑΝΤΕΛΕΗΜΟΝΙΤΟΥ	ΑΘΑΝΑΣΙΑ
ΙΠΠΟΤΟΥΡ Α.Ε	ΧΑΝΔΡΗ ΤΕΡΖΗ	ΑΝΕΞΑΝΔΡΑ		
ΕΜΠΟΡΙΚΟΣ ΔΕΣΜΟΣ Α.Ε.Β.Ε.	ΒΥΡΩΝΗ	ΘΑΛΕΙΑ		
INTERINVEST Δ.Ε.Α.Ε.Ε.Χ.	ΣΑΚΕΛΛΑΡΙΔΗ	ΧΡΙΣΤΙΝΑ		
ΑΦΟΙ Χ. ΚΟΡΔΕΛΛΟΥ Α.Ε.Β.Ε.			ΚΟΡΔΕΛΛΟΥ	ΕΛΕΝΗ
ΚΤΗΜΑ ΚΩΣΤΑ ΛΑΖΑΡΙΔΗ Α.Ε.			ΛΑΖΑΡΙΔΗ	ΙΟΥΛΙΑ
ΑΧΟΝ Α.Ε. ΣΥΜΜΕΤΟΧΩΝ			ΣΤΑΜΑΤΑΚΗ	ΒΑΣΙΛΙΚΗ
MEDICON ΕΛΛΑΣ ΑΝΩΝΥΜΗ ΕΤΑΙΡΙΑ			ΔΗΜΟΤΣΑΝΤΟΥ	ΜΑΡΙΑ
Η ΝΑΥΤΕΜΠΟΡΙΚΗ - Π. ΑΘΑΝΑΣΙΑΔΗΣ & ΣΙΑ Α.Ε.			ΑΘΑΝΑΣΙΑΔΟΥ	ΕΙΡΗΝΗ

**Table 5: Female Board leaders in 2009 and 2016**

## Diversity

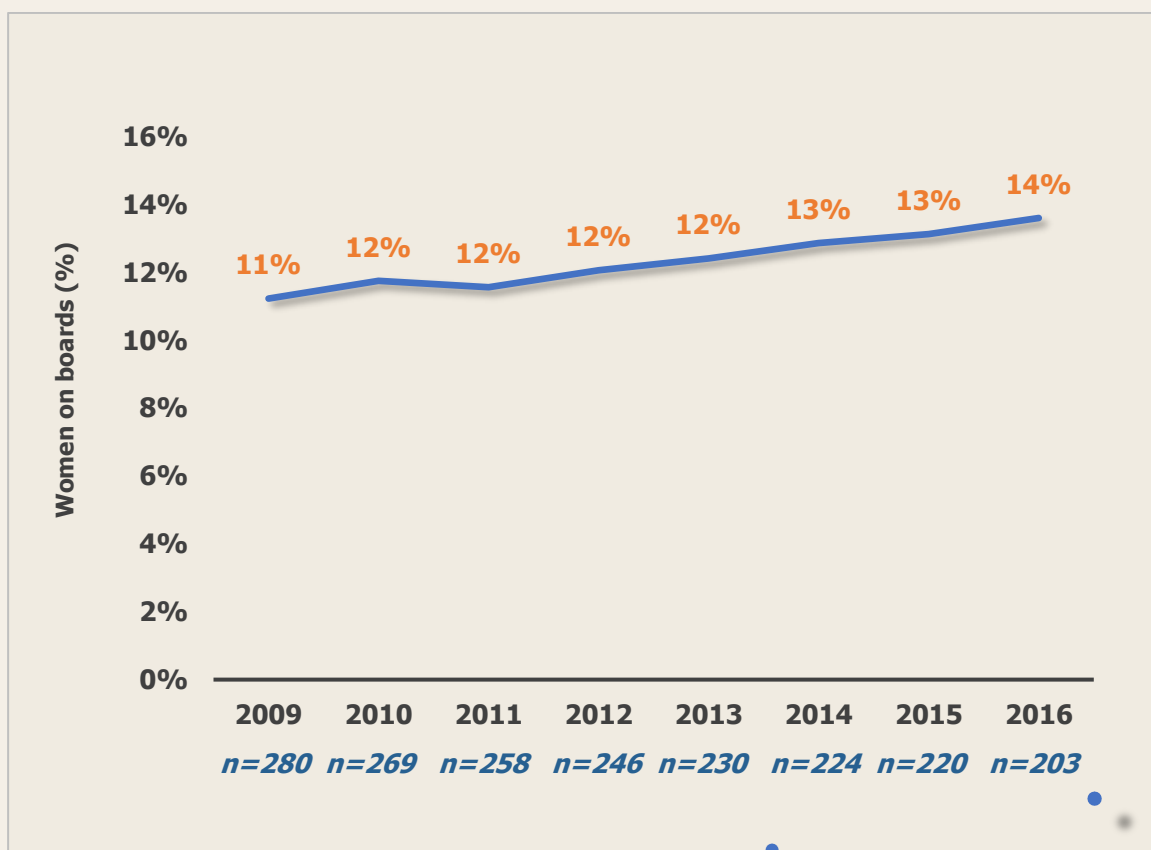
In 2009, there were 1,991 male and 214 female directors. Respectively, in 2016 we identified 1,352 male and 213 female directors. Male directors were 88.8% in 2009, while in 2016 they were 86.4%. Therefore, female directors, representing 13.6% of total directorships in 2016, experienced a 21% increase during the examined 8-year period (**Diagram 17**). The above figures reveal that women have been consistently comprising a small minority in the boards of the firms listed in ATHEX.

However, as shown in **Diagram 18**, female participation in Greek boards has consistently increased over the examined period, ranging from 11 to 14%. This small, but gradual, increase is consistent with international standards. However, it is still lagging over-developed markets' averages. The recent L.4706/2020 regulatory changes will undoubtedly change this finding in the years ahead.



**Diagram 17: Directorships' allocation by gender 2009-2016**





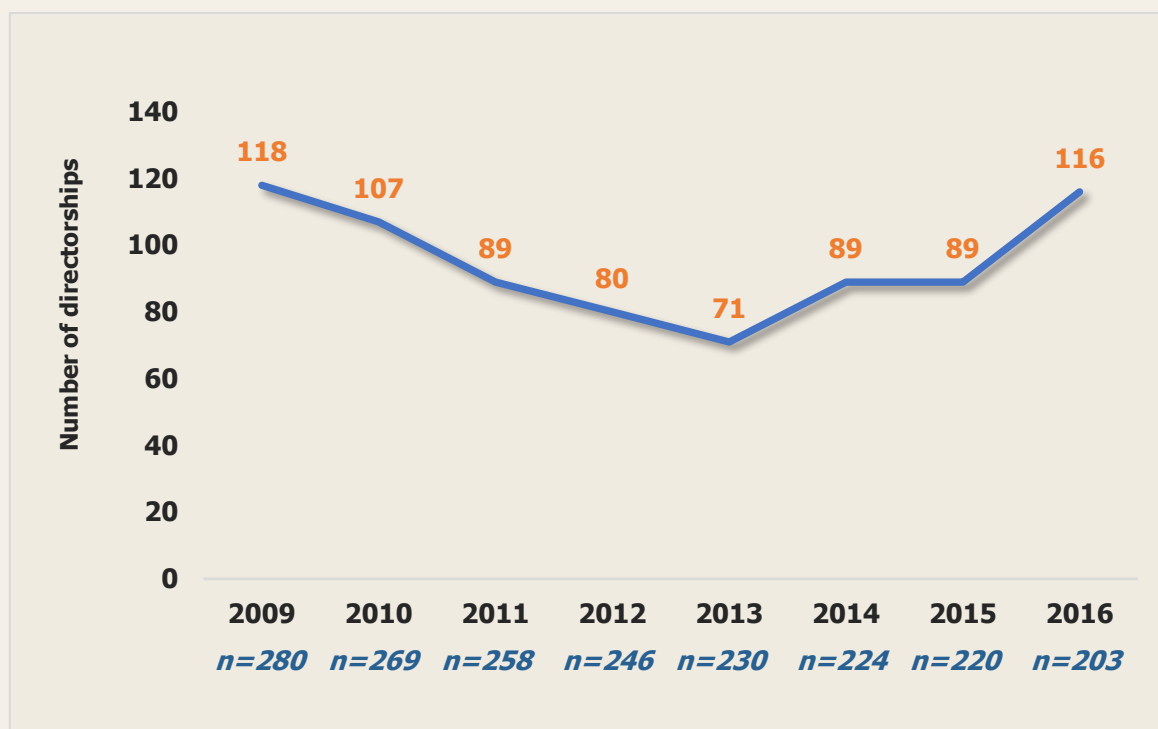
**Diagram 18: Female representation in Boards 2009-2016**

## Foreign board members

Foreign board members (non-Greek directors) also appear to be underrepresented in the boards of ATHEX-listed firms. In 2009, 118 directorships (5.9%) were held by non-Greek citizens. The following year, the number of directorships held by foreigners declined to 107. Total directorships held by foreign individuals continued to decline until 2013 (71 or 4.6% of total directorships).

The collapse of the domestic banking system and the ensuing greater presence of foreign investors on the boards of Greek banks, led to a gradual increase in the representation of foreign board members. In 2014, the number of directorships (board positions) held by foreigners in Greek firms was 89, whereas in 2016, 116 directors of ATHEX-listed companies were non-Greek (8.6%).

Hence, it appears that despite the shrinking number of existing seats, the number of directorships that were held by foreigners was increased both in absolute terms and, more importantly, as a percentage of total seats (it was more than doubled). Beyond the case of Greek banks, the rising participation of foreigners in Greek boards can also be attributed to the internationalization of Greek firms. This information is reflected in **Diagram 19**.



**Diagram 19: Number of directorships held by non-Greeks 2009-2016**

## Audit firms

The market of external auditors experienced significant changes during the 2009-2016 period. As depicted in **Table 6**, the main audit firms for ATHEX listed firms in 2009 included SOL Crowe, Grant Thornton, BDO Greece and PWC, with a collective share of 70.1%. SOL held the vast majority stake in the market (31.5%), while smaller rival companies (beyond the main four audit firms), held collectively 29.9% (15 firms). Big Four were underrepresented in the market share, with KPMG, Deloitte and E&Y holding no more than 5.5% each. Big Four collectively held 24.6%, with almost half of this share belonging to PWC.

Strengthening market competition and the gradual penetration of new audit firms in the market between 2009-2016, resulted in significant changes that affected market shares. The number of audit firms signing audit certificates of listed firms in 2016 was 27; a noteworthy surge compared with the 19 audit firms of 2009. The increase is even more notable, considering that the number of listed firms decreased significantly during the examined period. The four major players in the Greek listed firms' external auditors market partially retained their position, with SOL Crowe, Grant Thornton, PWC and BDO Greece collectively issuing audit certificates for 61% of ATHEX firms. SOL remained the dominant player in the market with a 26.2% market share (49 firms). At the same time, Grant Thornton and PWC increased their market share (17.1% and 11.8% respectively). Big Four firms held a 25.2% share in Greek listed firms, which is surprisingly low compared with international standards, but slightly higher than 2009's figures.

Audit Market Share 2009			Audit Market Share 2016		
Audit Firm	Number of Firms	%	Audit Firm	Number of Firms	%
SOL S.A.	86	31.5%	SOL S.A.	49	26.2%
GRANT THORNTON	40	14.7%	GRANT THORNTON	32	17.1%
BDO GREECE	34	12.5%	PWC	22	11.8%
PWC	31	11.4%	BDO GREECE	11	5.9%
BAKER TILLY	18	6.6%	KPMG	11	5.9%
KPMG	15	5.5%	E&Y	8	4.3%
E&Y	11	4.0%	ECOVIS HELLAS L.T.D.	8	4.3%
PKF HELLAS	11	4.0%	DELOITTE	6	3.2%
DELOITTE	10	3.7%	PKF HELLAS	6	3.2%
MOORE STEPHENS	5	1.8%	TMS AUDITORS S.A.	5	2.7%
ΕΝΕΛ ΕΛΕΓΚΤΙΚΗ Α.Ε.	3	1.1%	ACES AUDITORS S.A.	3	1.6%
RSM INTERNATIONAL	2	0.7%	DELTA PARTNERS S.A.	3	1.6%
FRS GLOBAL ΕΛΕΓΚΤΕΣ Α.Ε.	1	0.4%	ECOVIS VNT AUDITING S.A.	3	1.6%
MONDAY ΠΑΠΑΚΥΡΙΑΚΟΥ	1	0.4%	HLB HELLAS S.A.	3	1.6%
PANNEL KERR FORSTER	1	0.4%	BAKER TILLY	2	1.1%
RPS ΟΡΚΩΤΟΙ ΕΛΕΓΚΤΕΣ ΛΟΓΙΣΤΕΣ ΕΠΙΧΕΙΡΗΜΑΤΙΚΟΙ ΣΥΜΒΟΥΛΟΙ Α.Ε.	1	0.4%	HELLENIC AUDITING COMPANY S.A.	2	1.1%
ΑΞΩΝ ΟΡΚΩΤΟΙ ΕΛΕΓΚΤΕΣ ΕΠΕ	1	0.4%	ICRA	2	1.1%
ΒΟΥΣΤΟΥΡΗΣ ΠΑΝΑΓΙΩΤΗΣ	1	0.4%	KSI GREECE	2	1.1%
Κωνσταντίνος Σιγάλας & ΣΙΑ	1	0.4%	AUDIT PLUS	1	0.5%
			GRANT THORNTON CONSULTING DOO (NORTH MACEDONIA)	1	0.5%
			KMC	1	0.5%
			MAZARS ΟΡΚΩΤΟΙ ΕΛΕΓΚΤΕΣ ΛΟΓΙΣΤΕΣ ΕΠΙΧΕΙΡΗΜΑΤΙΚΟΙ ΣΥΜΒΟΥΛΟΙ Α.Ε.	1	0.5%
			METRON AUDITING A.E.	1	0.5%
			MOORE STEPHENS	1	0.5%
			OLYMPIA ΟΡΚΩΤΟΙ ΕΛΕΓΚΤΕΣ ΛΟΓΙΣΤΕΣ ΑΝΩΝΥΜΗ ΕΤΑΙΡΙΑ	1	0.5%
			ORION AUDIT	1	0.5%
			ΕΛΕΓΚΤΙΚΟΣ ΚΥΚΛΟΣ Ε.Π.Ε. Ο.Ε.Α.	1	0.5%

Table 6: Market Share of Audit firms 2009-2016

## Board Committees

Based on **Diagram 20**, the average number of committees per listed firm in the Greek stock exchange gradually approaches the two-committee threshold. The average number of committees per firm has been surprisingly steady through the years. The mean number of board committees in 2009 is 1.5, while in 2016 the mean number of committees increases to 1.6. The average number of board committees for the whole 2011-2015 period is 1.5. Largely, firms appear to fulfil the minimum requirement by operating, at least, the Audit Committee.

However, since companies will be obliged to operate a Remuneration and Nomination Committee - as result of L.4706/2020 - the aforementioned pattern is set to change. The maximum number of committees over the examined period is 9 (Hellenic Post Bank had 9 committees in 2009 and 2010). The maximum number of committees between 2011 and 2016 was 6.

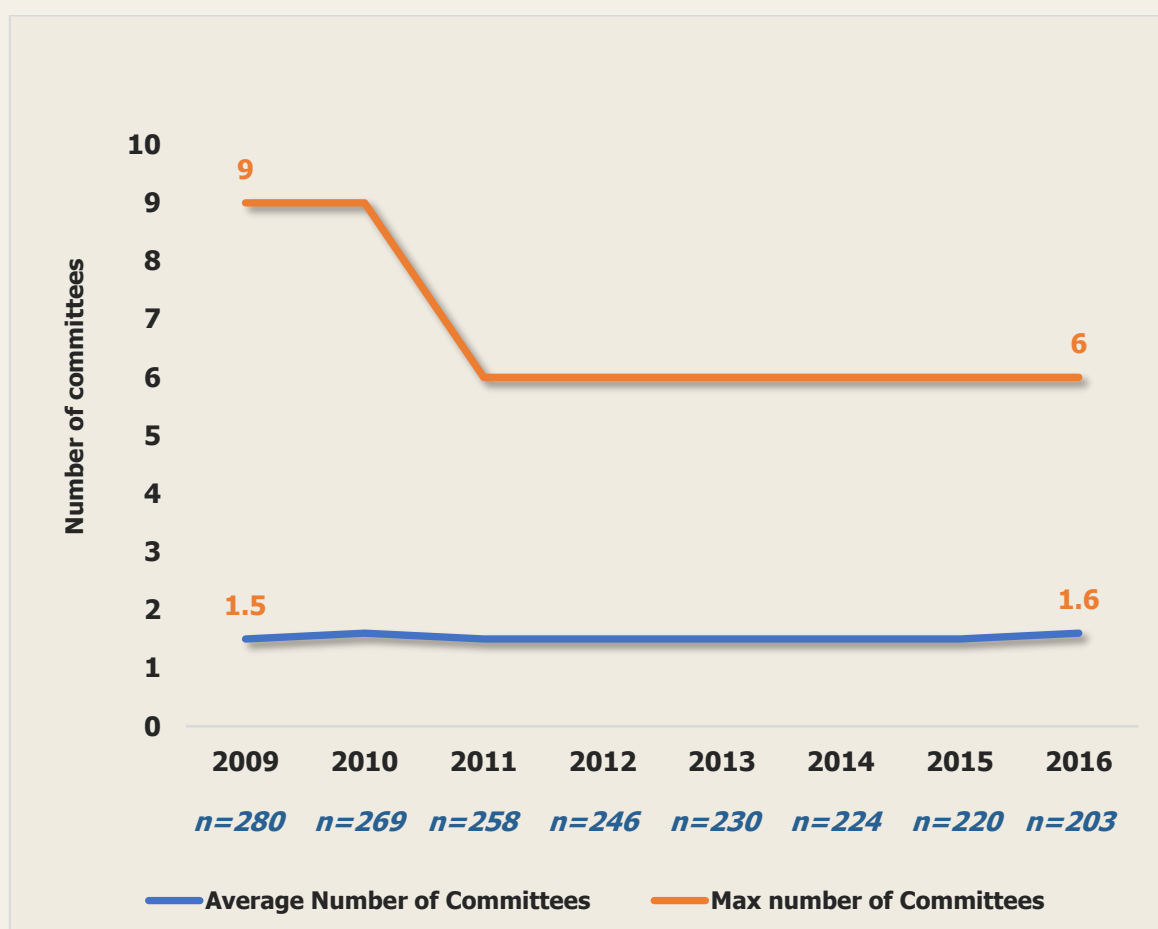


Diagram 20: Number of Committees 2009-2016

## Summary and discussion

The current study covers the key developments in the Greek capital market from 2009 to 2016. Among the main issues discussed, is the evolution of the number and the capitalisation of listed firms as well as the ATHEX results during the examined period. The study provides data obtained from the HOCG database of publicly traded companies. It presents unique details about the typical structure and composition of the Greek board, the nature of its committees, and the distinction of the positions between CEOs and Chairpersons. The majority of the recorded characteristics are related to the application of good CG practices. The report also sheds light on rarely reported market characteristics, such as auditing firms' market share among public companies, the role of women in top management positions, and the representation of non-Greeks on the corporate boards between 2009 and 2016. The study aims to provide novel findings with regard to recent corporate governance developments in the Greek capital market, to examine the relationship of the aforementioned developments with recent regulatory changes, and to draw inferences based on the international CG standards.

The Greek market underwent dramatic changes during the review period, paving the way for a new age in corporate governance. The substantial decline in the total number of listed companies (203 listed firms in 2016, compared to 280 firms in 2009) was accompanied by the implementation of new legislation that substantially altered the CG system<sup>10</sup>. A Greek Debt Crisis-fuelled shock in investor confidence (and the prospects of Greek economy overall) led to a severe drop in the capitalisation of the ATHEX, from €83.7 billion in 2009 to €45.2 billion in 2016. Notably, over this period - and in stark contrast to the success of major exchanges - ATHEX's capitalization fell to levels not seen since the 1990s, closing at 631 points in 2015. In line with the domestic economy's bleak prospects, corruption levels as well as the country's international status deteriorated further during the review period. Moreover, foreign investors acquired a majority stake in the overall ATHEX capitalization, hitting a historical high of 61.4% in 2016. Lastly, between 2009-2016, new indices were introduced and the FTSE indices gained recognition creating hope for better days ahead for the Greek Capital Market.

The second part of the HOCG report focuses on an array of CG variables that are tracked and stored in the HOCG database. In terms of board size, it appears that after a steady decline in the average board size of Greek listed firms that started in 2009 - when peak levels were reached with 8.01 directors - the mean size of a Greek board appears to stabilise at 7.7 directors. Directorships during this period appear to lean toward a more independent board - in line with international trends - with 2.9 internal directorships and 5.1 external directorships (2.5 independent non-executive directorships and 2.6 independent ones) in 2016. The vast majority of public firms in Greece have 2-4 executive directors on their board (70.4%), 72.4 percent of boards have up to 5 external members, while the total number of external directors outnumber executive directors by 3 to 2. Finally, 90% of Greek boards still have at least one

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<sup>10</sup> The legislation that was enacted in 2010, mandated the adoption of a CG code by all public companies, facilitating a further collection and analysis of CG data.

dependent, non-executive member, indicating that in the Greek context, the definition of non-executive directors is still not synonymous with autonomous ones.

The division of the CEO/Chair position is a recurring theme in the CG framework of principles. Despite the fact that good practises call for the separation of the positions - or at the very least the appointment of an independent Vice Chairman - it appears that only four out of ten Greek listed companies have specifically separated the two roles. Thus, in addition to the 44.8 percent of firms where the positions of CEO and Chair are held by the same person, the CEO is associated with the board's Chairperson in a crucial 13.3 percent of firms. With the exception of companies with an independent Vice Chairperson, Greek legislation has recently mandated the separation of the two positions.

The board leadership structure is yet another dimension in which ATHEX listed organisations are consistently scoring marginally higher compared to our previous report. In point of fact, women continue to be underrepresented on the boards of Greek public companies. Women held only 13.6 percent of all available board seats between 2009 and 2016. Meanwhile, in 2016, only six boards had a woman serving at the position of CEO and Chair. In response to the aforementioned phenomenon, gender under-representation was specifically targeted in recent regulatory reforms. Beginning in July 2021, Greek public companies will be required by law to provide a minimum 25% representation of women on their boards. As a result, female board representation is expected to more than double in the coming years.

Lastly, the upper echelons of Greek firms still appear to lag in terms of certain characteristics compare to international standards. The limited presence of foreign directors on the boards of public companies, demonstrates the Greek stock market's lack of internationalisation (8.6% in 2016). At the same time, the industry's peculiarities are highlighted by the Big Four's under-representation in the local market as external auditors. This comes in stark contrast to the number of audit certificates issued to UK public companies, where the Big Four clearly dominate the market. Just one out of every four ATHEX listed firms actually has a Big Four company auditing their financial statements. Moreover, ATHEX companies lag behind their foreign rivals in terms of committee formation (with the exception of the Audit Committee). In 2016, Greek businesses averaged 1.6 committees. This is about to change again, thanks to new legislative reforms that require all public companies to have a Remuneration and Nomination Committee. That being said, the growing number of committees run by ATHEX companies is a sign that CG values are taking their rightful place on Greek corporate agendas, and we anticipate that this initiative will be stepped up in the coming years.

To summarise, corporate governance in Greece has undergone important regulatory reforms over the past decade, that appear to pave the way for a brighter future. The implementation of the CG code, the inclusion of the CG report as an integral part of the annual financial statements, and the recent amendments to the CG system with regard to board structure and board committees reflect significant turning points in the compliance of CG. The quest for strong governance mechanisms in the Greek capital market is an ongoing endeavour.

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# APPENDIX A: Methodology

## Sample

The study sample consists of all the Greek companies listed in the ATHEX from 2009 to 2016. Data is hand-collected and derived from the HOCG database for the examined period. Secondary data from the ATHEX website ([www.athexgroup.gr](http://www.athexgroup.gr)) and other individual company sources are employed. All corporate governance information is double-checked through the firms' annual reports and the respective corporate announcements.

## Variables Examined/Studied

### Board size

Firm board size is captured by the number of directors on December 31<sup>st</sup> of each year.

### Board composition

A firm's board composition is captured by the number of executives (internal) and non-executives (external) sitting on a firm's board on December 31<sup>st</sup> of each year. Non-executives are categorized either as a dependent (affiliated) or independent.

### Duality

Companies adopt either a separate role for the Chairperson and the CEO or a joint/dual structure (duality). Within the companies that have adopted the separate structure, a simple criterion of affiliation is examined (although this is neither absolute nor scientific). Thus, the surnames for the two persons holding the CEO/Chair seats are examined and, in the case that they are identical, they are classified as separate but affiliated.

### Gender

The gender of the board members is ascertained by examining the names and surnames of all board members.

### Foreign

Foreigners on the board are determined by examining the origin of the members' surname.

### Audit firms

The names of the audit firms are obtained from the annual reports

### Board committees

Data regarding board committees that currently operate within the sample of listed boards is obtained from the respective websites as well as from the annual reports of the examined companies. The ATHEX website is also used to verify and double-check the aforementioned information.

## APPENDIX B: Tables

**Table B1: FTSE/ATHEX Global Traders Plus Index 2012-2016**

	Company Names	2012	2013	2014	2015	2016
1	Aegean	•	•	•	•	•
2	Alco	•	•	-	-	-
3	Centric	•	•	•	•	•
4	Corinth Pipeworks	•	•	•	•	-
5	Crete Plastics	•	•	•	-	•
6	Elval	•	•	•	•	-
7	Eurodrip	•	-	-	-	-
8	F.G. Europe	•	-	•	•	•
9	FHL Kiriakidis	•	•	•	•	•
10	Frigoglass	•	•	•	•	-
11	Galaxidi Marine Farm	•	•	•	•	•
12	Halcor	•	•	•	•	•
13	Hellenic Cables	•	•	•	•	•
14	Iktinos Hellas	•	•	•	•	•
15	Intralot	•	•	•	•	•
16	Karatzis	•	•	•	•	•
17	Kleeman	•	•	•	•	•
18	Lykos	•	•	•	•	•
19	Metka	•	•	•	•	•
20	Mytilineos	•	-	•	•	•
21	Nafpaktos Textile Industry	•	•	•	•	•
22	Nireus	•	•	•	-	•
23	S&B	•	-	-	-	-
24	Sarantis	•	•	•	•	•
25	Selected Textiles SA	•	•	•	•	•
26	Selonda	•	-	-	-	•
27	Sidenor	•	•	•	•	-
28	Thrace Plastics Co	•	•	•	•	•
29	Titan	•	•	•	•	•
30	Viohalco	•	•	-	-	-
31	Dromeas		•	•	•	•
32	Flexopack		•	-	•	•
33	Folli-Follie		•	•	•	•
34	J&P AVAX		•	•	-	-
35	Motor Oil		•	-	•	•
36	Alumil			•	•	•
37	Biocarpet			•	-	•
38	Fieratex			•	-	•
39	Hellenic Petroleum			•	•	-
40	Kiriakoulis Mediterranean Cruises			•	•	•
41	Mathios Refractory			•	-	-
42	Mochlos			•	-	-
43	Nexans Hellas			•	-	-
44	Papoutsanis			•	-	-
45	The House of Agriculture Spirou			•	-	-
46	Vogiatzoglou Systems			•	-	-

**Source: FSTE/ATHEX Global Traders Factsheets**

**Table B2: Largest companies in terms of Capitalisation 2002-2016**

No.	Company Name
1	Agricultural Bank of Greece S.A.
2	ALPHA BANK S.A (CR)
3	BANK OF CYPRUS (CR)
4	BANK OF PIRAEUS S.A. (CR)
5	COCA - COLA E.E.E S.A.
6	COCA - COLA HBC AG
7	Commercial Bank of Greece S.A.
8	COSMOTE - MOBILE TELECOMMUNICATIONS S.A. (CR)
9	EFG EUROBANK ERGASIAS BANK S.A (CR)
10	FOLLI-FOLLIE S.A.
11	GREEK ORGANISATION OF FOOTBALL PROGNOSTICS S.A.
12	HELLENIC DUTY-FREE SHOPS S.A.
13	HELLENIC PETROLEUM S.A.
14	HELLENIC TELECOM. ORG.
15	MARFIN INVESTMENT GROUP HOLDINGS SA
16	MOTOR OIL (HELLAS) CORINTH S.A.
17	NATIONAL BANK OF GREECE S.A
18	PIRAEUS BANK S.A
19	Public Power Corporation S.A.
20	TITAN CEMENT COMPANY S.A.
21	VIOHALKO S.A.
22	VIVARTIA S.A.
23	VODAFONE - PANAFON S.A.

Source: ATHEX Factbooks 2002-2016

**Table B3: Calendar of Events**

<b>2009 – 2016: Calendar of Events for ATHEX listed companies</b>	
<b>15/07/2016</b>	On July 15 2016, the U.S. Securities and Exchange Commission (SEC), the supervisory authority of the U.S. capital markets, has recognized the «Hellenic Exchanges - Athens Stock Exchange S.A. (ATHEX) as a «Designated Offshore Securities Market (DOSM)» within the meaning of Rule 902 (b) of Regulation S under the U.S. Securities Act of 1933, as amended (Securities Act). With this designation, ATHEX joins several leading international exchanges, which have already been designated as DOSM.
<b>05/2016</b>	In May 2016, a Memorandum of Understanding with the Hellenic Capital Market Commission was signed, while in July of the same year, during the official visit by Athens Stock Exchange executives in Tehran, MoUs were signed between ATHEX and Tehran Stock Exchange (TSE), as well as between the respective Depositories (ATHEXCSD and the Central Securities Depository of Iran – CSDI).
<b>04/2016</b>	In April 2016, the Iranian Capital Market Commission joined the International Organization of Securities Commissions (IOSCO) as an Associate Member.
<b>01/2016</b>	Starting in January 2016, in the implementation of the Joint Comprehensive Plan of Action, the Iranian capital market has gradually started integrating in the international financial environment.
<b>12/2015</b>	The third round of capital increases by the four systemic banks in Greece (Alpha Bank, National Bank of Greece, Piraeus Bank and Eurobank-Ergasias) was completed, increasing their capital base. The capital, which was raised exclusively by the private sector, amounted to €9.4 billion.
<b>29/06/2015-31/07/2015</b>	For the last two working days of June and the whole of July 2015, the Exchange remains closed as a result of the bank holiday and the imposition of capital controls. Even though the Exchange reopened on 3.8.2015, restrictions on stock purchases for Greek investors remained in effect until December 9 <sup>th</sup> 2015, negatively affecting trading activity.
<b>22/01/2015</b>	The Hellenic Capital Market Commission (HCMC) licensed ATHEXClear as a Qualified Central Counterparty (QCCP) under Regulation (EU) 648/2012 (EMIR).
<b>22/12/2014</b>	On December 22 2014, the ATHEX-CSE Common Platform expands to include the Sibiu Stock Exchange (SIBEX) Derivatives Market. The tie-up of SIBEX with the Athens Exchange and the Cyprus Stock Exchange took place as part of the Group's effort to create wide-ranging cooperation of

	regional capital markets. SIBEX derivatives trading takes place on the OASIS trading platform and trades are cleared by ATHEXClear.
<b>1/12/2014</b>	On December 1 2014, derivatives trading migrated to the OASIS cash trading system, following the necessary upgrades. On the same date, the upgraded clearing and risk management systems also went into production, completing the adjustment of the derivatives market to the new EMIR Regulation (European Market Infrastructure Regulation).
<b>6/12/2014</b>	On October 6 2014, the settlement of transactions cycle for all listed securities traded in the Organized Cash Market and the Alternative Market, moved to T+2 (completion of settlement within two working days following the trade), from T+3 in effect up to then. The change in the settlement cycle was an adjustment to the new European Regulation for Central Depositories (Central Securities Depository Regulation – CSDR), which, among others, has as its aim to harmonize settlement cycles across the European Union.
<b>22/07/2014</b>	On July 22 2014, the listing of El. Tech Anemos took place in the Main Market of the Athens Exchange through an Initial Public Offer (IPO) that raised €35.5m; this was the first new listing in the ATHEX organized markets since 2009.
<b>2014</b>	In the first half of 2014, the second round of rights issues by the four systemic banks (Alpha Bank, National Bank of Greece, Piraeus Bank, Eurobank Ergasias) was completed, to further improve the capital base. The rights issues were subscribed by the private sector and amounted to €8.3 billion, out of which €7.85 billion came from abroad.
<b>2013</b>	<p><b>Recapitalisation of the systemic banks</b></p> <p>During the first six months of 2013, the recapitalisation of the Greek banks was completed, a very important process for the Greek banking system and the Greek economy, following the provisions of Law 3684/2010 and the Acts of the Council of Ministers 38/9.11.2012 and 5.6.2013.</p> <p>The purpose of this process was to increase the core tier capital of the banks, to be viable as financial institutions and have capital adequacy against unexpected losses.</p> <p>The capital that was raised as part of the recapitalisation of the four Greek systemic banks (Alpha Bank, National Bank of Greece, Piraeus Bank, Eurobank Ergasias) amounted to €28.6 billion, out of which €3,1 billion was provided by the private sector and €25.5 billion was provided by the Hellenic Financial Stability Fund (HFSF).</p> <p><b>Emission allowances auctions</b></p> <p>The HELEX Group has assumed the role of Auctioneer for greenhouse gas emission allowances on behalf of the Greek state, as part of the contract signed in 2012 with the Ministry of the Environment, Energy and Climate</p>

	<p>Change. In 2013, 143 auctions took place, in which all of the 33,435,500 EUAs that had been allocated to Greece (corresponding to 6.08% of all EUAs allocated to countries that participate in the Common Auction Platform) were auctioned off. The Greek state received €146m in proceeds from these auctions traded on ATHEX (transferrable securities and derivatives). Through the use of uniform infrastructure, a reduction in costs will be achieved in the provision of services and in systems maintenance, making it possible to further develop new services and improve the functionality to all participants. In 2013 the development of the relevant systems began.</p> <p><b>Restructuring of the Derivatives market</b></p> <p>The project of restructuring and modernising the derivatives market in relation to the operational restructuring started, by efficiently exploiting the resources of all participants and adjusting operations and services. The project was also based on the upcoming changes in the regulatory framework. As a result of this project, there will be a common system for trading, clearing and settlement of trades on products.</p>
<b>12/06/2012</b>	<p>In July 2012, the Hellenic Corporate Governance Council (HCGC) began its operations. The HCGC is the result of the collaboration between HELEX and SEV (Hellenic Federation of Enterprises), having the common vision and mission to constantly improve the competitiveness of Greek enterprises and the reliability of the Greek market.</p>
<b>17/03/2012</b>	<p>On May 17<sup>th</sup> 2012, a Memorandum of Understanding (MoU) was signed between the Exchanges of Korea (KRX) and Athens. The MoU aims to determine the terms and conditions, based on which the counterparties will cooperate for the dual listing of ocean-going shipping or energy, as well as ETFs. At the same time, the two Exchanges agreed to make any effort to create an efficient interconnection of the two markets. Towards this direction, it was decided to create a common workgroup consisting of representatives of each Exchange in the areas of interest.</p>
<b>30/06/2011</b>	<p>On June 30 2011, the first regular auction of 1.1m European Union Allowances took place through ATHEX's OASIS trading system. In October 2012, the Group assumed, on behalf of the Greek state, the role of Auctioneer in the third phase (2013-2020) of the EU-ETS in the Transitional Common European Auction Platform.</p>
<b>2010</b>	<p>As part of the upgrade of the clearing services and the harmonisation of its operation with the already established international practice, the process of spinning off the clearing of the transactions sector of HELEX and its contribution to the 100% subsidiary of the Group "Athens Exchange Clearing House S.A." (AthexClear) was completed.</p>
<b>31/12/2010</b>	<p>Folli-Follie and Elmec Sport were delisted as a result of the triple merger with Hellenic Duty-Free Shops.</p>

<b>2/12/2010</b>	Informer was acquired by the Cypriot private company Sarogad Investments and delisted.
<b>12/10/2010</b>	Agrotiki Insurance was delisted by the mother company, ATE Bank.
<b>1/10/2010</b>	A. Liberis, the principal shareholder of Liberis Publications, squeezed out the rest of the company's shareholders and delisted the company.
<b>1/10/2010</b>	ALFA-BETA VASILOPOULOS was acquired by "Delhaize The Lion Nederland B.V." and delisted.
<b>7/9/2010</b>	X. Benroubi was acquired by Sandrina, a private company belonging 100% to the Benroubi family, and delisted.
<b>20/8/2010</b>	Omega was set for liquidation.
<b>30/3/2010</b>	Singularlogic was acquired by MIG and delisted.
<b>3/2/2010</b>	Rainbow merged with iSquare, a subsidiary of Info-Quest, and delisted.
<b>4/1/2010</b>	Imako Media was acquired by AMA AKINITA S.A. The principal shareholder in AMA AKINITA is Petros Costopoulos.
<b>1/10/2009</b>	ETMA has been under suspension since 26/4/2006, due to its failure to comply with disclosure requirements concerning its Chinese subsidiaries.
<b>27/8/2009</b>	Multirama was acquired by Vandervelle S.A., a company fully controlled by the Germanos family.
<b>23/7/2009</b>	MIG Real Estate, a MIG subsidiary, proceeded with an IPO.
<b>23/6/2009</b>	The principal shareholder of Gregory's Mikrogevmata, Georgatos family, squeezed-out the other shareholders through the company Prime Cephalos.
<b>23/6/2009</b>	Ergas was set for liquidation.
<b>20/5/2009</b>	Gener was set for liquidation.
<b>18/3/2009</b>	Ch. Rokas was acquired by IBERDROLA and delisted.
<b>13/2/2009</b>	Hellatex was the subsidiary of ETMA, which was also delisted in October 2009.
<b>27/1/2009</b>	Piraeus Leasing was delisted by the mother company, Piraeus Bank.

**Source: ATHEX Factbooks 2009-2017**



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Email us: [info@hocg.eu](mailto:info@hocg.eu)



Professor Dimitrios N. Koufopoulos of University of London is the Founder and Scientific Director of the HOCG as well as the Editor of the Review.

Project Leaders: Michail Fygkioris, Konstantinos Athanasiadis, Dr. Chris Grose

Contributors: Dr. Ioannis P. Gkliatis, Dr. Epameinondas Katsikas, Vassilis Katsoulis, Dr. Stelios Andreadakis, Dr Yiannis Doumenis. Michaela Mastrogianopoulou.