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ΕΛΛΗΝΙΚΟ ΠΑΡΑΤΗΡΗΤΗΡΙΟ ΕΤΑΙΡΙΚΗΣ ΔΙΑΚΥΒΕΡΝΗΣΗΣ

## Women Presence in Athex 25 and ESG indices of the Greek listed companies

L.4706/2020 is viewed today by Greek capital market participants as a major step towards the improvement of Greece's corporate governance framework. The first attempts at regulating the structure of Greek corporate boards and the responsibilities of listed firms were made more than twenty years ago. The need to align the Greek framework with EU directives and international corporate governance trends and standards is being discussed since the early 2000s. The basic framework would see various modifications over the years, albeit not in a unified structure. The need to create a unified corporate governance framework that includes these modifications and acts as a point of reference for market participants, is seen as the natural next step of Greece's corporate governance evolution.

The new provisions in L.4706 are not revolutionary. However, they include modifications that clearly represent significant improvements. A system of corporate governance is established, comprising rules and practices that cover many facets of a firm's operations. These include: internal control mechanisms, conflict of interest prevention, remuneration and nomination policies, while rendering the Board of Directors (BoD henceforth) accountable for the firm's financial condition. The introduction of two

new committees for remuneration and nomination issues is a major evolution towards this end. It introduces an "adequacy policy" for the members of BoD, while calling for a minimum gender representation. It incorporates clauses that regulate BoD structure, with 1/3 of board members being independent non-executive members. Internal control and shareholders services as well as company declarations, are all considered separate units within the firm, under the new framework. Meanwhile, the idea of the adoption of a corporate governance code by all firms is further strengthened.

### Gender representation

A major development stemming from the new corporate governance framework has been the adoption of explicit references towards gender representation on the board. L.4706 (article 3) calls for a minimum representation of 25% for women on the boards of Greek listed companies.

The adopted clause, coupled with the emergence of ESG criteria in recent years, have placed social, environment and governance issues at the epicenter of investors' interest. We are currently experiencing the era of ESG (Environment, Social and Governance) agenda, whereby firms are expected to exhibit their consciousness towards all the above. Socially responsible firms, investors, and stakeholders are all becoming more aware of ESG issues, and adjust their stance towards firms that do or do not comply with the global ESG trends. In

this context, the introduction of an ESG index for listed companies in Greece has been more than essential.

## Main findings

In August 2021 the Athens Stock Exchange (ATHEX) launched the first ESG index, comprising of 35 firms. As explained in the "ESG Information Disclosure Guide," ATHEX utilizes ESG actions by listed companies as referred to in their published, non-financial information. 60 companies of the rank will be included in the index composition, while at present, only 35 companies participate in the initial composition of the index.

In this report (see **Table 1**), we present data for women presence in many facets of corporate governance structures applied within the ESG index constituents (ESG index incorporates firms that are part of the ATHEX25). Data is accurate as in August 2021. The report offers a first glimpse to ESG applications for the sample of firms at the launch of the new index. It is worth noting that the ATHEX25 index comprises 82.3% of the Athens Stock exchange capitalization, whereas the capitalization for the ESG index is 86.1% (Athex Index Factsheets).

The main highlights can be found below:

- Board size is relatively large in the 35 ESG index companies: The average board size in the 35 companies is 11.03 members, which is slightly smaller than the FTSE 25 firms (11.8 members). The mean board size of the 35 ESG

firms is significantly higher though compared to ATHEX companies (8 board members on average), as reported in the HOCG Corporate Governance in Greek listed companies report (HOCG, 2020).

Fluctuations in board size: 5 companies decreased their board size in light of the L.4706 provisions effective from July 18th 2021. 8 companies increased their board size, while most companies retained the same number of board members between June and July 2021. Overall, the enactment of the L.4706 provision resulted in an increase in the total number of board seats from 382 in June to 386 in July 2021.

- Law requirements: The 25% minimum threshold of women presence in boards has not been fully met by listed ESG Index firms. Out of the 35 companies, only 14 have a board with a minimum 25 percent of women or above. Nevertheless, since L.4706 allowed the rounding of the required percentage of women to the previous integer (article 3.1b), only 4 companies appear to be failing to meet the minimum requirement of the Law. The rest of the companies fulfil the criteria currently set by L.4706, allowing for a smaller percentage, based upon the rationale laid out before.

If a strict 25% threshold of female board members was to be met for the companies lagging over the women quota, approximately an additional 14 women seats would have been required.

Company Name	A-THX25 (1=YES)	Board Size	No of women seats in the BoD	Chair-woman	CEO Woman	Executive Members Women	Non-Executive Members Women	Non-Executive (dependent) Women	Non-Executive (Independent) Women	No of Women in Committees	No of Women Chairing a Committee	No of Foreigner Women Chairing a Committee	% of Women in the BoD
MOTOR OIL	1	10	2	0	0	0	2	1	1	2	1	0	20%
HELLENIC PETROLEUM	1	11	2	0	0	0	2	1	1	1	1	1	18%
CRETE PLASTICS S.A.		13	3	0	0	1	2	0	2	0	0	0	23%
THRACE PLASTICS HOLDING AND COMMERCIAL S.A.		11	2	0	0	0	2	0	2	1	0	0	18%
ALUMIL ALUMINIUM INDUSTRY S.A.		5	2	0	0	1	1	0	1	1	0	0	40%
MYTILINEOS	1	11	3	0	0	0	3	0	3	4	1	0	27%
ELVALHALCOR	1	15	3	0	0	0	3	2	1	2	1	0	20%
ELLAKTOR	1	7	3	0	0	0	3	0	3	1	1	0	43%
PIRAEUS PORT AUTHORITY	1	11	2	0	0	1	1	1	0	1	0	0	18%
INFORM P. LYKOS HOLDINGS S.A.		6	1	0	0	0	1	0	1	0	0	0	17%
FOURLIS S.A.		9	2	0	0	2	0	0	0	0	0	0	22%
JUMBO	1	8	3	0	1	2	1	0	1	1	1	0	38%
SARANTIS	1	11	2	0	0	0	2	1	1	1	0	0	18%
ATHENS MEDICAL C.S.A.		8	2	0	0	0	2	0	2	2	0	0	25%
OPAP	1	13	3	0	0	0	3	1	2	2	1	1	23%
HELLENIC TELECOM. ORG.	1	10	3	0	0	0	3	2	1	2	0	0	30%
PUBLIC POWER CORPORATION SA	1	11	1	0	0	0	1	0	1	1	0	0	9%
ATHENS WATER SUPPLY & SEWAGE Co	1	13	2	1	0	0	2	1	1	2	1	0	15%
PIRAEUS BANK	1	13	2	0	0	0	2	0	2	2	1	1	15%

Company Name	ATHEX25 (1=YES)	Board Size	No of women seats in the BoD	Chair-woman	CEO Woman	Executive Members Women	Non-Executive Members Women	Non-Executive (dependent) Women	Non-Executive (Independent) Women	No of Women in Committees	No of Women Chairing a Committee	No of Foreigner Women Chairing a Committee	% of Women in the BoD
ALPHA BANK	1	12	2	0	0	0	2	0	2	2	1	1	17%
EUROBANK HOLDINGS	1	13	4	0	0	0	4	1	3	4	0	0	31%
NATIONAL BANK OF GREECE	1	12	4	0	0	1	3	0	3	3	1	1	33%
EUROPEAN RELIANCE GEN. INSURANCE CO. S.A.		9	2	0	0	0	2	0	2	0	0	0	22%
GEK TERNA HOLDING REAL ESTATE CONSTRUCTION	1	15	3	0	0	1	2	0	2	4	1	0	20%
LAMDA DEVELOPMENT AE	1	13	3	0	0	0	3	1	2	2	0	0	23%
HELLENIC EXCHANGES - ATHENS STOCK EXCHANGE	1	13	3	0	0	0	3	0	3	3	2	0	23%
QUEST HOLDINGS		12	3	0	0	0	3	1	2	3	0	0	25%
PLAISIO COMPUTERS S.A.		6	1	0	0	1	0	0	0	0	0	0	17%
AEGEAN AIRLINES S.A.	1	12	3	0	0	1	2	0	2	2	1	0	25%
TERNA ENERGY S.A.	1	11	3	0	0	0	3	0	3	3	2	0	27%
CENERGY HOLDINGS		12	3	0	0	0	3	2	1	1	0	0	25%
VIOHALCO SA NV	1	15	5	0	0	0	5	2	3	1	0	0	33%
COCA-COLA HBC AG	1	13	4	0	0	0	4	0	4	4	1	1	31%
ADMIE HOLDING	1	7	1	0	0	0	1	0	1	1	1	0	14%
TITAN CEMENT INTERNATIONAL S.A.	1	15	3	0	0	1	2	0	2	2	1	1	20%
<b>Total</b>		<b>386</b>	<b>90</b>	<b>1</b>	<b>1</b>	<b>12</b>	<b>78</b>	<b>17</b>	<b>61</b>	<b>61</b>	<b>20</b>	<b>7</b>	
<b>Average</b>		11.03	2.57			13%	87%	19%	68%	1.74	57.10%		23.62%

Table 1: Women participation in ATHEX ESG Index

*Room for improvement:* On average, 23.3% of the board positions (close to 23.4% for FTSE 25) are held by women (90 out of 386 positions). Had the minimum 25% threshold applied there would have been 97 women in the boards.

- **Composition of women in the board (Non-Executive vs Executive):** 87% of women positions on corporate boards are non-executive (78 out of 90) and only 13% are executive (12 women).
- **Non-Executive (independent vs dependent):** More specifically, out of the 78 non-executive women directorships, the vast majority (78%) are independent non-executive positions (61 out of 78) while the rest (17 out of 68) are dependent non-executive (22%). Figures are largely the same for FTSE 25 firms (79% and 21% respectively).
- **Under-representation in leadership positions:** Only one company in the ESG 35 index has a female CEO and only one company has a woman Chair that is a non-executive member (see **Table 2** below).

Full Name	Position	Company
<b>Konstantina Demiri</b>	CEO	Jumbo S.A.
<b>Theodora Varvarigou</b>	Chairwoman (Non-Exec)	Athens Water Supply & Sewage Co. (EYDAP)

**Table 2: Women in top Board positions**

- **Women in power positions:** 61 board committee positions are occupied by women, in the ESG 35 index companies, with an

average of 1.74 women members per company. Notably, 20 committees are chaired by women. As in the case of FTSE 25 companies, 4 women are found in the committees of each one of 4 companies (Mytilineos, Eurobank, GEK Terna, Coca Cola), while 2 companies (Athex Group, Terna Energy) have female chairs in 2 committees.

- **Foreign Nationals:** 20 out of the 90 women positions are occupied by foreign nationals (22%) while 7 out of 20 also chair a committee (35% of the foreign nationals). FTSE 25 firms exhibit 29% and 36% respectively when examining the same variables.
- **Educational Level:** Education level is an important element for any board since diversity in education, skills and perspectives becomes a strong predictor of Board outcomes. We sought to identify the educational level of the 84 women that occupy the 90 board positions. In all but 6 (7%) we identified and collected the relevant data.

We have recorded the highest achieved level of education for 78 women directors. More specifically, 16 women hold a bachelor's degree (20%) and 51 a Master of Science (65%). Very interestingly, 11 of them (14%) are educated at a Doctorate level (PhD).

- **Interlockings:** Women interlockings in ATHEX ESG Index are presented in **Table 3**. Five women hold a position on the board of more than one ATHEX ESG index company. Interestingly two of the interlocked women

members have a combined presence in four boards. The indirect interlocking role is addressed in the literature, suggesting that it increases the likelihood that information is transmitted across these firms from the interlocked board members (Shropshire, 2010).

## Summary

Research carried out by HOCG since 2007 has clearly shown that gender diversity on public company boards is slowly but steadily increasing. Evidently, there has been a clear consensus and genuine efforts toward gender diversity. It seems that trends and pressures from regulatory, legislative, and investor-driven initiatives will be increasing towards greater diversity and more inclusion and perhaps, one day, gender parity. Relevant policies worldwide put pressure towards this end since it appears that diversity improves performance thus pushing for equal opportunities based on merit rather gender.

Our research at hand focused on the most prominent organizations in Greece - 35 companies that have been selected by ATHEX for the ESG index. It should be evident that gender diversity on those boards is painting a picture that is overestimating the gender representation across the business sector in Greece. More importantly the current research has shown that few executive female directors participate in boards since the majority of women board members are non-executive. This creates a serious impediment to the achievement of gender diversity in the medium and long term. Future legislative focus is likely to be shed towards increasing the number of women executives and in turn a greater representation of women executive members in boards. Thus, we do think that corporates alongside their efforts to appoint more women in the boards need a more structured and long-term effort that should be orchestrated towards the nurturing and development of female talent through all the organizational levels.

Name	National Bank of Greece	EYDAP	Mytilineos Group of Companies	Aegean Airlines	Coca-Cola HBC AG	Titan Cement International S.A.	Motor Oil	Elval-Halcor	Cenergy Holdings	Viohalco
Beritsi Aikaterini	X	X								
Nicolaidis Natalia			X	X						
Papalexopoulou Alexandra			X	X	X					
Ekaterinari Ourania						X	X			
Zakos Margaret								X	X	

Table 3: Women interlockings in ATHEX ESG Index Boards

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