



Corporate Governance

The Status Quo- The Quo in the Athens Stock Exchange

[Corporate Governance Conference \(corporate-governance.gr\)](http://corporate-governance.gr)

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by Dr Dimitrios N. Koufopoulos

BSc, MBA, PhD, FCMI, FIB, AIIA, FRSA, CMBE



www.hocg.eu



Outline

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2. The Greek Landscape
 - Laws and Codes
 - Listed Companies
 - Market Capitalization
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 - ❖ Duality
 - ❖ Internal vs External (Dependent- Independent Directors)
 - ❖ Gender Diversity
4. Looking into the Future



HOCG

Hellenic Observatory of Corporate Governance

The Hellenic Observatory of Corporate Governance (HOCG) was established in 2007 through a Memorandum of Understanding for cooperation signed between the Federation of Greek Industries and the Brunel Business School, Brunel University UK.

Since 2010, HOCG operates as solely independent organisation

The mission of the HOCG is to examine and monitor the practices of corporate governance through the observation and research of directors, investors, and senior executives. HOCG activities focus on identifying and promoting responsible practices worldwide in all aspects of corporate governance.



Who we are

OUR TEAM



Dr Dimitrios N. Koufopoulos

BSc, MBA, PhD, FCMI, FIB, AIIA, FRSA, CMBE

Founder/Director of the HOCG
V. Professor Queen Mary University, CCLS
Research Fellow , Birkbeck University London

Ioannis P. Gkliatis

BSc, MSc, PGCert, PhD
MCMi, FHEA

Senior Research Fellow

Chris Grose

BSc, MSc, PhD

Senior Research Fellow

Michail Fygiaris

BSc, MSc, PhD candidate

Research Fellow

Epameinondas Katsikas

BSc, MBA, PhD, FHEA, CMBE

Senior Research Fellow

Konstantinos Athanasiadis

BSc, MSc, PhD candidate

Research Fellow

Vassilis Katsoulis

BSc, MSc, PhD

Senior Research Fellow

Antonis Chantziaras

BSc, MSc, PhD

Senior Research Fellow

Michaela Mastrogiannopoulou

Research Assistant BSc

Ioanna Skyftouli

Research Assistant BSc, MSc

Styliani Stamatouza

Research Assistant BSc, MSc

Lydia Koutsioni

Research Assistant BSc, MSc

HOCG Reviews and Studies

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Football



ATHEX



State-Owned
Enterprises



Hospital



Maritime



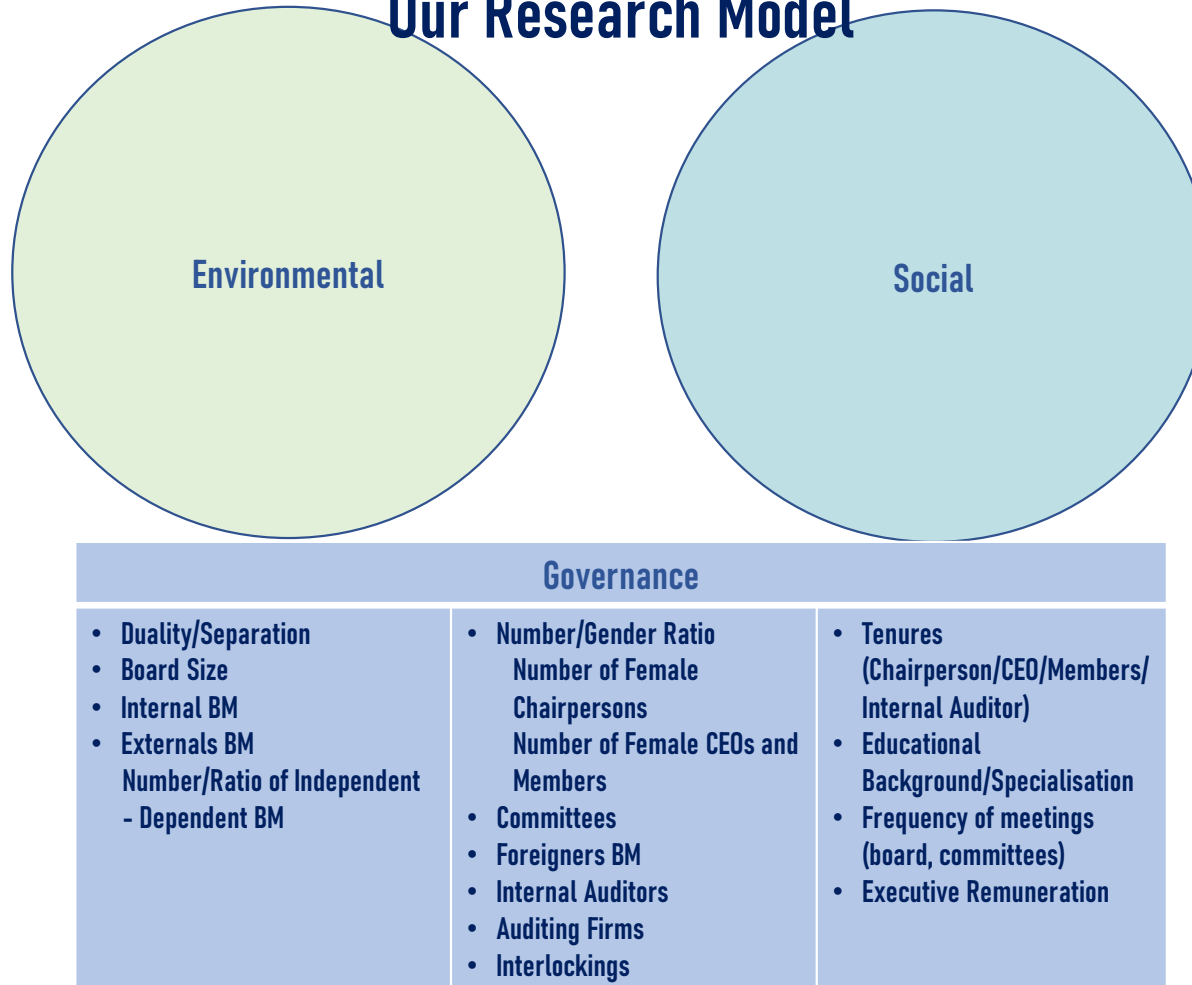
CORPORATE*Matters*



Our Research Model

Context

- Organizational Size
- Industry Sector
- Organizational Age
- Years Listed
- Listed in other Stock Exchanges
- Ownership structure
- Institutional Investors



Outcomes

- Decision Making, Trust, Conflict
- Organizational Performance - Financial Performance
- Corporate Social Performance

1. The Greek Landscape : Laws and Codes Listed Companies Market Capitalization

Law 4706/2020 published in the Governmental Gazette under No. 136/17.7.20 (Bulletin A), establishes new provisions on the restructuring and modernization of the corporate governance applying to all listed in a regulated market in Greece Sociétés Anonymes.

The new provisions on corporate governance (articles 1 to 24 of L. 4706/2020) entered into force on 17.07.2021, and replaced the law on corporate governance (L. 3016/2002), and is supplements the provisions of law on Sociétés Anonymes (L. 4548/2018)

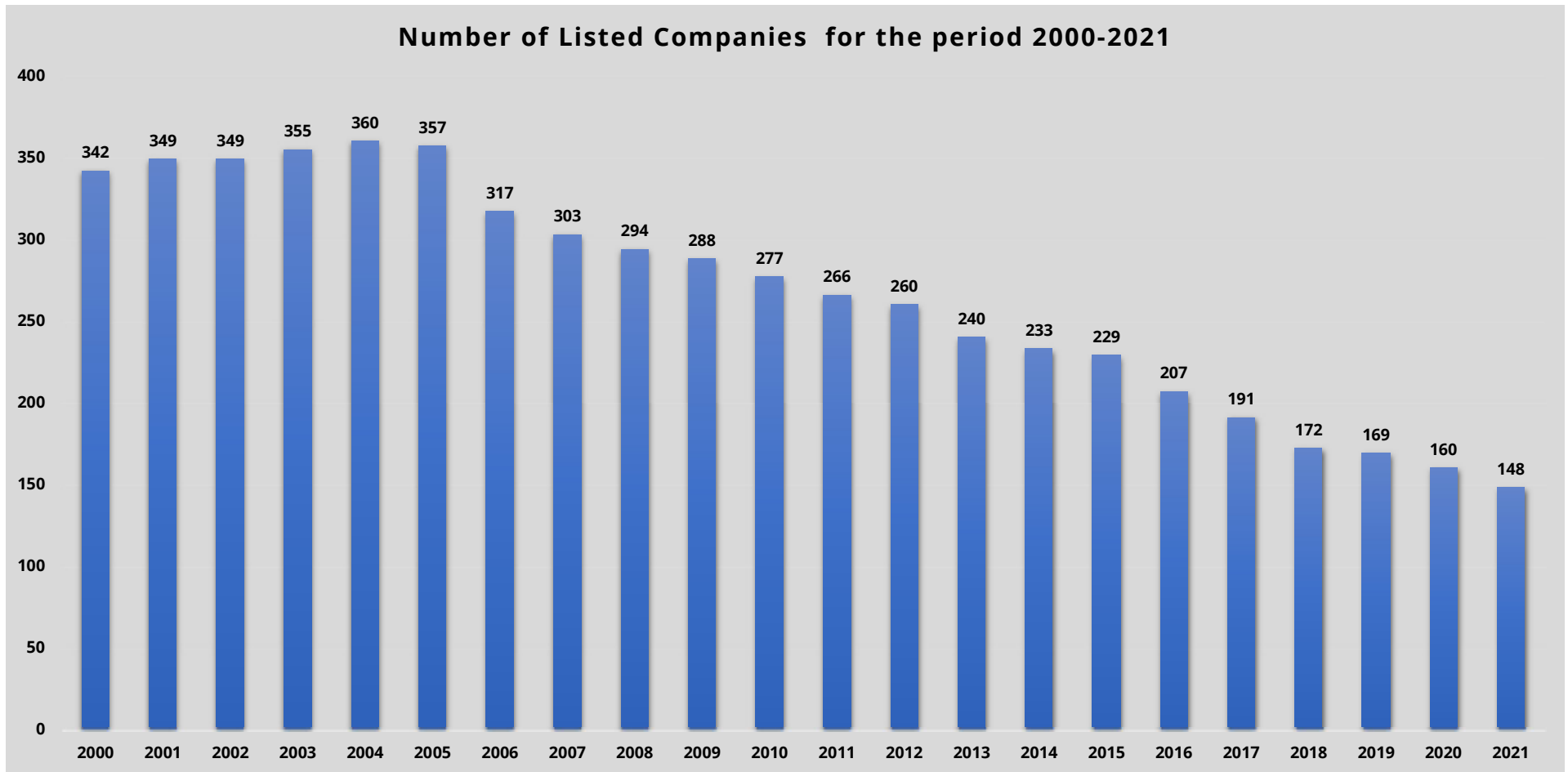
ESG Reporting Guide 2019 [28a9a0e5-f72c-4084-9047-503717f2f3ff](https://www.athexgroup.gr/documents/28a9a0e5-f72c-4084-9047-503717f2f3ff)
([athexgroup.gr](https://www.athexgroup.gr))

Athex ESG Index:

<https://www.athexgroup.gr/documents/10180/6375591/ATHEX+ESG+Index+Ground+Rules+V1-0+Jul21+%28GR%29.pdf/81ca04c1-7dde-479e-affb-109c8f3ed326>

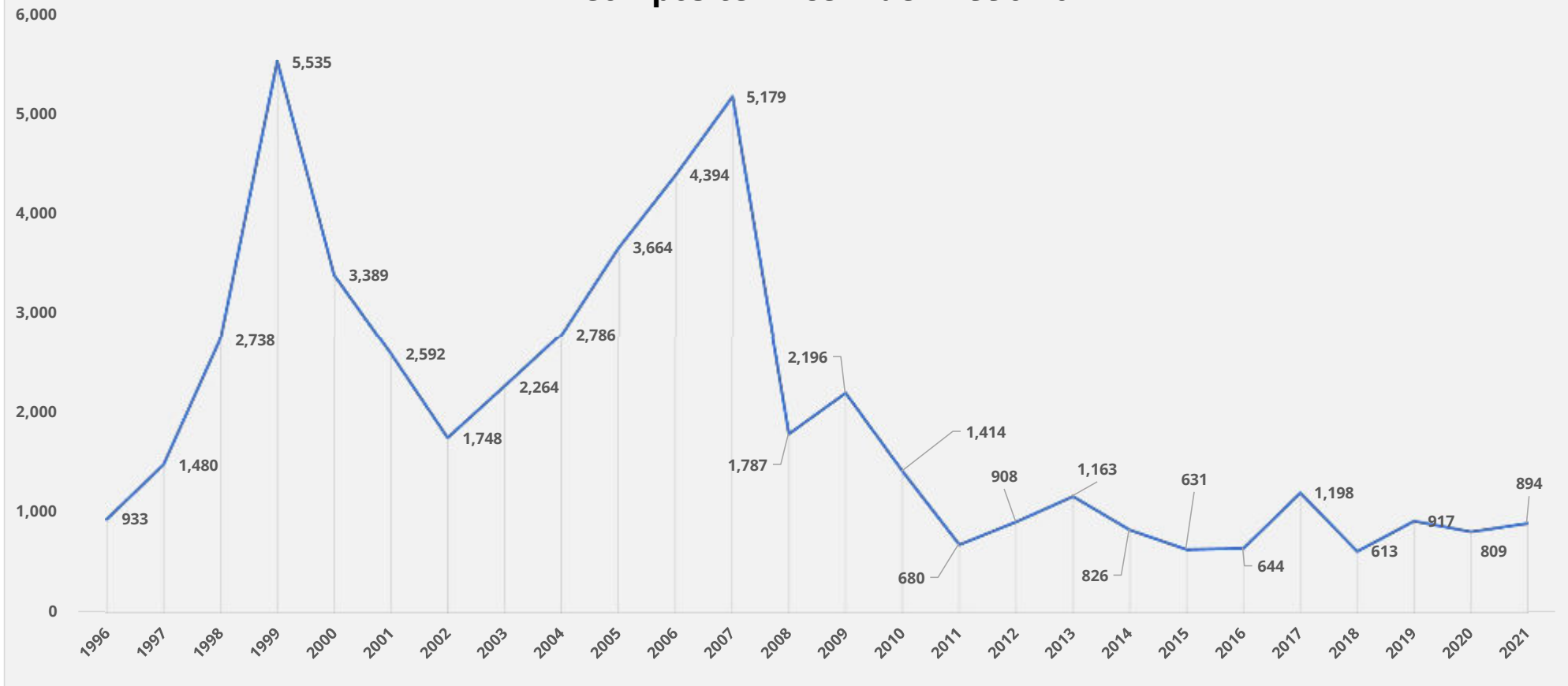
Hellenic Corporate Governance Code (June 2021) replaces the Hellenic Corporate Governance Code for listed companies that was issued in 2013 by the HCGC. [HELLENIC CGC - HCGC \(esed.org.gr\)](https://www.esed.org.gr)

The Greek Landscape- Listed Companies



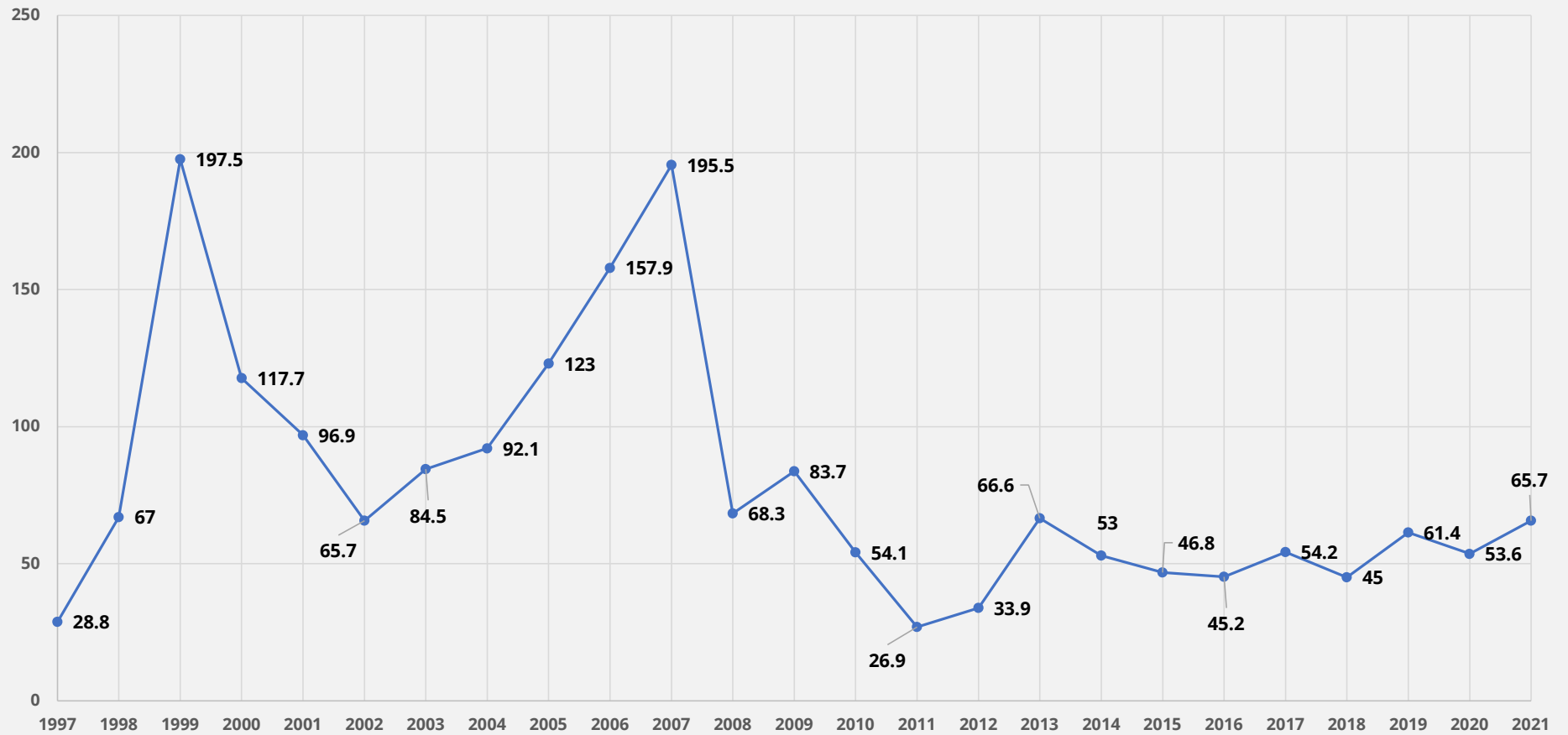
The Greek Landscape Price Index

ATHEX Composite Price Index 1996-2021



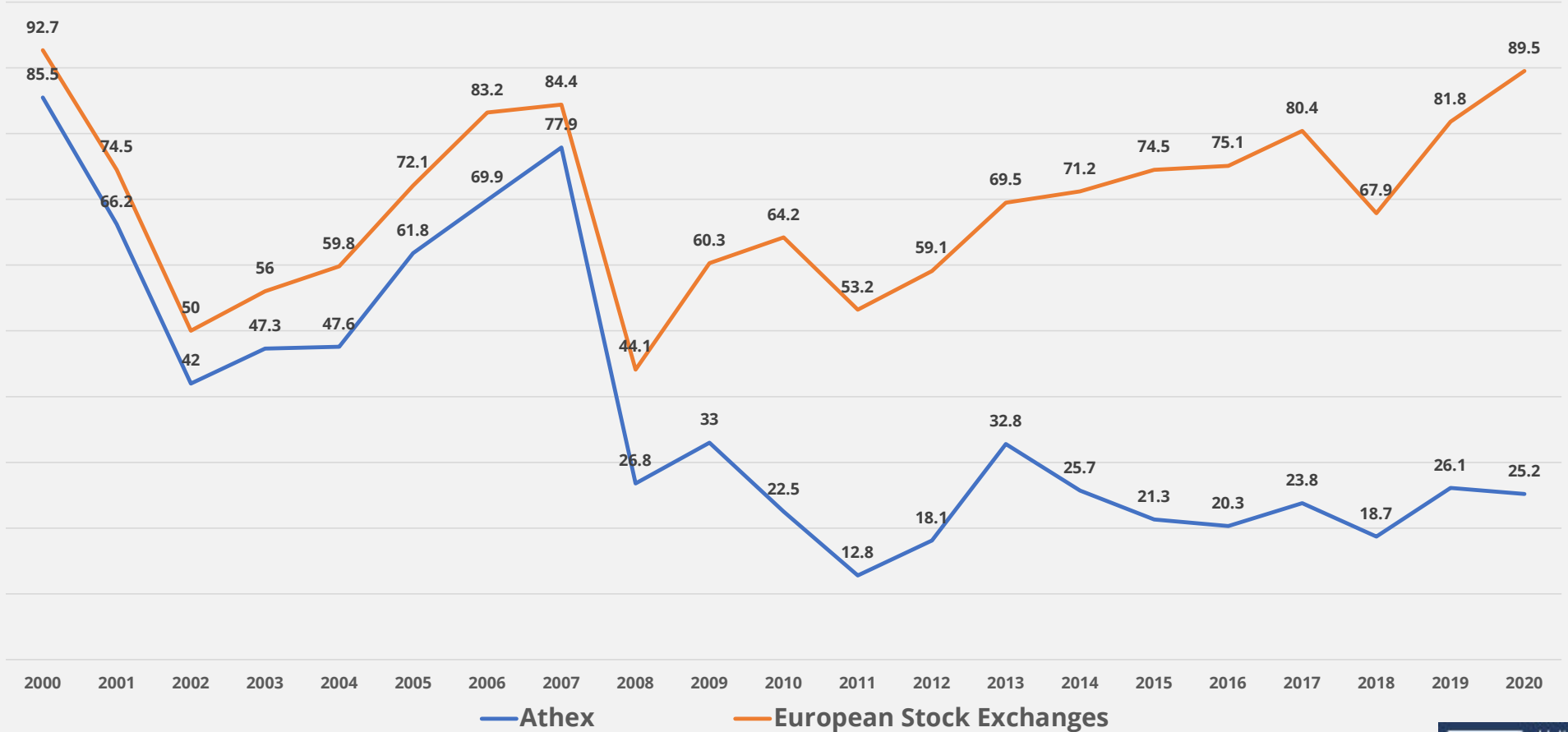
The Greek Landscape - Capitalization

ATHEX Capitalization in billions €

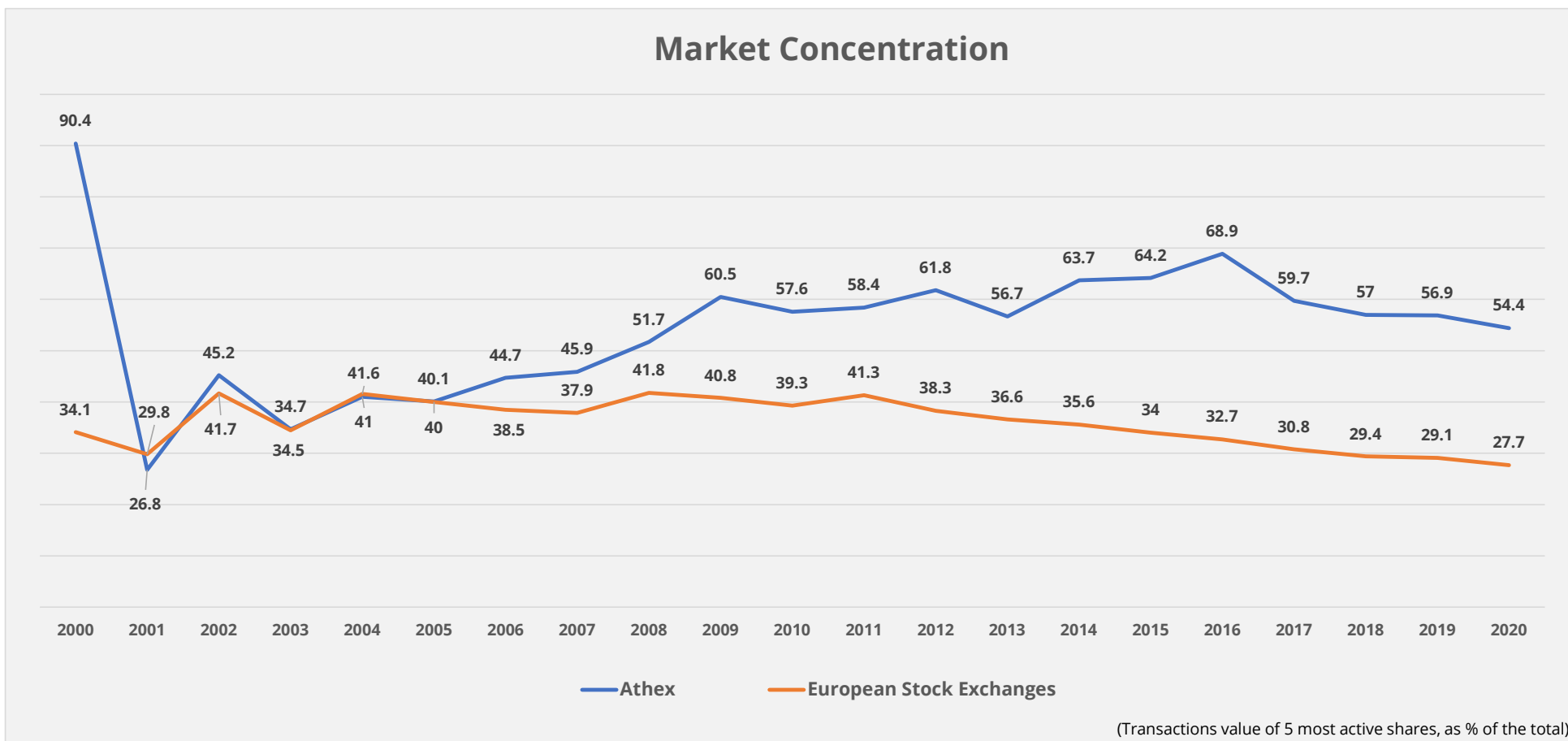


The Greek Landscape

Capitalisation/ GDP

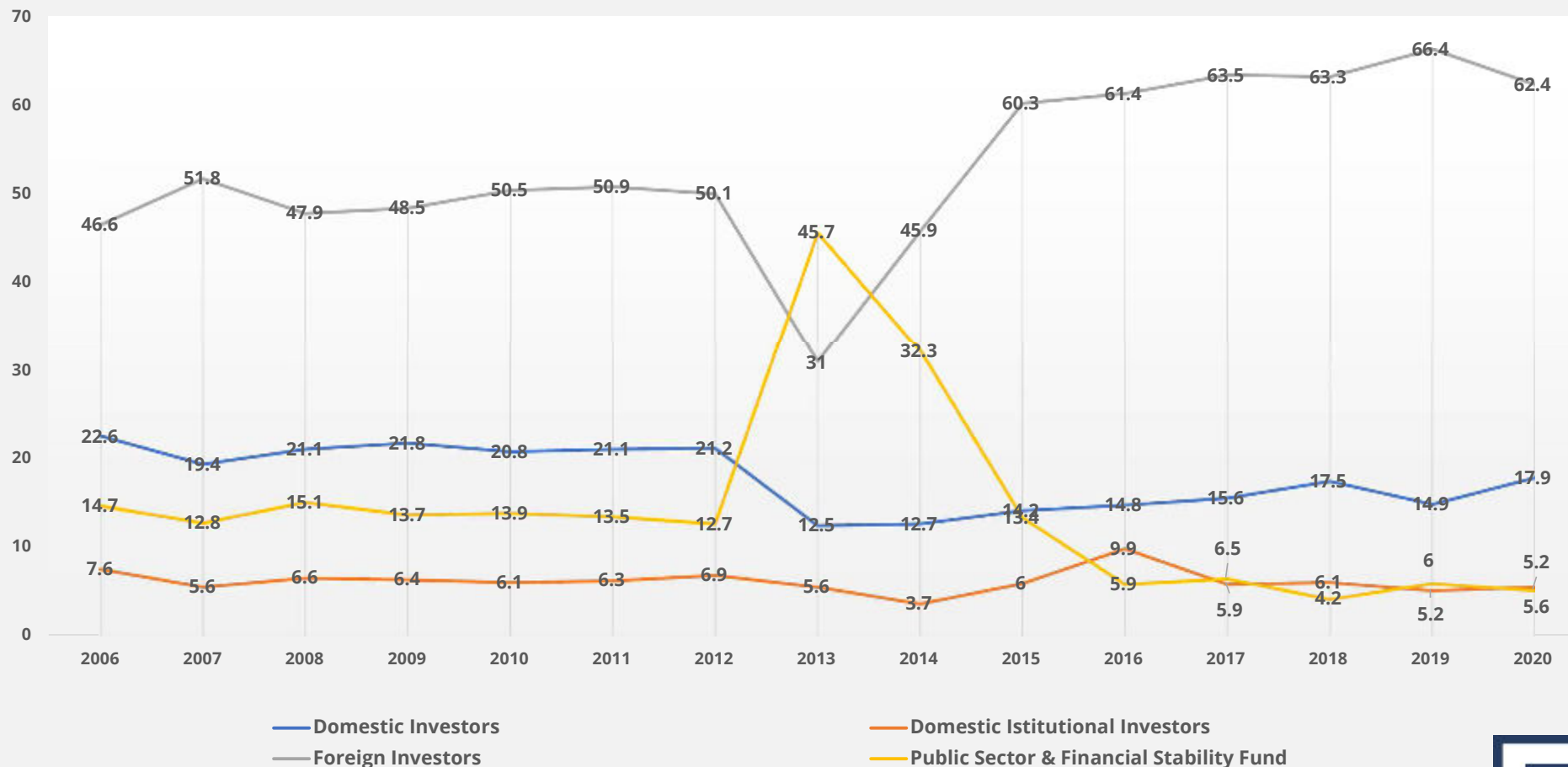


The Greek Landscape- Market Concentration (5 more active)



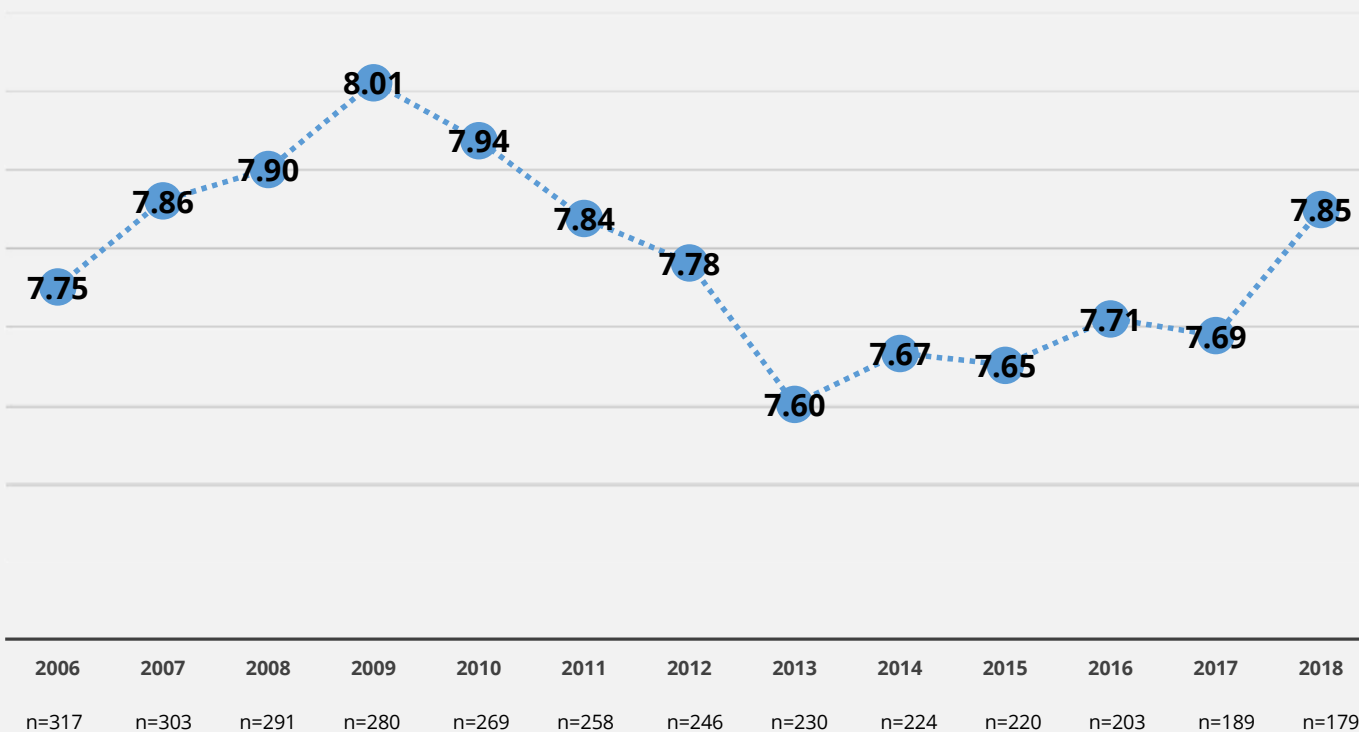
The Greek Landscape – Investors participation

Investors participation as percentage of total capitalization



2. CG and Boards: Empirical Lens

Average Board Size



Board Size

October 2021

Athex Large Cap Index (25 Companies):

Average Board Size: 11.8

Athex ESG Index (35 Companies):

Average Board Size: 11

2021 UK Spencer Stuart Board Index: 9.9

2021 US Spencer Stuart Board Index: 10.8

S&P 500: 11

S&P MidCap 400: 9.7

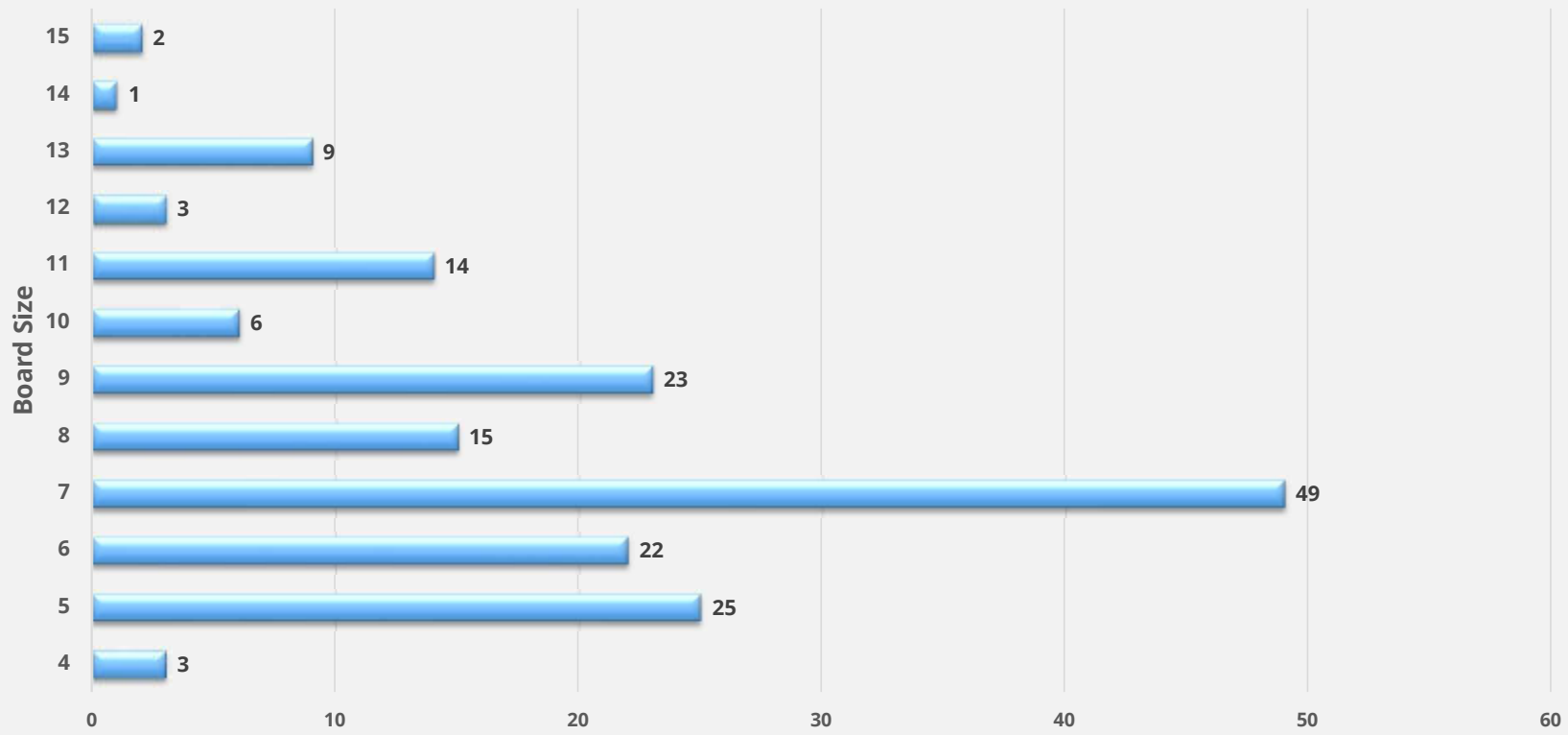
S&P SmallCap 600: 8.9

S&P 1500: 9.9

RUSSEL 3000: 9.2

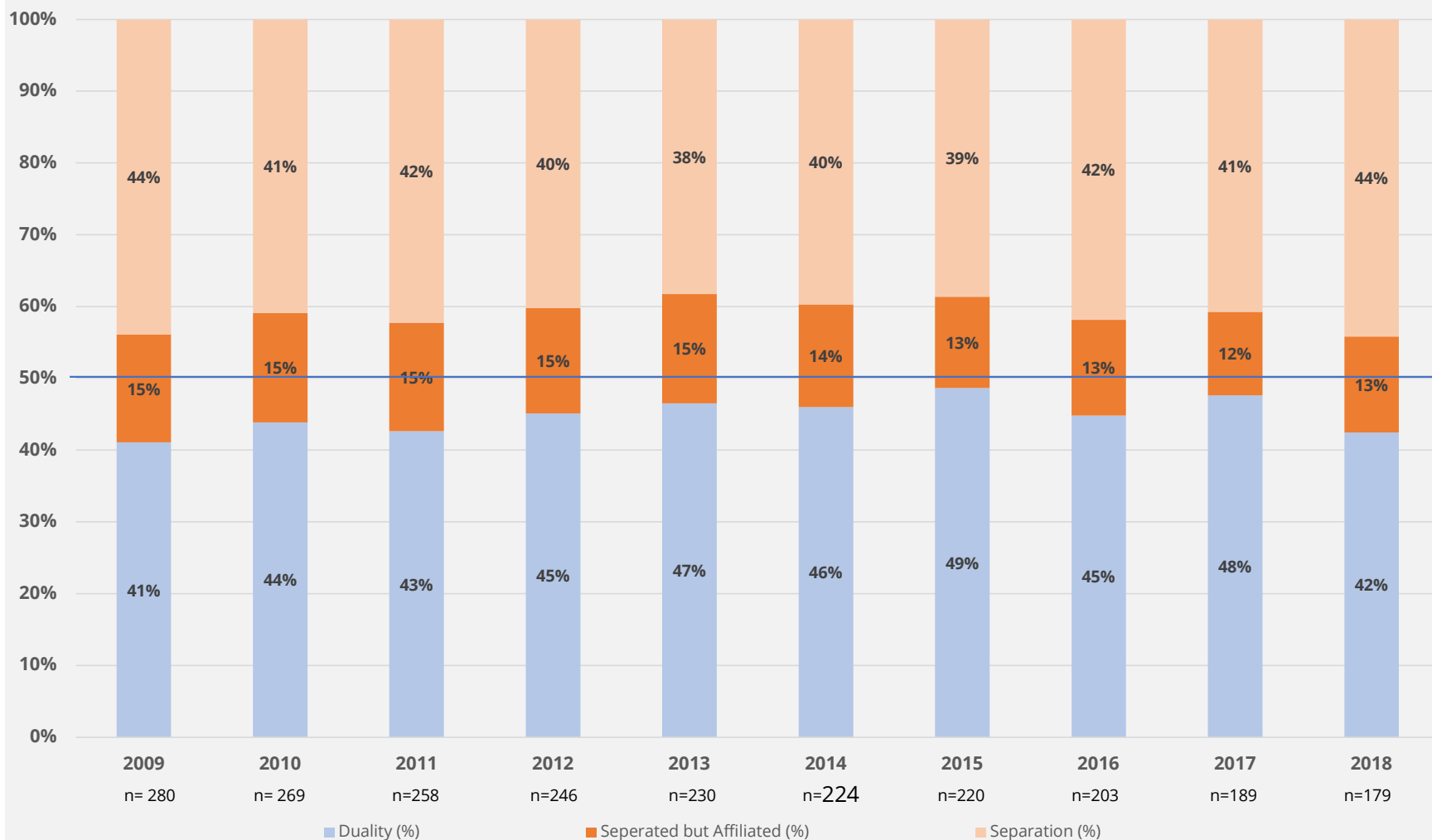
Board Size

Board Size 2018



Number of Companies (n=172)

Duality in Greek Listed Companies (2009-2018)

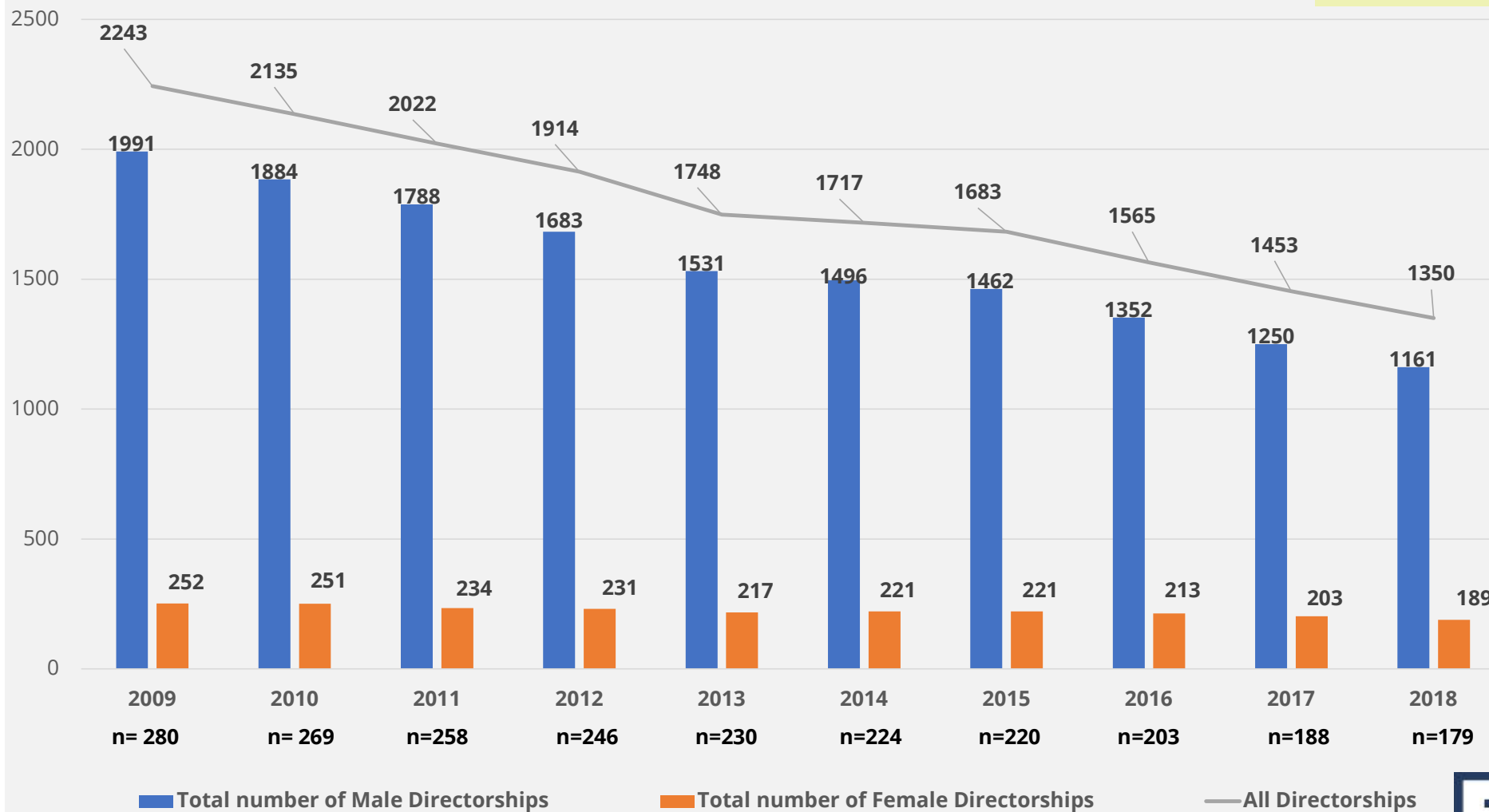


Duality vs Separation

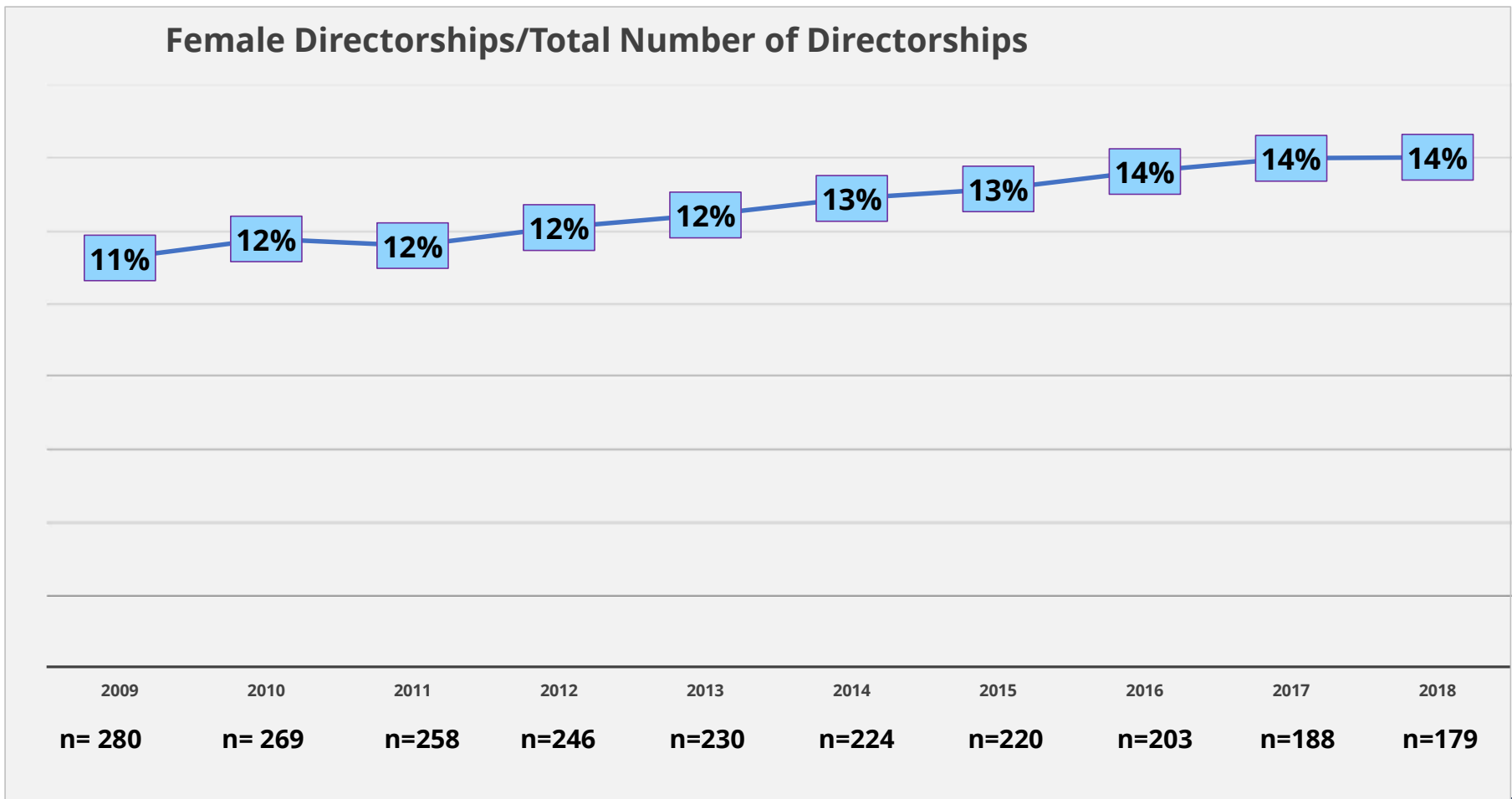
2021 UK Spencer Stuart Board Index: 0%
2021 US Spencer Stuart Board Index: 41%
S&P 500: 43%
S&P MidCap 400: 29%
S&P SmallCap 600: 30%
S&P 1500: 34%
RUSSEL 3000: 33%

Number of male and female directorships

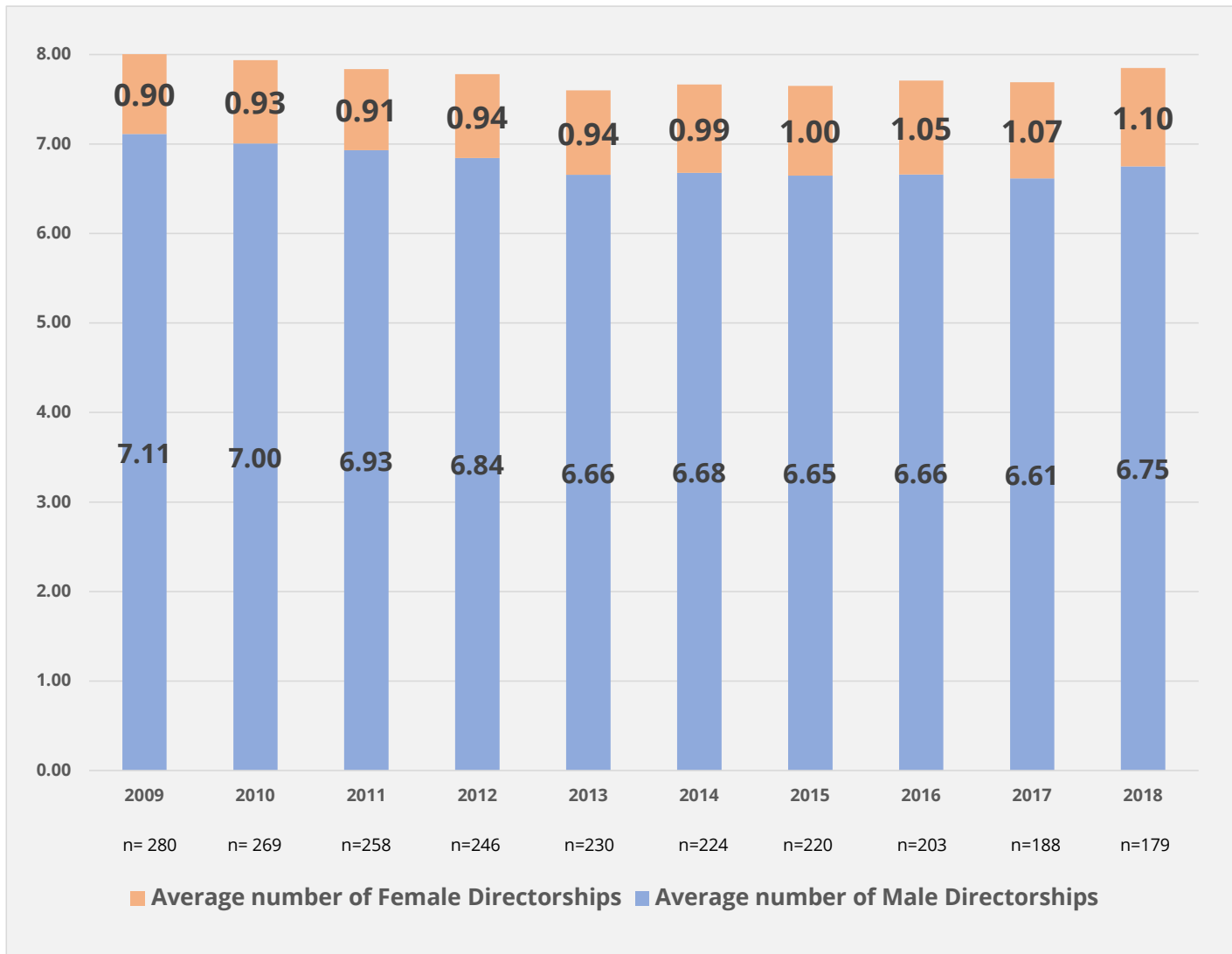
Gender



Female Directorships/Total Number of Directorships



Gender



October 2021

Athex Large Cap Index (25 Companies):

Aver Number of Men Directorships: 9.04
 Aver Number of Women Directorships: 2.76

Athex ESG Index (35 Companies):

Aver Number of Men Directorships: 8.46
 Avera Number of Women Directorships: 2.57

Gender

Index	S&P 500	S&P MidCap 400	S&P SmallCap 600	S&P 1500	Russell 3000	US Spencer and Stuart 2021	UK Spencer and Stuart 2022	STOXX Europe 600
Gender Diversity	31%	29%	27%	29%	26%	30%	34%	35%

October 2021

Athex Large Cap Index (25 Companies):

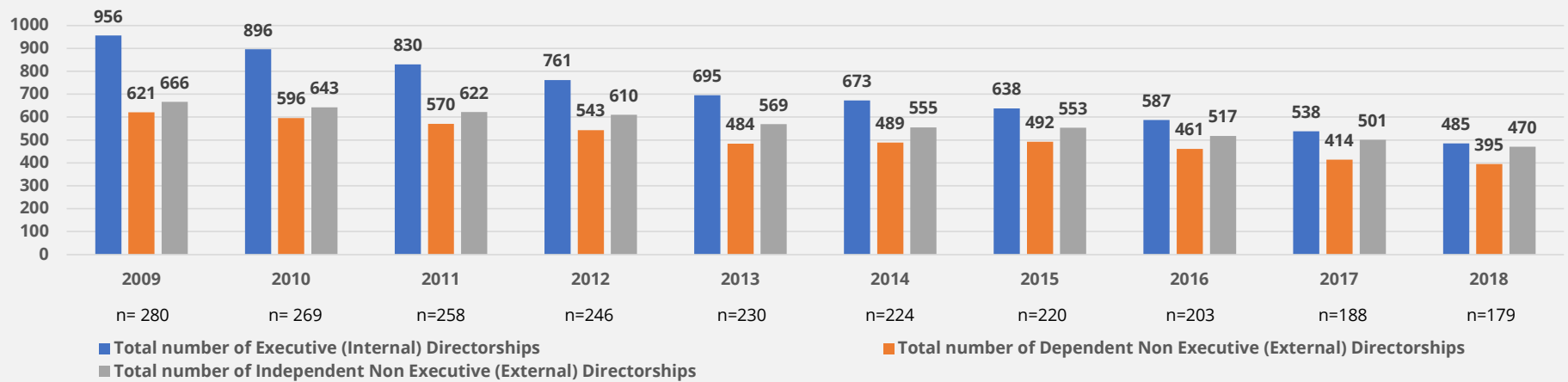
Female Participation: 24%

Athex ESG Index (35 Companies):

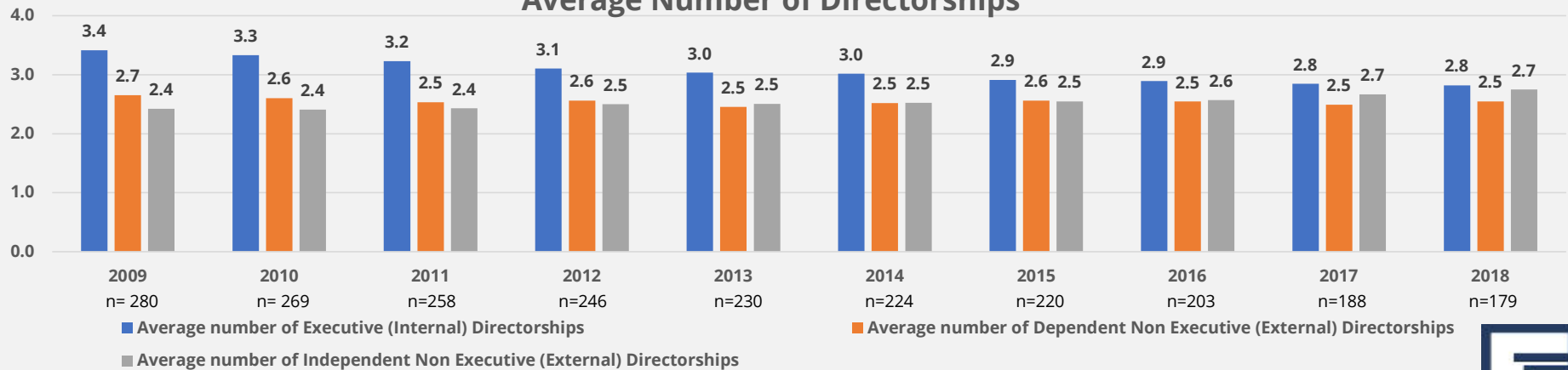
Female Participation: 23.3%

Executive (Internals) Vs Non-Executive (Externals)

Total Number of Directorships

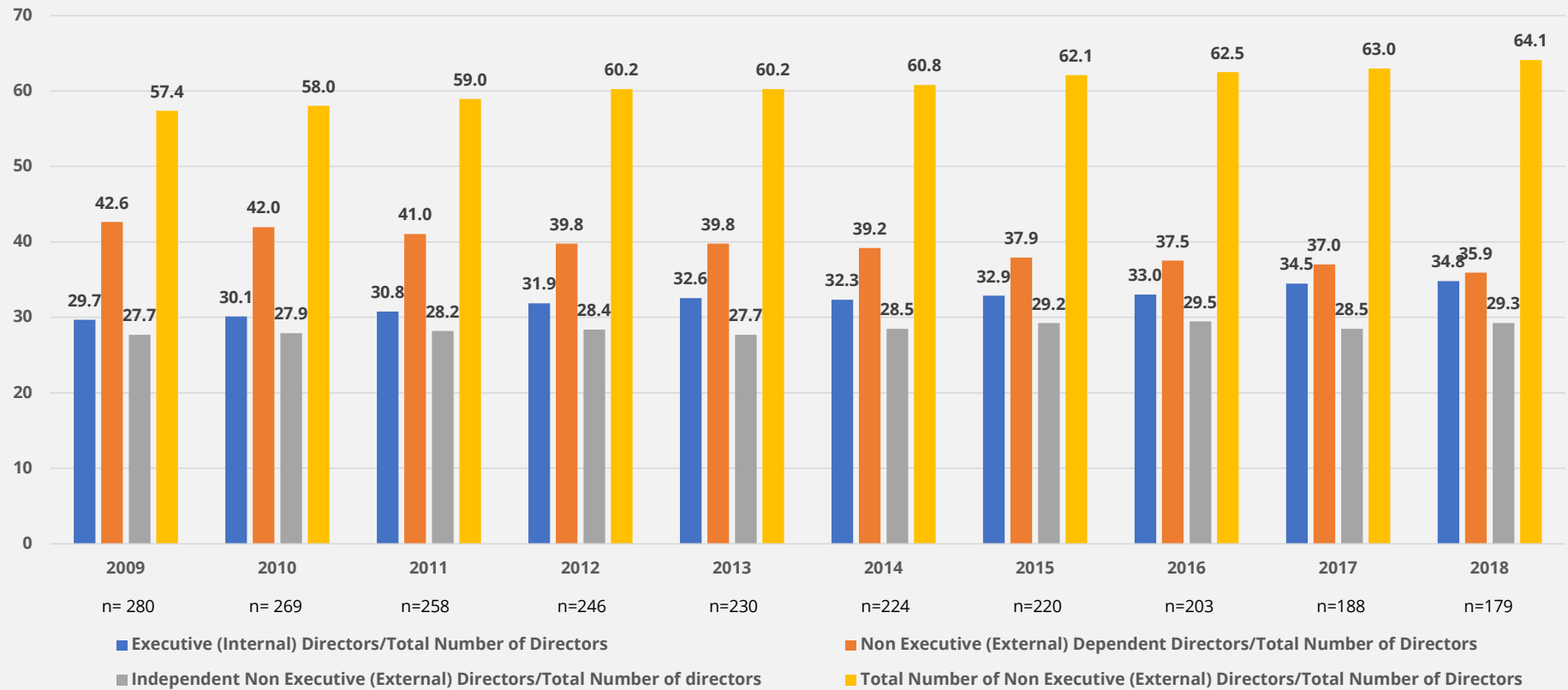


Average Number of Directorships



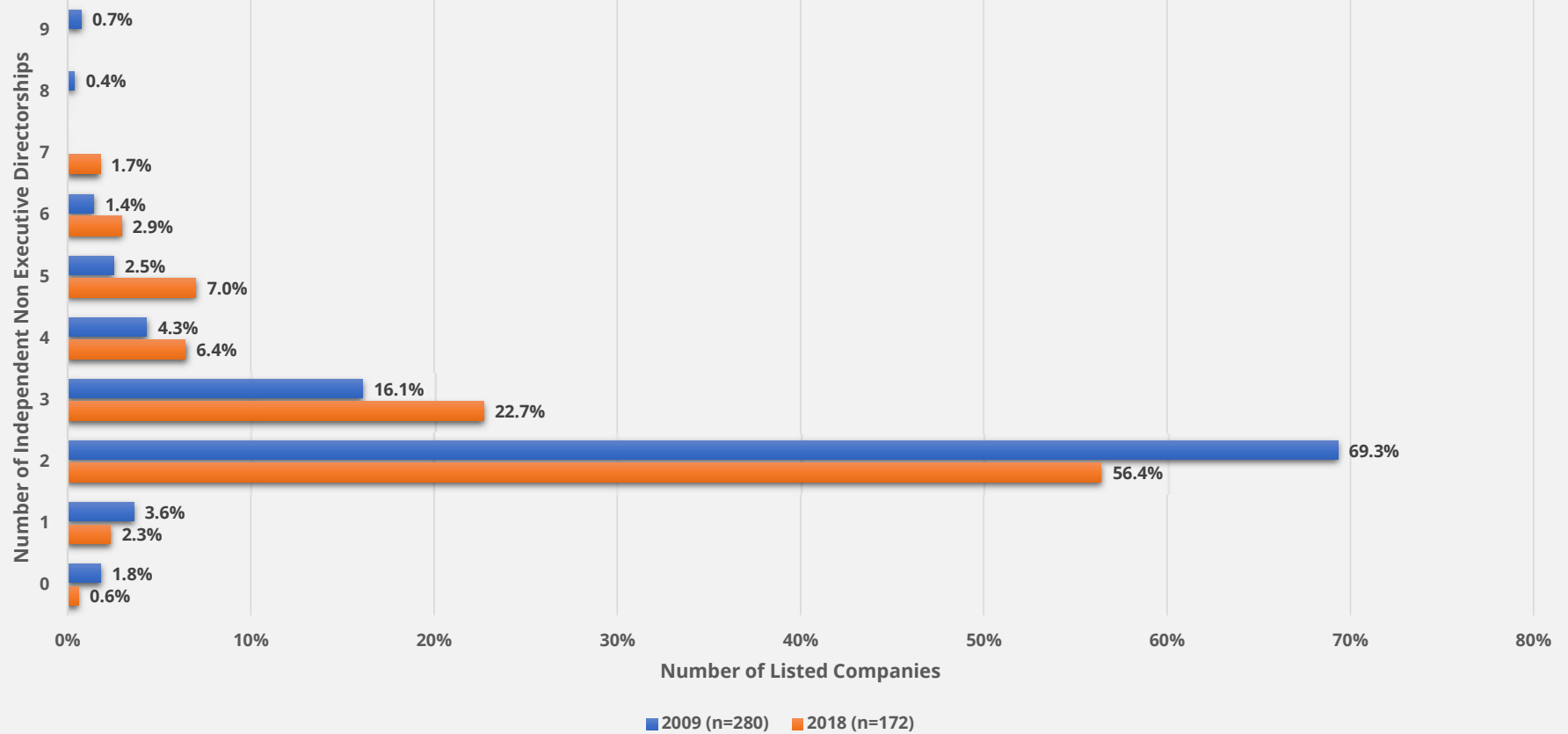
Executive (Internals) Vs Non-Executive (Externals)

Ratio (%)



Executive (Internals) Vs Non-Executive (Externals)

Distribution of Independent Non Executive Directorships



Executive (Internals) Vs Non-Executive (Externals)

Index	S&P 500	S&P MidCap 400	S&P SmallCap 600	S&P 1500	Russell 3000	US Spencer and Stuart 2021	UK Spencer and Stuart 2022
Independence	86%	84%	82%	84%	80%	86%	93%

accounting fraud
control system
tax evasion
economic
fraud
deception
compliance
protection
crime

In the context of rebuilding our economies in the wake of the COVID-19 crisis and promoting stronger, cleaner and fairer economic growth, good corporate governance plays an essential role.

It fosters an environment of market confidence and business integrity that supports capital market development.

The quality of a country's corporate governance framework is decisive for the dynamism and the competitiveness of its business sector and the economy at large.

It will also support the corporate sector to manage environmental, social and governance (ESG) risks and better harness the contributions of different stakeholders, be it shareholders, employees, creditors, customers, suppliers, or adjacent communities, to the long-term success of corporations. (OECD, 2021)

External Forces

- **regulatory intervention,**
- **the rise of institutional investing,** For example, BlackRock, one of the largest institutional investors recently released the 2021 Stewardship Expectations document indicating its heightened willingness to vote against companies in shareholder proposals, its commitment to supporting board ethnic and gender diversity, and its increased focus on management compensation
- **the emergence of proxy advisors,**
- BlackRock recently acknowledged that while it works diligently to research and develop its own position on votes, it relies heavily on proxy advisory firms such as Institutional Shareholder Services (ISS), admitting that the firm can “have significant influence over the outcome of both management and shareholder proposals.”
- **the rise of shareholder activism** Activist hedge funds are savvy, sophisticated investors that take large but noncontrolling stakes in target companies to bring about change in the target companies’ strategic, operational, and financial activities as well as their governance arrangements.

Corporations and Boards should look at

- **structural attributes** (independence of the directors and chair, diversity and composition, tenure, age, and director busyness)
- **Stakeholder relationships**

HOCG current collaborations

- EWOB (<https://europeanwomenonboards.eu/>)
- CSR Hellas working Group for Women (<https://csrhellas.org/en/>)
- ICAP RTI (<https://www.icap.gr/en/> and <https://www.icaprti.gr/en/>)



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