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European Bank
for Reconstruction and Development

Corporate Governance in Transition Economies

Greece Country Report

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The report is based on information available at the end of 2015.

If you believe that the information has changed or is incorrect, please contact Gian Piero Cigna at cignag@ebrd.com

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The team is grateful for the assistance provided by all parties involved in this exercise.

Foreword

As part of its Legal Transition Programme, the European Bank for Reconstruction and Development ("EBRD") has been assessing the state of legal transition in its countries of operations. These assessments provide an analysis of the progress of reform and identify gaps and future reform needs, as well as strengths and opportunities.

In 2012, the Legal Transition team within the EBRD Office of the General Counsel (LTT) developed with the Assistance of Nestor Advisors a methodology for assessing corporate governance frameworks and the governance practices in the EBRD countries of operations. This assessment was implemented in 2014-2015 (the "Assessment").

The Assessment aims at measuring the state of play (status, gaps between local laws/regulations and international standards, effectiveness of implementation) in the area of corporate governance

The Assessment is meant to provide for (i) a comparative analysis of both the quality and effectiveness of national corporate governance legislation (including voluntary codes); (ii) a basis to assess key corporate governance practices of companies against the national legislation; (iii) an understanding whether the legal framework is coupled with proper enforcement mechanisms (e.g., sanctions) and/or with authorities able to ensure proper implementation; (iv) a support to highlight which are the major weaknesses that should be tackled by companies and legislators for improving the national corporate governance framework; and (v) a tool which will enable the EBRD to establish "reference points" enabling comparison across countries.

This country report is part of a series of 34 country reports. A general report synthesising all countries will close the Assessment.

Methodology

This Assessment is based on a methodology designed to measure the quality of legislation in relation to best practices requirements and the effectiveness of its implementation as evidenced by companies' disclosure, also taking into consideration the capacity of the institutional framework (e.g., courts, regulators) to sustain quality governance. The analytical grid developed for assessing the governance framework is based on international recognised best-practice benchmarks (e.g., OECD Corporate Governance Principles, Development Financial Institutions, EBRD, IFC and World Bank ROSC governance methodologies). The methodology is applied identically across all the countries reviewed. The process for gathering, analysing and reporting information is applied identically for each of the countries assessed, which allows comparing countries to each other across a long a set of benchmarking points.

For the purpose of the Assessment, the corporate governance framework and the practices were divided in five key areas: (i) Structure and Functioning of the Board; (ii) Transparency and Disclosure of company information; (iii) Internal Control; (iv) Rights of Shareholders; and (v) Stakeholders and Institutions. Each of these key areas is further divided in sections (for instance, the area "Structure and Functioning of the Board" is divided in five sections: Board composition; Gender diversity at the board; Independent directors; Board effectiveness; and Responsibilities of the board). Each section is further divided in subsections (for instance, the section "Independent Directors" is divided in three subsections: "Requirement to have independent directors"; "Definition of Independence"; and "Disclosed practices").

The assessment started by sending a questionnaire to law firms and audit firms in each country. Questions were different according to the respondents, which were asked to provide information on the legislation and on how they believe the legislation is implemented.

Responses were assigned to the corresponding subsection(s) and validated by the EBRD corporate governance specialists by looking at the applicable framework and at the disclosure offered by the ten largest (listed) companies in each country. In this respect, the working hypothesis was that the ten largest listed companies are those offering the best disclosure in each country. As such, we presumed that when certain practices were not disclosed by them, they were unlikely to be disclosed by smaller or unlisted companies. The ten largest companies were identified according to their market capitalisation. When a country did not have a stock exchange, there were less than ten listed issuers or there were no data on capitalisation of issuers, the ten largest companies were identified according to their revenues and size of the labour force. In case the largest companies were mostly of one sector (e.g., financial institutions), then the sample of ten companies was corrected to reflect other sectors of the economy.

The validation of responses was undertaken by the corporate governance specialists within the Legal Transition Team through desktop research. This research was conducted both on legislation and on the practices disclosed by the largest (listed) companies (e.g., companies' websites, annual reports, stock exchanges database etc.). In addition, the relevant reports by international financial institutions (e.g., IMF, World Bank, IFC, Transparency International, etc.) were analysed and taken into consideration. Answers received by respondents that were not grounded by specific references to legislation or consistent with the disclosed practices were not taken into consideration.

Following the validation process, each subsection was compiled by adding specific references to legislation and practices. Conclusions were then formulated for each subsection, each rated as per their adherence to international governance standards. The score ranges from 1 (very weak) to 5 (strong). The rating for each section was then calculated by averaging the ratings of the subsections.

Because understanding corporate governance requires a "holistic perspective", where each component needs to have a place in the overall picture – pretty much like a puzzle - in case one of the subsection was rated "weak" or "very weak", the resulting average was decreased by 0.2; in case more than one subsection was rated "weak" or "very weak", the resulting average was decreased by

0.5. This is because if just one component is not fitting well with the others, then all others are weakened. Similarly, the overall strength diminishes if there are more weak components.

Conversely, in order for the framework to be strong, all components need to be well fitting with each other. Hence, in case all subsections were scored "moderately strong" or "strong", then the resulting average was increased by 0.5. However, this "positive" adjustment was used with some care as the assessment looked at the top ten largest companies in the country, hence findings tended to be often overly optimistic.

Key areas were then rated according to the same criteria.

The ratings are presented through the colours detailed in the box below and they demonstrate the adequacy or need of reform in respect to each governance area and section.

Rating:

"Strong to very strong" (DARK GREEN) - The corporate governance framework / related practices of companies are fit-for-purpose and consistent with best practice.

"Moderately strong" (LIGHT GREEN) - Most of the corporate governance framework / related practices of companies are fit-for-purpose but further reform is needed on some aspects.

"Fair" (YELLOW) - The corporate governance framework / related practices of companies present some elements of good practice, but there are a few critical issues suggesting that overall the system should be assessed with a view of reform.

"Weak" (ORANGE) - The corporate governance framework / related practices of companies may present few elements of good practice, but overall the system is in need of reform.

"Very weak" (RED) - The corporate governance framework / related practices of companies present significant risks and the system is in need of significant reform.

We believe corporate governance cannot be captured and measured simply by numerical values. Hence, alongside the "quantitative" assessment obtained according to the methodology described above, a "qualitative" assessment was also undertaken, by classifying our findings for each section as "strengths" and "weaknesses". Because understanding corporate governance requires a "holistic perspective", when the "quantitative" assessment was finalised, the assessment team compared it with the "qualitative" assessment, and when any inconsistency (i.e. material weaknesses or strengths) was noticed, the average scores of the sections were adjusted by up to ±0.5.

A preliminary version of the Assessment was made public for consultation. The comments and corrections received during the process were analysed by the corporate governance specialists. When confirmed, the corrections were reflected in the final ratings and in this Assessment.

Overview

Legislative framework

The primary sources of corporate governance legislation in Greece are the Law 2190/1920 on Companies Limited by Shares, the Law 3016/2002 on Corporate Governance, Board Remuneration and other Issues, the Law 4261/2014 on Access to the Activity of Credit Institutions and Prudential Supervision of Credit Institutions and Investment Firms, the Law 3693/2008 on Harmonisation of Greek Legislation with Directive 2006/43 on Statutory Audits and the Law 3556/2007 on Transparency Requirements for Issuers. To note also the Law 3864/2010 on Establishing the Fund for Financial Stability (the HFSF Law), which includes a set of corporate governance provisions applicable the four systemically important banks in the country. A Corporate Governance Code was adopted in 2011 at the initiative of the SEV Hellenic Federation of Enterprises. The Code has been revised in 2013 by the Hellenic Corporate Governance Council. The Code is very well structured and it is to be applied by listed companies under the so-called "*comply or explain*" principle. However, it seems that this concept has not been fully understood: at least one third of the listed companies in Greece has drafted its own corporate governance code and provide the comply or explain declaration on this. This is not a good practice.

Structure and functioning of the board

Joint stock companies in Greece are organised under a one tier system. The Corporate Governance Code recommends that the positions of the CEO and chair of the board are split, or – as an alternative - that an independent chairman is appointed. This is a requirement for banks.

The law does not clearly assign to the boards some of its key functions. Boards appear to be relatively small and evidence has shown that smaller board tend to perform better (provided that they have the right mix of skills and support). Legal entities can serve as board members. Gender diversity at the board appears to be very limited. There are qualification requirements for banks and for the independent member of the audit committee.

The law requires that non-executives must account for at least one-third of the board with at least two independent directors. The Corporate Governance Code raises the standard and recommends non-executives to be the majority of the board while independent directors should count for no less than 1/3 of the board. This practice seems to be well implemented by the ten largest listed companies.

Banks that have been subject to recapitalisation through the Hellenic Financial Stability Fund (HFSF) are subject to specific requirements in terms of board composition, qualification and independence.

There are two definitions of independence: one in the law and one in the Corporate Governance Code. The definition in the Corporate Governance Code is shaped upon the one in the law and it provides for more stringent requirements. Both definitions concentrate on negative criteria but the Corporate Governance Code also emphasizes what is expected in practice from independent directors. To note that the HFSF Law which applies only to the four systemically important banks, also includes some specific independence requirements for chairman of the four banks' committees.

The law requires public interest companies to create an audit committee made of at least one independent director. The Corporate Governance Code defines the duties and responsibilities of the committees and recommends that committees are made by a majority of independent directors. However, disclosure by the ten largest listed companies shows that the recommendations of the Corporate Governance Code on the composition of the audit committee are not well implemented. Systemically important banks are also required to create other committees. It was not possible to assess the activities of board and committees, as disclosure on this point is limited. All ten largest listed companies disclose having a corporate secretary. Liability of board members and directors, fiduciary duties and conflicts of interest are well detailed in the law.

Transparency and Disclosure

Companies and banks are required by law to prepare and publish an annual report, including financial and non-financial information. The websites of the ten largest listed companies are generally updated and informative. Annual reports and minutes of the general shareholders' meeting (GSM) appear to be well disclosed, however it appears that only a minority of companies post their articles of association on their websites. Companies are required to disclose their compliance with the Corporate Governance Code. However, it seems that this concept has not been fully understood: at least one third of the listed companies in Greece has drafted its own corporate governance code and provide the comply or explain declaration on this. This is not a good practice. Disclosure on board's and committees' composition and qualification of members is comprehensive. However, disclosure on board's and committees' activities and meetings is limited.

The law requires large companies and banks to prepare and disclose their financial statements, which must be in line with IFRS. The law requires disclosure of price sensitive information. The law requires companies and banks to have an independent external auditor and to disclose its name and auditor's report. The audit committee is in charge of undertaking the auditor's "independence test". Provision of non-auditing services is allowed, but restricted, subject to the monitoring of the audit committee. This is fine in principle, however, it appear that only a minority of companies have the audit committee made of a majority of independent members. This lack of independence might undermine the objectivity of the monitoring process.

Internal Control

Banks and listed companies are required to have an internal audit function in place. The Corporate Governance Code includes an Annex with a set of recommendation's dedicated to internal control. Banks are also required to create a standalone compliance function.

The law requires public interest companies to create an audit committee, where at least one member is qualified and independent. The Corporate Governance Code recommends that the majority of members of the audit committee is independent. Audit committees are "*board committees*", made only of board members. Disclosure on the audit committee's meeting and activities is limited.

Companies are required to appoint independent external auditors, which must be rotated every 5 years. Provision of non-auditing services by the external auditor is allowed, subject to the monitoring of the audit committee. This is fine in principle, however, it appear that only a minority of companies have an audit committee made of a majority of independent members. This lack of independence might undermine the objectivity of the monitoring process. Related party transactions and conflict of interest are regulated by law, and it appears that there is extensive case law and judicial practice on these issues. There is no comprehensive whistleblowing legislation.

Rights of Shareholders

Basic shareholders rights are provided by law. Shareholders representing 5% of the shares can call a GSM and ask for new items to be included in the GSM agenda. Shareholders also enjoy pre-emptive rights in case of capital increase, have the right to access corporate documentation and have the right to start derivative actions.

Cumulative voting is possible, but needs to be provided by the Articles. The Articles can provide certain shareholders with the power to appoint up to one third of the board. It is not clear how this process is conducted in practice. In particular, it is not clear if those directors owe fiduciary duties to the company and all shareholders or only to those shareholders that have appointed them.

Insider trading, marked abuse and self-dealing is regulated by law, but we could not find evidence on insider trading enforcement. Annual reports are generally easily available. Registration of shareholding is required by law and significant shareholding variations must be disclosed.

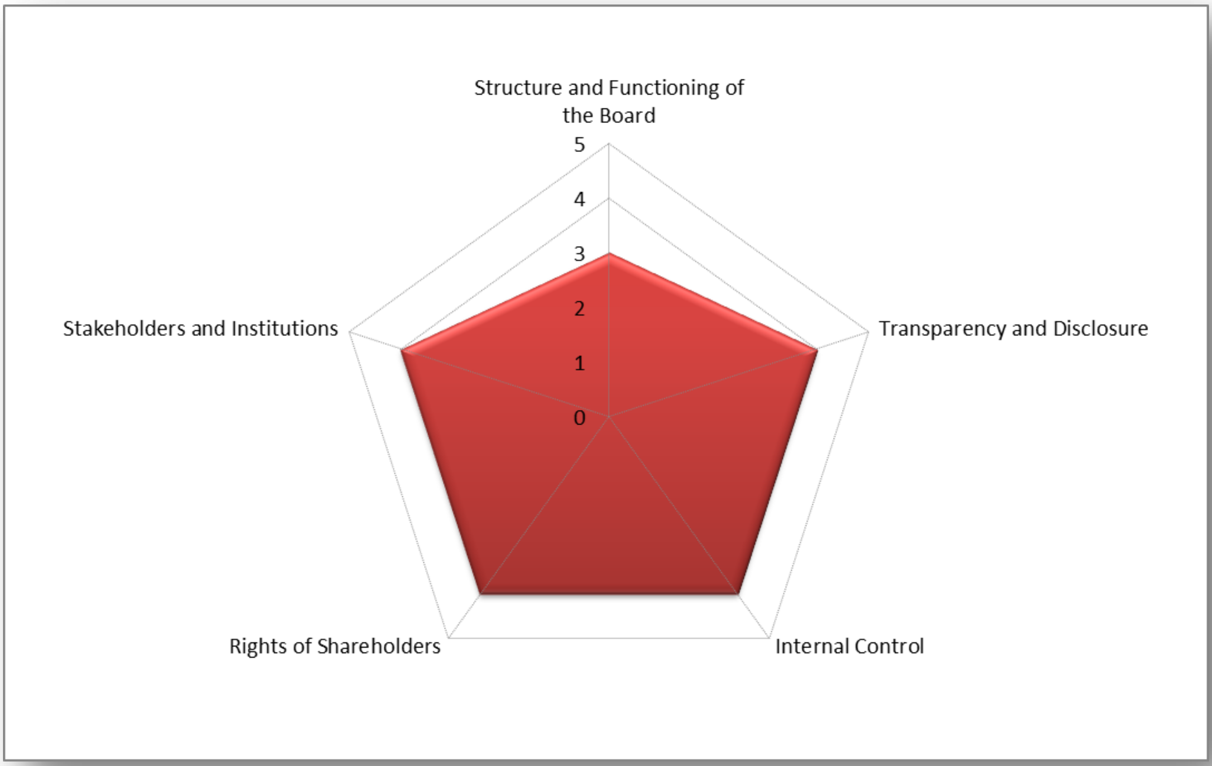
Stakeholders and Institutions

The stock exchange is liquid and well capitalised. It also provides for an informative website. International audit firms, law firms and rating agencies have a significant presence in the country.

The Hellenic Corporate Governance Code is well structured and provides excellent guidance. The Code has been recently reviewed. The Code is to be applied under the so-called "*comply or explain*" approach. It seems that this approach has not been fully understood: at least one third of the listed companies in Greece have drafted their own corporate governance code and provide the comply or explain declaration on this. This is not a good practice. In all other cases, disclosure on the Code's compliance appears to be very formalistic and often does not refer to the practices in place. Further, there is very little evidence of the Code's monitoring of its implementation. We could not find any case law referring to the Code as a source of rights and obligation.

It appears that there are no major inconsistencies in the corporate governance legislation. The Corporate Governance Code is well shaped on legislation so to address those issues that are not sufficiently regulated by law. Case law is timely aggregated and fairly accessible by lawyers in the country. Indicators by international organisations show a framework in the top half of the countries in the EBRD region. Only the Global Competitiveness Index signals some problems.

Corporate Governance Legislation and Practices in Greece



Source: EBRD, Corporate Governance Assessment 2016

Note: The extremity of each axis represents an ideal score, i.e., corresponding to the standards set forth in best practices and international standards (e.g., OECD Corporate Governance Principles). The fuller the 'web', the closer the corporate governance legislation and practices of the country approximates best practices. Data are still indicative. They will be confirmed after having received public comments.

Key: Very weak: 1 / Weak: 2 / Fair: 3 / Moderately Strong: 4 / Strong to very strong: 5

Key Areas	Strengths and Weaknesses
1. Structure and Functioning of the Board *Fair*	*Joint stock companies in Greece are organised under a one tier system. The Corporate Governance Code recommends that the positions of the CEO and chair of the board are split, or – as an alternative - that an independent chairman is appointed. This is a requirement for banks.* *The law does not clearly assign to the boards all its key strategic functions.* *Boards appear to be relatively small and evidence has shown that smaller board tend to perform better (provided that they have the right mix of skills and support).* *Legal entities can serve as board member.* *Gender diversity at the board appears to be very limited.* *There are qualification requirements for banks and for the independent member of the audit committee.* *The law requires that non-executives must account for at least one-third of the board with at least two independent directors. The Corporate Governance Code raises the standard and recommends non-executives to be the majority of the board while independent directors should count for no less than 1/3 of the board. This practice seems to be well implemented by the ten largest listed companies.* *Banks that have been subject to recapitalisation through the Hellenic Financial Stability Fund (HFSF) are subject to specific requirements in terms of board composition, qualification and independence.* *There are two definitions of independence: one in the law and one in the Corporate Governance Code. The definition in the Corporate Governance Code is shaped upon the one in the law and it provides for more stringent requirements. Both definitions concentrate on negative criteria but the Corporate Governance Code also emphasizes what is expected in practice from independent directors. To note that the HFSF Law which applies only to the four systemically important banks, also includes some specific independence requirements for chairman of the four banks' committees.* *The law requires public interest companies to create an audit committee made of at least one independent director. The Corporate Governance Code defines the duties and responsibilities of the committees and recommends that committees are made by a majority of independent directors. However, disclosure by the ten largest listed companies shows that the recommendations of the Corporate Governance Code on the composition of the audit committee are not well implemented. Systemically important banks are also required to create other committees.* *It was not possible to assess the activities of board and committees, as disclosure on this point is limited.* *All ten largest listed companies disclose having a corporate secretary.* *Liability of board members and directors, fiduciary duties and conflicts of interest are well detailed in the law.*
1.1. Board Composition *Fair/Moderately strong*	***Strengths:*** • *Joint stock companies in Greece are organised under a one tier system. The Corporate Governance Code recommends that the positions of the CEO and chair of the board are split, or that an independent chairman is appointed. This is a requirement for banks.* • *The boards of the ten largest listed companies appear to be relatively well sized – the board size ranges between 6 and 16 members, with an average of 10.3. Evidence has shown that smaller boards tend to perform better (provided that they have the right mix of skills and support).* • *There are qualification requirements for banks and for the independent member of the audit committee.* • *The law requires companies to have at least two independent directors at the board, while the Corporate Governance Code recommends that independent directors should count for no less than 1/3 of the board. This practice seems to be well implemented by most companies.* • *The law requires public interest entities to create an audit committee. Systemically important banks are also required to create other committees. The HFSF Law includes specific requirements on board composition, independence and qualification criteria for board members of the four systemic banks in the country.* ***Weaknesses:*** • *Legal entities can serve as board member. We do not believe this is a good practice, as legal entity participation in the board often raises concerns about weakening the board members' fiduciary duties and can undermine the ability of the board to perform its functions in an effective and professional manner. Further, it raises doubts on whether the board possess the right mix of skills.*

Key Areas	Strengths and Weaknesses
1.2. Gender Diversity at the Board (7.7%) *Very weak*	• *The Corporate Governance Code recommends listed companies to adopt a diversity policy - including, gender balance - to be published on the company's website. The corporate governance statement should make specific reference to the diversity policy.* • *All ten largest listed companies disclosed the board composition. Five companies disclosed having women on their board: one woman in the boards of two companies; and two women in the boards of other three companies (average 15.36% in these boards).* • *In total, there are 7 women among 103 board members (average 7.7%).*
1.3. Independent Directors *Fair*	***Strengths:*** • *The law requires companies to have at least two independent directors on their board. On average the ten largest listed companies have the boards made of 1/3 of independent directors.* • *There are two definitions of independence: one in the law and one in the Corporate Governance Code. Rightfully, the definition in the Corporate Governance Code is shaped upon the one in the law but it provides for more stringent requirements. Both definitions concentrate on negative criteria but the Corporate Governance Code also emphasizes what is expected from independent directors in practice.* • *The law requires public interest companies to create an audit committee made of at least one independent director. The Corporate Governance Code raises the standards and recommends that committees are made of a majority of independent directors. To note that the HFSF Law which applies only to the four systemically important banks, also includes some specific independence requirements for chairman of the four banks' committees.* ***Weaknesses:*** • *Disclosure by the ten largest listed companies shows that the recommendations of the Corporate Governance Code on the composition of the audit committee are not well implemented. It appears that only in three out of the ten largest listed companies, the audit committee is made of a majority of independent board member.*
1.4. Board Effectiveness *Fair*	***Strengths:*** • *All ten largest listed companies disclose having a corporate secretary.* • *The Corporate Governance Code recommends that the board should undertake a regular evaluation of its own performance and of its committees.* ***Weaknesses*** • *The law does not clearly assign to the boards its key strategic functions. Pursuant to the law, the board is competent to decide on every act concerning the management of the company, the administration of its assets and the pursuance of the company object in general. This is a general rule which also – implicitly - might include – strategy, budget and risk profile. However, there is no express reference to those. In banks, Law 4261/2014 clearly assigns to the board the authority to approve the bank risk strategy (Art. 68), overall strategy, internal governance and oversight of management (Art. 80), however, we could not find a clear reference to the budget. The Corporate Governance Code attempts to fill the gap, however the Code only provides recommendations.* • *From the disclosure offered by companies, it appears that there is no developed practice of board evaluation.* • *It was not possible to assess the activities of board and committees, as disclosure on this point is limited.*
1.5. Responsibilities of the Board *Moderately strong*	***Strengths:*** • *Liability of board members and directors, fiduciary duties and conflicts of interest are well detailed in the law.* ***Weaknesses:*** • *The law does not clearly assign to the boards its key strategic functions (see above).*

Key Areas	Strengths and Weaknesses
2. Transparency and Disclosure *Moderately strong*	*Companies and banks are required by law to prepare and publish an annual report, including financial and non-financial information.* *The websites of the ten largest listed companies are generally updated and informative. Annual reports and minutes of the general shareholders' meeting (GSM) appear to be well disclosed, however it appears that only a minority of companies post their articles of association on their websites.* *Companies are required to disclose their compliance with the Corporate Governance Code. However, it seems that this concept has not been fully understood: at least one third of the listed companies in Greece has drafted its own corporate governance code and provide the comply or explain declaration on this. This is not a good practice.* *Disclosure on board's and committees' composition and qualification of members is comprehensive. However, disclosure on board's and committees' activities and meetings is limited.* *The law requires large companies and banks to prepare and disclose their financial statements, which must be in line with IFRS.* *The law requires disclosure of price sensitive information.* *The law requires companies and banks to have an independent external auditor and to disclose its name and auditor's report. The audit committee is in charge of undertaking the auditor's "independence test". Provision of non-auditing services is allowed, but restricted, subject to the monitoring of the audit committee. This is fine in principle, however, it appear that only a minority of companies have the audit committee made of a majority of independent members. This lack of independence might undermine the objectivity of the monitoring process.*
2.1. Non-Financial Information Disclosure *Fair*	**Strengths:** • *Companies and banks are required by law to prepare and publish an annual report, including financial and non-financial information. This requirement seems to be well implemented.* • *The websites of the ten largest listed companies are updated and informative.* • *Disclosure on board's and committees' composition and qualification of members is comprehensive.* **Weaknesses:** • *It appears that only a minority of companies post their articles of association on their websites.* • *Disclosure on board's and committees' activities and meetings is limited.* • *Companies are required to disclose their compliance with the Corporate Governance Code. However, it seems that this concept has not been fully understood: at least one third of the listed companies in Greece have drafted their own corporate governance code and provide the comply or explain declaration on this. This is not a good practice.*
2.2. Financial Information Disclosure *Strong*	**Strengths:** • *The law requires large companies and banks to prepare and disclose their financial statements.* • *By law, financial statements must be in line with IFRS.*
2.3. Reporting to the Market and to Shareholders *Moderately strong*	**Strengths:** • *Annual reports and minutes of the GSM appear to be well disclosed.* • *The law requires disclosure of price sensitive information.* **Weaknesses:** • *Non-financial disclosure has room for improvement.*
2.4. Disclosure on the External Audit *Moderately strong*	**Strengths:** • *The law requires companies and banks to have an independent external auditor and to disclose its name and auditor's report.* • *The audit committee is in charge of undertaking the auditor's "independence test".* **Weaknesses:** • *Provision of non-auditing services by the external auditor is allowed, but subject to the monitoring of the audit committee. This is fine in principle, however, it appear that only a minority of companies have the audit committee made of a majority of independent members. This lack of independence might undermine the objectivity of the monitoring process.*

Key Areas	Strengths and Weaknesses
3. Internal Control *Moderately strong*	*Banks and listed companies are required to have an internal audit function in place. The Corporate Governance Code includes an Annex with a set of recommendation's dedicated to internal control.* *Banks are also required to create a standalone compliance function.* *The law requires public interest companies to create an audit committee, where at least one member is qualified and independent. The Corporate Governance Code recommends that the majority of members of the audit committee is independent. Audit committees are "board committees", made only of board members.* *Disclosure on the audit committee's meeting and activities is limited.* *Companies are required to appoint independent external auditors, which must be rotated every 5 years.* *Provision of non-auditing services by the external auditor is allowed, subject to the monitoring of the audit committee. This is fine in principle, however, it appear that only a minority of companies have an audit committee made of a majority of independent members. This lack of independence might undermine the objectivity of the monitoring process. Further, it is not entirely clear which definition of independence (i.e., the one in the law or the one in the Code) is used, as disclosure on this point is limited.* *Related party transactions and conflict of interest are regulated by law, and it appears that there is extensive case law and judicial practice on these issues.* *There is no comprehensive whistleblowing legislation in place.*
3.1. Quality of the Internal Control Framework *Moderately strong*	***Strengths:*** • *Banks and listed companies are required to have an internal audit function.* • *Banks are required to create a standalone compliance function.* • *Audit committees are "board committees".* ***Weaknesses:*** • *There is no comprehensive whistleblowing legislation in place.*
3.2. Quality of Internal and External Audit *Moderately strong*	***Strengths:*** • *Banks and listed companies are required to have an internal audit function.* • *Companies are required to appoint independent external auditors.* • *Companies are required to rotate the external auditor every 5 years.* ***Weaknesses:*** • *Provision of non-auditing services by the external auditor is allowed, but subject to the monitoring of the audit committee. This is fine in principle, however, it appear that only a minority of companies have the audit committee made of a majority of independent members, which might undermine the objectivity of the monitoring process.*
3.3. Functioning and Independence of the Audit Committee *Fair*	***Strengths:*** • *The law requires public interest companies to create an audit committee, where at least one member is qualified and independent. The Corporate Governance Code further recommends that the majority of members of the audit committee is independent.* • *The audit committee is a board committee, made of board members.* ***Weaknesses:*** • *Disclosure on the audit committee's meeting and activities is limited.* • *Disclosure by the ten largest listed companies shows that the recommendations of the Corporate Governance Code on the composition of the audit committee are not well implemented. It appears that only in three out of the ten largest listed companies, the audit committee is made of a majority of independent board member. Further, it is not always clear how companies define and test "independence".*
3.4. Control over Related Party Transactions and Conflict of Interest *Moderately strong*	***Strengths:*** • *Related party transactions and conflict of interest are regulated by law.* • *Related party transactions which are concluded in breach of the law are null and void and can be invalidated by court. It appears that there is extensive case law and judicial practice related to the issue.*

Key Areas	Strengths and Weaknesses
4. Rights of Shareholders *Moderately strong*	*Basic shareholders rights are provided by law.* *Shareholders representing 5% of the shares can call a GSM and ask for new items to be included in the GSM agenda. Shareholders also enjoy pre-emptive rights in case of capital increase, have the right to access corporate documentation and have the right to start derivative actions.* *Cumulative voting is possible, but needs to be provided by the Articles. The Articles can provide certain shareholders with the power to appoint up to one third of the board. It is not clear how this process is conducted in practice. In particular, it is not clear if those directors owe fiduciary duties to the company and all shareholders or only to those shareholders that have appointed them.* *Insider trading, marked abuse and self-dealing is regulated by law, but we could not find evidence on insider trading enforcement.* *Annual reports are generally easily available.* *Registration of shareholding is required by law and significant shareholding variations must be disclosed.*
4.1. General Shareholders' Meeting (GSM) *Moderately strong*	***Strengths:*** • *Basic shareholders rights are be provided by law.* • *Shareholders representing 5% of the shares can call a GSM and ask for new items to be included in the GSM agenda.* • *Every shareholder has the right to ask the company specific question at least 5 days before the GSM and the board has the obligation to submit to the GSM the specific information requested.* • *All shares of the same class are equal as regards ownership and voting rights.* • *Cumulative voting is possible, but needs to be provided by the Articles.* ***Weaknesses:*** • *The Articles can provide "certain shareholders" with the power to appoint up to one third of the board. It is not clear how this process is conducted in practice. In particular, it is not clear if those directors owe fiduciary duties to the company and all shareholders or only to those shareholders that have appointed them.*
4.2. Protection against Insider Trading and Self-dealing *Moderately strong*	***Strengths:*** • *Insider trading and marked abuse are regulated by law.* • *Regulation on self-dealing is well regulated by law.* ***Weaknesses:*** • *We could not find evidence on insider trading enforcement.*
4.3. Minority Shareholders Protection and Shareholders' Access to Information *Moderately strong*	***Strengths:*** • *Shareholders representing 5% of the shares can call a GSM and ask for new items to be included in the GSM agenda.* • *2/3 majority is required for major corporate changes (the blocking minority shareholding for major corporate changes is 33%+1).* • *Shareholders enjoy pre-emptive rights in case of capital increase.* • *Shareholders have the right to start derivative actions.* • *Shareholders have the right to access corporate documentation.* • *Annual reports are generally available.*
4.4. Registration of Shareholdings *Fair*	***Strengths:*** • *Registration of shareholding is required by law.* • *Significant shareholding variations must be disclosed.* ***Weaknesses:*** • *Transferability of shares might be restricted in certain cases (so-called "blocked registered shares").*

Key Areas	*Strengths and Weaknesses*
5. Stakeholders and Institutions *Moderately strong*	*The stock exchange is liquid and well capitalised. It also provides for an informative website.* *International audit firms, law firms and rating agencies have a significant presence in the country.* *The Hellenic Corporate Governance Code is well structured and provides excellent guidance. The Code has been recently reviewed.* *The Code is to be applied under the so-called "comply or explain" approach. It seems that this approach has not been fully understood: at least one third of the listed companies in Greece have drafted their own corporate governance code and provide the comply or explain declaration on this. This is not a good practice. In all other cases, disclosure on the Code's compliance appears to be very formalistic and often does not refer to the practices in place. Further, there is very little evidence of the Code's monitoring of its implementation. We could not find any case law referring to the Code as a source of rights and obligation.* *It appears that there are no major inconsistencies in the corporate governance legislation. The Corporate Governance Code is well shaped on legislation so to address those issues that are not sufficiently regulated by law.* *Case law is timely aggregated and fairly accessible by lawyers in the country.* *Indicators by international organisations show a framework in the top half of the countries in the EBRD region. Only the Global Competitiveness Index signals some problems.*
5.1. Corporate Governance Structure and Institutions *Moderately strong*	***Strengths:*** • *The stock exchange is liquid and well capitalised.* • *The stock exchange provides for an informative website.* • *International audit firms, law firms and rating agencies have a significant presence in the country.*
5.2. Corporate Governance Code *Fair*	***Strengths:*** • *The Hellenic Corporate Governance Code is well structured (General Principles and Special Practices), and provide excellent guidance.* • *The Code has been recently reviewed.* ***Weaknesses:*** • *It seems that the "comply or explain" approach has not been fully understood: at least one third of the listed companies in Greece have drafted their own corporate governance code and provide the comply or explain declaration on this. This is not a good practice.* • *Disclosure on the Code's compliance appears to be very formalistic and often it is a mere "copy and paste" from the company's documentation and does not refer to the practices in place.* • *There is very little evidence of the Code's monitoring of its implementation.* • *We could not find any case law referring to the Code as a source of rights and obligation.*
5.3. Institutional Environment *Moderately strong*	***Strengths:*** • *It appears that there are no major inconsistencies in the corporate governance legislation. The Corporate Governance Code is well shaped on legislation so to address those issues that are not sufficiently regulated by law.* • *Case law is timely aggregated and fairly accessible by lawyers in the country.* • *Indicators by international organisations show a framework in the top half of countries. Only the Global Competitiveness Index signals some problems.*