

Corporate Governance

10th Air Law Conference - St. Petersburg,
Russia



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Background:

- Pursuant to Greek legislation (Law 4706/2020), which adopted the EU directive 2017/828 of the European Parliament and Council, all listed companies in Greece were required to comply with new legislation on Corporate Governance.
- The aim is to ensure greater security for stakeholders by increasing the standards of corporate best practices.
- Deadline to comply: 17.07.2021 – no extension has been given.
- Severe penalties in case of deviation and non-compliance by regulatory authorities.



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Main fields – Law 4706/2020 (EU directive 2017/828):

- Board of Directors: new composition, suitability and diversity principles.
- New independent Committees.
- New provisions regarding Audit Committee.
- Internal Rules of Operation (expansion of purpose and content).
- Increase of the role of the Internal Control Division.
- Revision of Company's Regulations, Policies, Procedures etc.
- Amendments in the Articles of Association, as necessary.
- Additional requirements to inform shareholders and investors.



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Board Members' requirements:

- Independent BoD members (Art. 9 Law 4706/2020):

Legal requirement: 1/3 of the total rounded to the nearest, not less than 2.

BoD Aegean: 12 members : 4 independent members

- Diversity (Art. 3 Law 4706/2020):

Law requirement: members by gender/ at least 25% of the total (rounded to the lowest)

BoD Aegean: 12 members: 3 female members

- The Chairman should be a non-executive member; if the Chairman is an executive member, then the Vice- Chairman should be a non – executive member.



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New committees:

- Remuneration Committee (3 members, non-executive and independent by majority)
- Nominations Committee (3 members, non-executive and independent by majority)

Remuneration and Nominations Committee may be composed in one Committee. It assists the Board of Directors in the nomination of the Board members based on the Company Suitability Policy, and in relation to the remuneration of the Board members based on the Company's Remuneration Policy.

- Independent Audit Committee (3 members) / 3 different types



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New Policies and company's regulations:

- Remuneration Policy (for board members and senior managers)
- Suitability Policy (for board members)
- Internal Rules of Operation which mainly include:
 - The main features of the Corporate Governance System and the System of Internal Control
 - Summary of the procedure for engaging senior executives and evaluating their performance.
 - The procedure of notifying the existence of dependent relations of Board members and their relatives.
 - The procedure of compliance with the obligations arising from related party transactions.



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New Policies and company's regulations:

- The policy and procedure for the prevention and treatment of conflict-of-interest situations.
- The procedure related to the management privileged information and the proper notification of the public.
- The policy and procedure of communication with the shareholders.
- The training policy of the members of the Board of Directors, as well as the executives of the Company.
- The Environmental Social Government policy, whistleblowing and risk management policy.

The Internal Rules of Operation are published at the company's website, along with certain policies and regulations (as stated above).



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Penalties for non-compliance:

- Reprimand or Fine up to 3 M Euro in the company and in any case not more than 5% on its annual turnover.
- Reprimand or Fine up to 3 M Euro to Board members or other individuals or legal entities which fall within the meaning of Law 4706/2020.

The above are imposed by the regulatory authority of each state. In Greece, the Hellenic Capital Market Commission.



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Final remarks:

- The new regime forms a significant challenge to listed companies who wish to pursue a role in the international business environment and in the most demanding capital markets.
- As organizations, we need to demonstrate corporate best practices for Corporate Governance and work on the development of specialized solutions that will ensure the compliance with regulations.
- The monitoring of the implementation of the new legislation by the listed companies is a main obligation of the institutions of the Capital Market Commission, in order to be upgraded and be a reliable choice in the international markets.



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Thank you for your kind attention

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