

***“Value creation and corporate governance in an economy
that is “re-inventing” itself. Where do we stand?”***

Theodore Fessas, Chairman SEV

INSEAD’s IDN kick-off event in Greece

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Dear organizers, dear speakers, Ladies and gentlemen,
dear Ludo, thank you for being here with us today.

Dear Kostas/ Mr Yazitzoglou you have indeed chosen a really
crucial topic to discuss today and at a most suitable time.

Corporate governance is a significant tool, not only to convince
investors on the “good standing” of a company, but also to set
the “tone at the top” for value creation, operational excellence
and growth.

It has been proven that firms with strong corporate governance
have had better performance during the debt sovereign crisis and
managed to pull through.

Ten years ago, SEV jointly with the Athens Stock Exchange, took
the initiative to establish the Greek Corporate Governance Code
and later the Hellenic Corporate Governance Council.

Today as the third adjustment program concludes in August 2018, the world will take a closer look at Greece. With a more competitive economy, our top target is to attract substantial investments and reach the level of 45 billion euro (or 20% of Greek GDP) investments in 4-5 years. Many of these new investments will take the form of Mergers and Acquisitions turn around investments, etc. This is why corporate governance is important for existing Greek companies.

We will have to be able to prove that we do fulfill the fit and proper requirements to rejoin the world economy.

Sustainable competitiveness of Greek corporations and enhanced credibility of the Greek market through corporate governance, are key drivers in this effort. This includes all companies: listed and non-listed, larger or SMEs, startups or well established family owned ... and last but not least “state owned”.

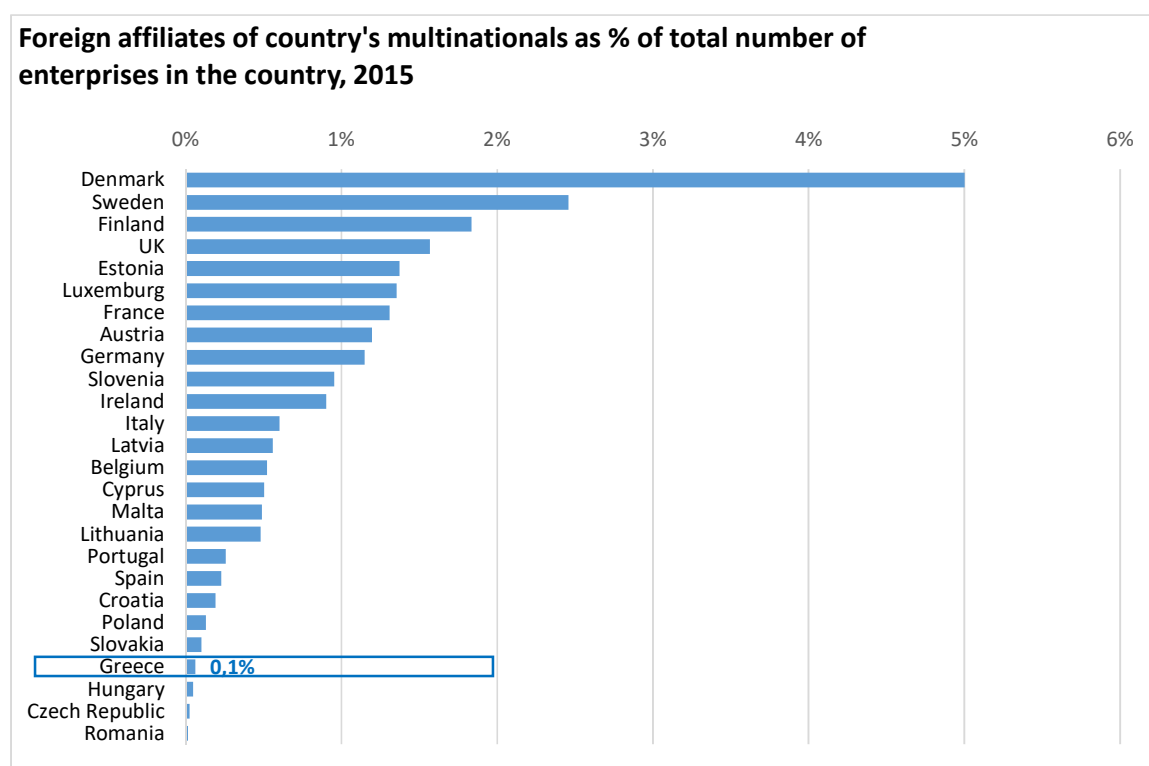
It is a great honor therefore being here today and I hope I can add value to your conversation.

What does corporate governance mean for Greek companies and where do we stand?

Based on recent studies, a significant number of Greek companies do comply with internationally accepted Corporate Governance Codes, the National Corporate Governance Code, or other Codes.

Some data are useful to understand the actual numbers of Greek multinational corporates. As you can see from this chart, Greece is at the bottom of European countries with regard to the number of Greek multinationals vis-a-vis the total number of Greek companies.

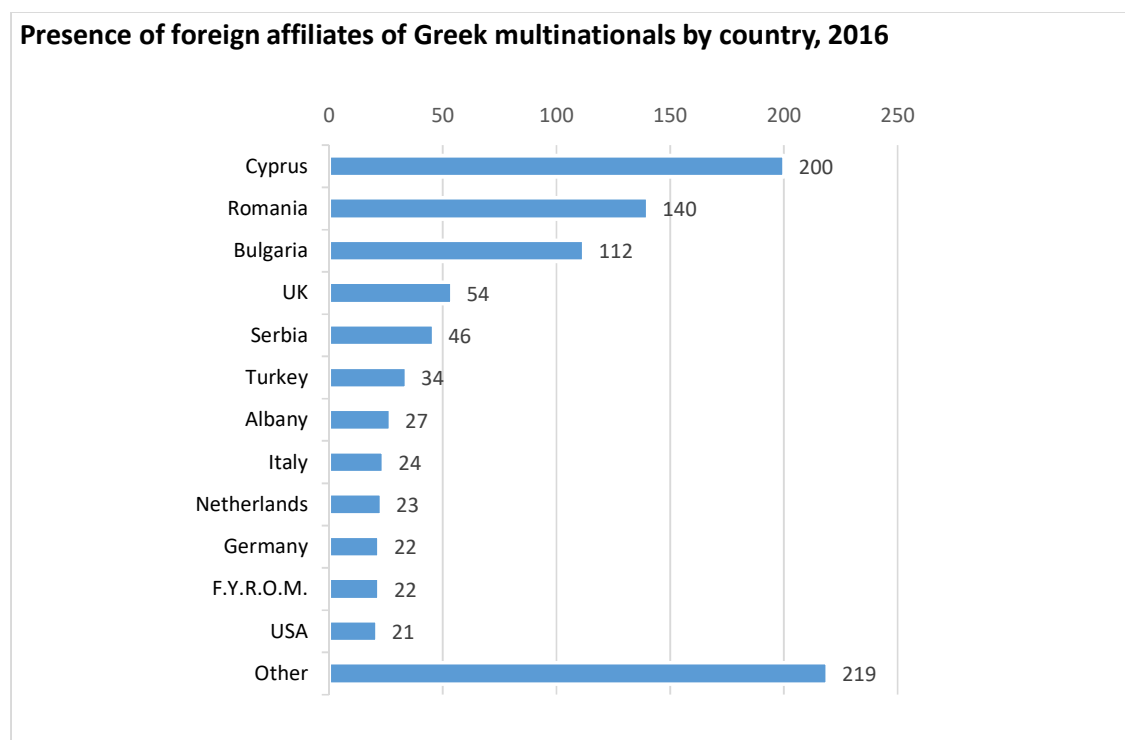
INFOGRAPHIC 1



Source: Eurostat, Foreign Affiliates Statistics

Further data, show us Greek multinationals are mainly located close to neighboring countries and are reluctant or unfit to locate themselves to other countries.

INFOGRAPHIC 2



Source: ICAP

The majority of Greek firms are directed by small Boards, of fewer than eight members, the presence of women is extremely low and the participation of stock holder / family members is significantly high.

Most Boards have both executive and non-executive members. The number of independent non-executive members is usually restricted to the limits set by Greek corporate governance legislation.

Greek companies are mostly family-associated. This explains some unique characteristics, longer investment horizons, direct involvement in executive management positions, etc.

Sometimes family members may be below expectations or make sub-optimal managerial decisions, thus negatively influencing the firm's performance.

Board committees, board independence and board members' education and qualification criteria are in some cases not adequately established.

Thus many BoD have a passive role and follow the decisions set by the owners.

Additionally, the role of non-executive members, which is to look after shareholders' interests, is often compromised and therefore management supervision is poor or inefficient.

The establishment of the Corporate Governance Code for listed companies as of December 2010, did manage to accelerate corporate governance practices and increase investors' protection.

Although the legal framework in Greece complies fully with EU guidelines and directives, the question of whether this modernisation of legal frameworks has indeed led to value creation, has not yet been completely answered.

SMEs and corporate governance.

Another characteristic of Greek economy is the large number of Small and Medium-Sized Enterprises (SMEs). Corporate governance is largely associated with larger companies. Nevertheless, there has been a growing demand, worldwide, for the application of corporate governance to SMEs and non listed companies as well.

The argument is that similar guidelines that apply to listed companies should also be applicable to SMEs.

In my opinion this trend is linked to the widespread emergence of new financing instruments that call for greater transparency and accountability, but it's also linked to technological disruption. Small innovative firms can also be world companies at the same time. Good governance is of essence for them too.

As an investor but as a business owner as well, I do know by experience, that investments are based on trust.

The role of corporate governance rules and regulations is to provide a framework of trust, transparency and accountability. This is hugely important for financial investors. In this sense, good corporate governance is a key facilitator of corporate financing.

Allow me to remind you that following this trend, the Hellenic Corporate Governance Council two years ago (March 2016) set into open consultation a “version” of a Corporate Governance Code for non-listed companies. A “Special Practices of Good Corporate Governance for non-listed Companies” report, with a focus on SMEs.

What I just described to you depicts the existing situation in Greek companies. We are corporate governance aware and many companies are compliant, still there is a lot more effort to be made.

Future directions

Soon Greece will rejoin the world economy.

Hopefully, we all learned some lessons.

Perhaps we will need to revisit some of the practices, principles and values we share not only in the way our economy operates but mainly in the way we run our businesses.

We need to develop some new “value creation” and “risk assessment” mechanisms that will take us to the next day.

INSEAD is a constant source of innovative ideas on such instruments and those privileged enough to follow the courses and seminars provided, will make the difference.

Today’s event, with the presence of Professor Ludo Van der Heyden will open a window on what is at the edge of corporate governance and top management practices today.

Let’s hope that we will have the chance of hosting similar events in the near future again.

Thank you once again for being here and listening to me.