

Law 3016 / 2002
“On Corporate Governance, Remuneration and
Other Issues”

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(Articles 1-11)

The present English translation is an unofficial document made for purposes of information. The official Greek language version, published in the Government Gazette 110/17.05.2002, is the only official version of this text.

CHAPTER A.
SPECIAL ISSUES RELATING TO THE ADMINISTRATION AND
FUNCTION OF INCORPORATED FIRMS LISTED
IN AN ORGANIZED MARKET IN GREECE

Article 1
Scope

“The provisions of the present chapter apply to incorporated firms that will be or have been listed in an organized stock exchange market. The provisions of Codified Law 2190/ 1920, as amended, are in force as long as they are not contrary to the provisions of the present Law. Through its own Decision, the Capital Market Commission may specify organized markets in which the provisions of articles 3 through 8 do not apply, entirely or in part.”

A. BOARD OF DIRECTORS

Article 2
Responsibilities

1. The continuous effort to increase the firm’s long-term market value and the protection of the general corporate interest is the primary responsibility and duty of the members of the Board of Directors of every listed company.
2. Board members and every third party to whom Board responsibilities have been assigned by the Board are prohibited from pursuing own interests that conflict with the interests of the corporation.
3. The Board members and every third party to whom Board responsibilities have been assigned by the Board ought to disclose to the other Board members ahead of time their own interests which could arise from corporate transactions falling within the area of their responsibilities, as well as any other conflict between their own interests and those of the corporation or companies related to it (as defined by article 42e §5 of Codified Law 2190/1920) that may arise during the discharge of their duties.

Article 3

Board of Directors Members

1. The Board of Directors consists of executive and non-executive members. Board members dealing with daily administrative issues of the corporation are considered executive members, whereas non-executive are the Board members mandated with the promotion of all corporate issues. The number of non-executive Board members should not be lower than one third (1/3) of the total number of Board members. If this number is a fraction, then it is rounded up to the next integer. Of the non-executive Board members, at least two should be independent members as defined in Article 4 of the present law. The existence of independent members is not mandatory, if representatives of the shareholders' minority are appointed and participate as members in the Board. The status of Board members as executive and non-executive is determined by the Board of Directors. Independent Board members are appointed by the General Assembly of the Shareholders. If a member is elected by the Board of Directors temporarily, until the next Meeting of the General Assembly of the Shareholders, to replace another independent member that resigned, was deceased or was for any reason deposed, the elected member must also be independent.
2. The Board of Directors decides upon any issues relevant to the remuneration of corporate managers and internal auditors or to the general remuneration policy of the company.

Article 4

Independent Non-Executive Board Members

1. During their tenure, independent non-executive Board members ought not to own more than 0.5% of the company's share capital and ought not to have a relationship of dependence to the corporation or to persons related to it.

A relation of dependence exists when a Board member:

- a. Maintains a business or other professional relationship with the company or with any firm related to it (as defined by article 42e §5 of Codified Law No. 2190/1920), which by its nature affects the corporation's business activity, especially if the BoD member is an important supplier or client of the corporation.
 - b. Is the Chairman of the Board of Directors or a manager of the corporation, or if he holds these positions or is an executive member of the Board of Directors of a related company (as defined in article 42e §5 of Codified Law 2190/1920) or holds a position as paid employee or maintains a salaried relation with the corporation or its related companies.
 - c. Has an up to second-degree kinship with, or is the spouse of an executive Board member, manager or shareholder controlling the majority of shares of the corporation or one of its related companies (as defined in Article 42e §5 of Codified Law No. 2190/1920).
 - d. Has been appointed according to Article 18 §3 of Codified Law No. 2190/1920.
2. Independent Board members may submit, individually or jointly, reports apart from those prepared by the Board of Directors, to the General Assembly of the Shareholders at either its regular or extraordinary Meetings, according to their judgment.

3. Within twenty days after the Board of Directors is organized as a body corporate, the company submits to the Hellenic Capital Market Commission the minutes of the Meeting of the General Assembly of the Shareholders that elected the independent members of the Board, so that compliance with the provisions of the present Law is monitored. Similarly, within the same deadline, the minutes of those meetings of the Board of Directors are submitted in which the status of each Board member as executive, non-executive or elected as temporary independent member to replace a resigned, deceased or deposed member was defined.

Article 5
Non-Executive Member Remuneration

The remuneration and any other compensation of non-executive Board members are determined according to Codified Law 2190/1920 and are proportional to the time they devote to the Board meetings and the fulfillment of the duties assigned to them in accordance to this Law. The total of the remuneration and any other compensation of the non-executive Board members is reported under a separate heading in the annex to the annual financial statements.

B. INTERNAL OPERATING RULES AND INTERNAL AUDIT

Article 6
Internal Operating Rules

1. In order for a company to be listed in an organized stock exchange market, it must have a set of Internal Operating Rules in force at the time it submits its initial public offering application. The Internal Operating Rules are prepared based on the decision of the company's Board of Directors.
2. The Internal Operating Rules include provisions for:
 - a. The administrative structure of the company, the responsibilities of different departments as well as the relations of the departments to one another and to management. The Rules should provide, at a minimum, for Internal Audit, Investor Relations and Company Announcement Departments.
 - b. The responsibilities of executive and non-executive Board members.
 - c. Company procedures for management recruiting and performance assessment.
 - d. Procedures for monitoring:
 - aa) Transactions carried out by persons employed by the company either based on an employment contract or otherwise, who have access to privileged information, as well as by persons performing managerial duties and those closely related to these persons, involving shares of the company or of companies related to it according to article 42e par. 5 of Inc. Law No. 2190/ 1920, provided such shares are traded in an organized stock exchange market.
 - bb) Other economic activities or actions of persons discharging managerial duties in companies related to the company and its main customers and suppliers.
 - e. Procedures for public acknowledgment of transactions carried out by persons discharging managerial duties in the company and by persons closely related to them, as well as by other persons whose transactions the company is obliged to acknowledge in conformity to the legislation in force.

- f. Rules governing the transactions among subsidiaries and their monitoring procedure as well as the appropriate disclosure of these transactions to the company's governing bodies and shareholders.

Article 7

Internal Audit Department Setup

1. The organization and operation of an Internal Audit Department is a prerequisite for the approval of an initial public offering application and for the company's listing in an organized stock exchange market. The internal audit function is performed by a specific organization of the company.
2. Internal Auditors are independent in the performance of their duties, they do not come under (hierarchically) neither are they answerable to any other company organization, and are supervised by one to three (1-3) non-executive Board members.
3. Internal Auditors are appointed by the Board of Directors of the company and are fully (i.e., full-time) and exclusively employed. Being Internal Auditors, they may not be appointed as Board members or managers with duties additional to those of internal auditing, neither may their second – degree relatives by blood or marriage. The company is obliged to inform the Hellenic Capital Market Commission of any change in the persons employed or in the organization of the internal audit function within ten (10) working days after such change has occurred.
4. When performing their duties, Internal Auditors are entitled to be informed of any company book, document, file, bank account and financial portfolio and have access to any company department. The members of the Board of Directors have to co-operate with, furnish information to, and, in general, facilitate in every way the work of Internal Auditors. Company management has to provide Internal Auditors with all means necessary for the fulfillment of their duties.

Article 8

Internal Audit Department Responsibilities

The Internal Audit Department has the following responsibilities:

- a. It monitors the implementation and continuous compliance with the Internal Operating Rules and the Articles of Association of the company, as well as all the legislation in general relevant to the company, particularly corporate and financial legislation.
- b. It reports to the Board of Directors cases of conflict between the private interests of members of the Board of Directors and management members and company interests, detected during the performance of its duties.
- c. Internal Auditors ought to notify the Board of Directors in writing at least quarterly of the results of the audit they perform and to attend the Meetings of the General Assembly of the Shareholders.
- d. Internal Auditors disclose, following approval of the Board of Directors, any information requested in writing by the Supervising Authorities, they collaborate with these authorities and facilitate the performance of their monitoring, auditing and supervising responsibilities in every possible way.

C. OTHER AND TRANSITION PROVISIONS

Article 9

Share Capital Increase. Deviations in the Use of Capital Raised

1. In the case of cash share capital increase, the Board of Directors of the company submits to the General Assembly of the Shareholders a report that mentions the overall goals and targets of the company's investment plan, and includes a tentative time plan of its implementation as well as an account of the use of funds raised through the previous share capital increase, provided less than three years have elapsed since then. The relevant decision of the Meeting of the General Assembly of the Shareholders should include the above information, as well as the full text of the Board report.
2. If the decision for the share capital increase is taken by the Board of Directors in accordance with the provisions of Article 13 §5 of Codified Law No. 2190/1920, all information mentioned in the previous paragraph should be included in the minutes of the Board meeting.
3. Any important deviations in the use of capital raised as mentioned in the Information Bulletin and the decisions of the Shareholders' General Assembly or of the Board of Directors, according to §1 and §2 of the present Article, may be decided upon by the Board of Directors of the company on the basis of a majority of $\frac{3}{4}$ its members and approval by the General Assembly of the Shareholders at a Meeting convened for this purpose. The present provision does not apply to deviations that have taken place before it was put into force.

This decision is notified to the Athens Stock Exchange, the Hellenic Capital Market Commission and the Ministry of Development, with other disclosure responsibilities arising from the legislation in force not being waived.

Article 10

Consequences of Breach of the Present Law

1. In case of non-compliance with articles 3 through 8 and 11 of the present law and non-fulfillment of the obligations arising thereof, the Capital Market Commission can impose onto the members of the Board of Directors or on any person, member of the Board of Directors or not, to whom the relevant responsibilities were assigned, a reprimand or a fine ranging from three thousand to one million Euros. Factors affecting the amount of the fine are the severity of the violation, its effect on the smooth operation of the market, the hazard of causing harm to investors' interests, the degree of culpability and responsibility, the measures the offender has taken so that the violation will not continue in the future, the degree of co-operation with the Capital Market Commission during investigation and audit, the needs of special and general violation prevention and of law enforcement and the likely repetitive violation of this law or of other legislation pertaining to the capital market.
2. The validity of the decisions of the Board of Directors is not impaired in case its composition is not in accord with the stipulations of article 3 paragraph 2, as well as article 4 paragraph 1 of the present law.

Article 11

Transition Provisions

Corporations already listed in the Athens Stock Exchange are obliged to comply with the provisions of articles three (3) and four (4) of the present law by June 30th, 2003 at the latest.

Companies whose initial public offering applications to the Athens Stock Exchange are pending at the time when the present Law is put into force, ought to comply with the provisions of Articles three (3), four (4), six (6) through eight (8) of the present Law within three months from the date they are listed in the Athens Stock Exchange.