Review of the Hellenic Observatory of Corporate Governance (HOCG)

Boards in Greek Maritime Listed Companies

Findings from the Fifth Annual Research

Vol. 7, No. 2, December 2014

ISSN 1759-0108

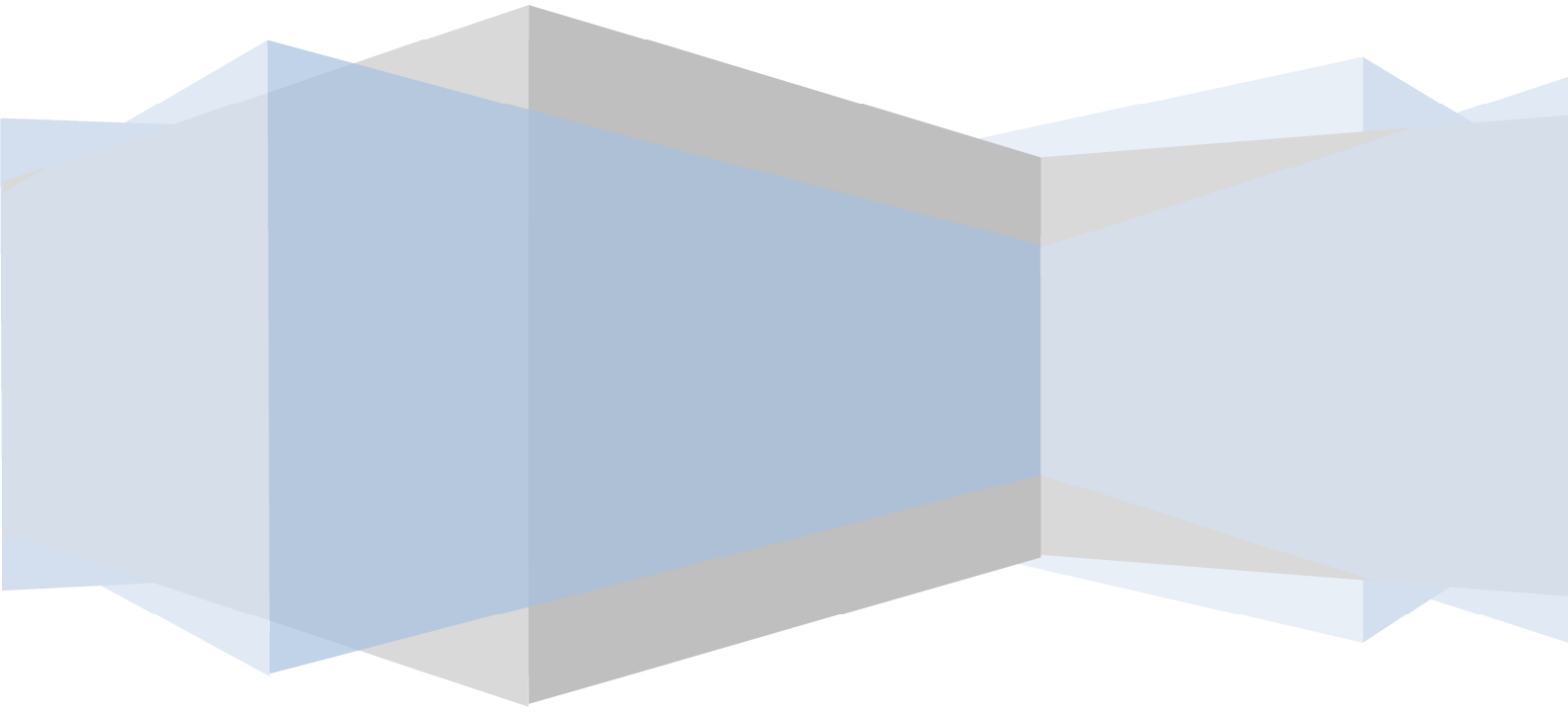

TABLE OF CONTENTS

ISSN 1759-0108

Editorial

This review extents the previous findings presented in four published reports by the HOCG (Vol. 6, No. 2 in 2012, Vol. 5, No. 1 in 2011, Vol. 4, No. 3 in 2010 and Vol. 3, No. 3 in 2009) that portrayed a picture of the board composition of Greek Maritime Companies listed in international bourses.

More specifically, the current analysis covers the period 2001-2012 for 34 Greek owned Maritime firms. These firms are a small but extremely important sample of the 668 maritime firms operating in Greece by the end of 2014.

In 2013, ship-owners maintained their ranking in terms of total capacity; accounting for 16.16 percent of the world's total transport volume. The 3,669 vessels correspond to a total capacity of 261.63 million deadweight (Eurobank, 2014); with dry bulk vessels and crude oil tankers comprise almost 80% of the total capacity of the Greek owned fleet.

The strong family ties and the fact that are listed in well-known international bourses which characterized by strict regulations and obligations make this particular group of firms extremely important to study regarding their Corporate Governance approaches. The HOCG through its longitudinal data collection wishes to contribute greatly on the deeper understanding of the issues surrounding the structure and function of the Maritime Boards.

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RevVer: 2014-12-22

ISSN 1759-0108

Boards in Greek Maritime Listed Companies: Findings from the Fifth Annual Research

1. Introduction

The role of shipping in the facilitation of world trade is well known since it is considered as the most cost-effective and energy efficient mode of mass transport. Major ship size groups that have enhanced the world trade are:

- **Handymax**: Small size dry bulk ships with a capacity between 35,000 and 50,000 Deadweight tonnage (DWT)
- **Supramax:** Dry bulk ships with a capacity between 50,000 to 60,000 Deadweight tonnage (DWT).
- **Panamax:** The largest acceptable size to transit the Panama Canal that can be applied to both freighters and tankers. Their average size is about 65,000 dwt.
- **Aframax:** Crude and product tankers having a size between between 80,000 and 120,000 dwt.
- **Capesize:** Ships between 80,000 and 175,000 dwt that handle raw materials, such as iron ore and coal.
- **Suezmax:** Tankers whose capacity is between 120.000 and 200.000dwt
- **VLOC / ULOC**: Very Large Ore Carrier / Ultra Large Ore Carrier. A specific bulk carrier class above 200,000 dwt designed to carry iron ore.
- **VLCC:** Very Large Crude Carriers, 150,000 to 320,000 dwt in size.
- **ULCC**: Ultra Large Crude Carriers, 320,000 to 550,000 dwt in size. Used for carrying crude oil on long haul routes from the Persian Gulf to Europe, America and East Asia.

All the above mentioned types of ships support the global economy since the bulk transport of raw materials and the import/export of manufactured goods, as well as oil products, would be impossible without shipping. The Shipping industry is a cyclical, seasonal and volatile business that is highly affected by changes in the global economic and political environment. The pace of global economic growth, freight rates, supply & demand of vessels, bunker prices, environmental regulations and piracy constitute some of the most fundamental concerns of the Board of Directors.

The image of the whole industry has altered in the last decade. A large volume of Regulations and Policies push the industry toward cleaner fuel, environmentally-friendly practices, safety compliance mechanisms and maritime security. A remarkable issue of the last decade was the increasing number of companies that were drawn to the public markets seeking additional financing and growth opportunities. Developments in the shipping industry have led to an increased demand from companies to demonstrate that they have appropriate governance structures in place and transparency in their financial data.

1.1 Developments in 2008-2014

The cargo transported by sea has increased substantially during the last decades and it is noticed that in some routes it doubled in the period from 1990 to 2008. However, the impact of the global economic crisis started to affect the shipping industry in 2008. As underlined in the previous HOCG *Reviews*, in 2008 the shipping markets were dramatically affected. For example the Baltic Dry Index (BDI) on the 20th May 2008 reached 11,793 and by 5th December 2008 it had fallen to 663, a decrease of 94%. The Baltic Dry Index (BDI) is a daily shipping and trade index that measures changes in the cost to transport raw materials such as coal, iron ore, metals and grains. Taking in 23 shipping routes and measured on a time charter basis, the index covers Handysize, Supramax, Panamax and Capesize Dry Vessels. Moreover, the container shipping market was deeply affected by the global financial crisis. The growth of the previous twenty years ended abruptly in 2008 and the ship-owners who ordered new vessels before the outbreak of the crisis still encounter the over-capacity in the shipping markets and the steep drop dramatic reduction in revenues.

In 2009 the sharpest trade decline in the last 70 years took place with world merchandise export volumes having plummeted by 13.7 per cent (UNCTAD, 2010). The volatility of the shipping markets continued into 2010 despite the surprisingly high order book. Additionally, the markets could not absorb the large supply of vessels in spite of the growth in demand of products. Moreover, a significant increase of over 37% of the world fleet was recorded from 2008 to 2011 (UNCTAD, 2012).

The scenery didn't change substantially during 2012 and ship-owners were struggling to cover the operating expenses of their vessels. Crude tanker freight rates and product tanker market rates showed signs of improvement but the low growth of global oil trade, the increased bunker prices and the oversupply of vessels remained the thorniest problems of the tanker sector. Also, deliveries of dry bulk vessels continued at a record-high level in 2012 and despite the record-high scrapping activity, the fleet continued to grow affecting the balance between supply and demand. The Baltic Dry Index (BDI) averaged 699 in 2012, revealing the lowest annual average since 1986. Furthermore, in the container sector there was lower demand than predicted as well as and a massive inflow of new large vessels delivered in the second half of 2012 and the first two months of 2013.

Dry bulk market in 2013 was characterised by high demand growth and excess fleet supply, thus further adjustments of the fleet are needed before balance can be achieved and the market can start improving. Freight rates were still depressed. The good news was that in 2013 Chinese steel production as well as iron ore imports went up compared to the previous year. The survey of Clarkson Shipping (2013) presented the earnings ratio for each ship type since October 2008 by dividing the average monthly earnings by estimated operating expenses (OPEX). The best performer was the capsize type sector since 300% indicates that the average earnings were three times as much as the operating costs for the examined period October 2008-October 2013.

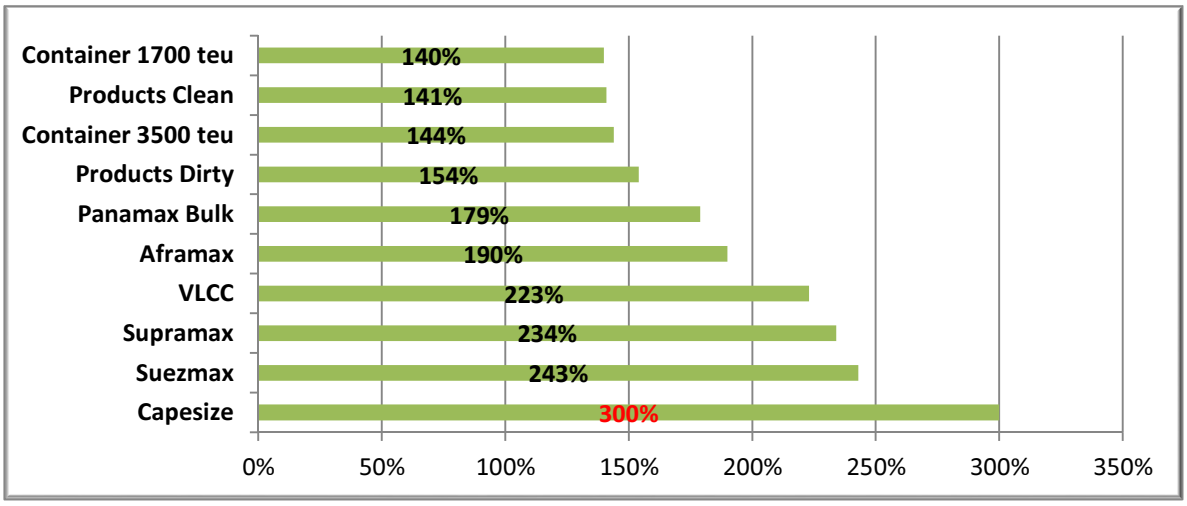

Diagram 1: Earnings since the Big Crash, The Big Performers
Source: Clarkson Research Services (2013)

From **Table 1** we notice that from January 2013 to January 2014 the world fleet rose by 4.1% and in January 2014 the world fleet reached a total of 1.69 billion dwt (UNCTAD, 2014).

World fleet by merchant vessels of 100 GT and above			
Type of Vessel	**2013** Thousands of dwt	**2014** Thousands of dwt	Percentage change 2014/2013
Oil tankers	472 890	482 017	1.9%
Percentage	29.1%	28.5%	
Bulk carriers	686 635	726 319	5.8%
Percentage	42.2%	42.9%	
General cargo ships	77 589	77 552	0.0%
	4.8%	*4.6%*	
Container ships	206 547	216 345	4.7%
Percentage	*12.7%*	*12.8%*	
Other types	182 092	189 395	4.0%
Percentage	*11.2%*	*11.2%*	
World total	**1 625 750**	**1 691 628**	**4.1%**
	100.0%	*100.0%*	

Table 1: World fleet by principal vessel types, 2013–2014
Source: UNCTAD (2014) on the basis of data supplied by Clarkson Research Services.

During 2014 negative sentiments continued to prevail for dry bulk market freight rates. Although they were improved compared to 2013, they were still well below expectations. As for the VLCC tankers, they kept their upward trajectory because low oil prices stimulated consumption and encouraged crude movements. Trade volumes in container sector for 2014 have been positive and for 2015 it is expected an even better performance due to the Far East-Europe and Transpacific trade routes.

The market could be stabilized in the next 2-3 years by a steady delivery scheme that will slow down the oversupply of vessels. Increased levels of exploitation of natural resources and consumption in developing countries are expected to be the main drivers of maritime activity that will boost transport demand.

1.2 Greek Shipping Industry

Greece is a global leader in maritime industry and the Greek ship-owners are well known for their entrepreneurial skills. The vast majority of the shipping companies are run by families with a long tradition in shipping. More specifically, some of the well-known families worldwide are those of Onnasis, Evgenidis, Latsis, Lemos, Laskaridis, Pateras, Tsakos and Konstantakopoulos.

Despite volatile international freights and bank lending limitations, Greece still is ranked first in the global ranking of total capacity accounting for 16.16% of the world's total transport capacity. In 2013, ship-owners maintained 3,669 vessels which correspond to a total capacity of 261.63 million deadweight (Eurobank, 2014). Dry bulk vessels and crude oil tankers comprise almost 80% of the total capacity of the Greek owned fleet.

Boston Consulting Group (2013), in a study of Greek Shipping highlighted that Greek shipping contributes annually approximately €13.4 billion on country's GDP (approximately 6% of the GDP) and employees over 165,000 people. Given the dramatic recession of the Greek economy and the extreme rate of unemployment, shipping should be a key driver of the economic recovery. For this reason it has been suggested from the BCG (2013) that drastic measures, such as integration of shipping in the long-term national development strategy and increased enrolment in maritime schools, should be taken in order to promote the industry.

Petrofin Research found that in 2014 there were 668 Greek Shipping Companies, denoting a 3.2% annual decline compared to the previous year. Additionally, economies of scale and market conditions favor larger companies whereas smaller companies continue to struggle for one more year. Very small companies that own 1-2 vessels continue to shrink and from 2011 the total number has fallen from 350 to 274. An interesting finding of the research of Petrofin is that the last 17 years there has been a notable reduction in the number of Greek companies by almost 28%.

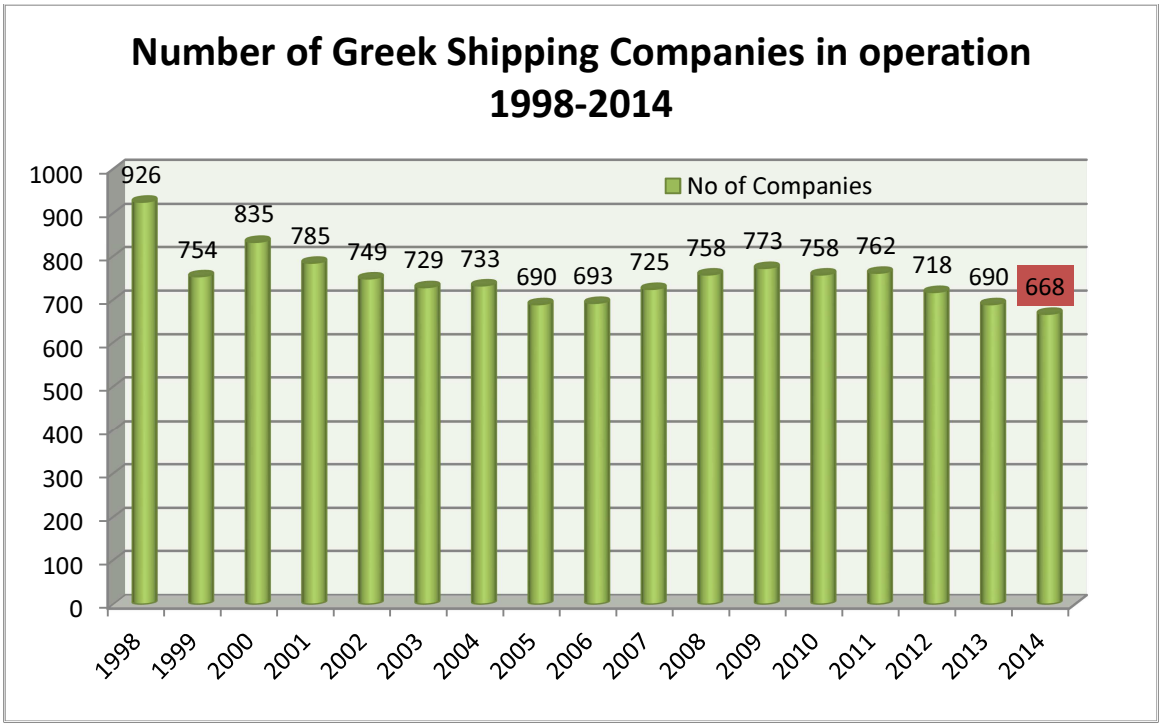

Diagram 2: Number of Shipping Companies

Source: Petrofin Research, 2014

Hellenic Statistical Authority (2014), inform us that the Greek Merchant Fleet decreased by 2 % in September 2014 compared with September 2013 whereas the gross tonnage of the Greek Merchant Fleet, increased by 1.6 % during the respective period **(Table 2).**

	2012		2013		2014		2013/ 2012 Change %	2013/ 2012 Change %	2014/ 2013 Change %	2014/ 2013 Change %
	No. of Ships	Tonnage (GRT)	No. of Ships	Tonnage (GRT)	No. of Ships	Tonnage (GRT)	Number of Ships	Tonnage (GRT)	Number of Ships	Tonnage (GRT)
Cargo	529	16.327.905	512	15.808.761	505	16.449.178	**-3,2**	***-3,2***	**-1,4**	**4,1**
Tankers	532	26.218.498	529	27.035.199	524	27.071.494	**-0,6**	***3,1***	**-0,9**	**0,1**
Passenger Ships	660	1.372.649	630	1.326.828	608	1.370.691	**-4,5**	***-3,3***	**-3,5**	**3,3**
Other	243	74.546	238	70.806	234	68.671	**-2,1**	***-5,0***	**-1,7**	**-3,0**
Total	**1.964 4**	**43.993.598**	**1.909**	**44.241.594**	**1.871**	**44.960.034**	**-2,8**	***0,6***	**-2,0**	**1,6**

Table 2: Greek Merchant Fleet of 100 GRT and over: September 2012, 2013, 2014

Source: Hellenic Statistical Authority, 2014

2. Methodology

2.1 Population /Sample

The current study focuses on the board characteristics of Greek maritime companies, which are listed in foreign Stock Exchanges. **Table 3** presents the maritime companies included in our study

for the period 2001-2012 (12 years) and **Table 4** depicts all the significant developments related to these companies.

Diagram 3 illustrates their number throughout the same period. **Table 5** demonstrates the number of IPOs, Mergers & Acquisitions as well as any Delistings of publicly listed Maritime Companies for the period 2001-2012.

Data was collected both from the annual reports found in the corporate websites of the Greek maritime companies as well as and from the websites of the bourses that the company was listed. As such the Securities & Exchange Commission (SEC) (www.sec.gov), the New York Stock Exchange (www.nyse.com), the London Stock Exchange (www.londonstockexchange.com), the Nasdaq Stock Market (www.nasdaq.com) and the Singapore Stock Exchange (www.sgx.com) were consulted. The analysis was based on 34 maritime companies.

NYSE New York Stock Exchange	NASDAQ	London Stock Exchange	SGX SINGAPORE EXCHANGE
AEGEAN MARINE PETROLEUM NETWORK INC*(ANW)*, DEC 2006	ARIES MARITIME TRANSPORT *(RAMS)*, JUN 2005[1]	GLOBUS MARITIME LTD. *(GLBS)*,JUN 2007	OMEGA NAVIGATION ENT. *(ONAV50)*, APR 2006[6]
BOX SHIPS (TEU)APRIL 2011	CAPITAL PRODUCT PARTNERS L.P. *(CPLP)*, APR 2007 [5]	GOLDENPORT HOLDING INC. (GPRT), APR 2006	
COSTAMARE(CMRE), NOV 2010	DIANA CONTAINERSHIPS, *(DCIX)*JUNE 2011	HELLENIC CARRIERS LTD (HCL), NOV. 2007	
CRUDE CARRIERS CORP. (CRU), MAR 2010[5]	DRY SHIPS INC. (DRYS), FEB 2005		
DANAOS CORP *(DAC)*, OCT 2006	EUROSEAS LTD *(ESEA)*, JAN 2007		
DIANA SHPPING INC. (DSX) MAR 2005	FREESEAS INC *(FREE)*, DEC 2005		
EXCEL MARITIME CARRIERS *(EXM)*, SEP 2005	NAVIOS MARITIME HOLDINGS*(NM)*, NOV 2005		
GASLOG LTD(GLOG), MAR 2012	OCEAN FREIGHT INC.*(OCNF)*, APRIL 2007[4]		
GENCO SHIPPING &TRADIN.*(GNK)*,JUL 2005	OCEAN RIG(ORIG) OCTOBER 2011		
GENERAL MARITIME CORP. *(GMR)*, JUN 2001[7]	OMEGA NAVIGATION ENT. *(ONAV50)*, APR 2006		
NAVIOS MARITIME ACQ. *(NNA)*, JUL 2008	PARAGON SHIPPING INC. *(PRGN)*, AUG 2007		
NAVIOS MARITIME PARTNERS *(NMM)*, NOV 2007	QUINTANA MARITIME LTD. *(QMAR)*, JUL2005[3]		
OCEANAUT INC. *(OKN)*, APR 2007[2]	SEANERGY MARITIME HOL *(SHIP)*, SEP 2007		
SAFE BULKERS INC *(SB)*, MAY 2008	STAR BULK CARRIERS CORP*(SBLK)*, DEC 2007		
STAR BULK CARRIERS CORP*(SEA)*,DEC 2005	STEALTHGAS INC *(GASS)* OCT 2005		
TSAKOS ENERGY NAVIGATION *(TNP)*,MAR 2002	TOP SHIPS*(TOPS)* AUG 2004		

Table 3: Greek Maritime Listed Enterprises for the period 2001-2012

Notes	Significant Developments (Chronological Order)
Quintana Maritime	On April 15, 2008, Quintana Maritime Limited (QMAR) was merged into **Excel Maritime** *(Note 3)*.
Oceanaut	As of April 6, 2009, Oceanaut, Inc. went out of business *(Note 2).*
Aries Maritime Transport Limited	As of December 21, 2009 Company was renamed **'New Lead Holdings Ltd'** and trades Under the symbol 'NEWL' *(Note 1).*
OceanFreight	On November 3, 2011: OceanFreight became a wholly-owned subsidiary of **DryShips** *(Note 4).*
Capital Product Partners LP	On 30th September of 2011, Capital Product Partners completed the acquisition of **Crude Carriers Corp**. in a unit-for-share transaction, whereby Crude became a wholly-owned subsidiary of CPLP *(Note 5).*
Omega Navigation	The Nasdaq Stock Market, Inc. has determined to remove from listing the common stock of Omega Navigation Enterprises, Inc. (the Company), effective at the opening of the trading session on October 17, 2011 *(Note 6).*
General Maritime	The company filed for chapter 11 bankruptcy protection on 17 November 2011, after oversupply in the shipping industry caused it to lose money for at least eight quarters. In April 2012 General Maritime came out of bankruptcy as a result of investment from Oaktree Capital Management *Note 7.*

Table: 4 Significant Developments 2001-2012

In the **Diagram 3**, we can see the number of Greek-Owned Abroad listed Maritime companies operating the years 2001-2012.

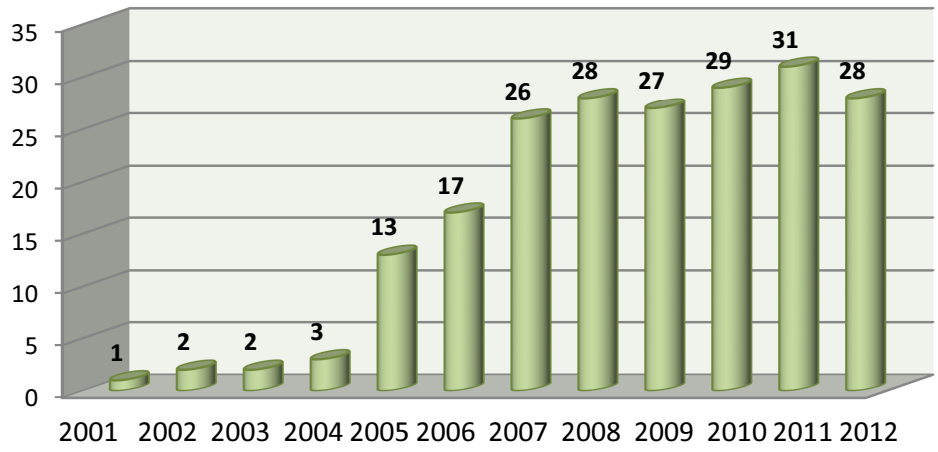

Diagram 3: Number of Greek Maritime Listed Companies (2001-2012)

From **Table 5** we note that almost half of the shipping companies were listed in the Stock Exchanges in 2005. Besides, in these 12 years we notice 3 mergers & acquisitions and 3 companies who delisted from the Stock Exchanges.

Year	No. of Companies listed	Mergers & Acquisitions	Delisted
2001	1		
2002	1		
2003	0		
2004	1		
2005	10		
2006	4		
2007	9		
2008	2	1	
2009	0		1
2010	2		
2011	3	2	1
2012	1		1
Total	34	3	3

Table 5: IPOs, Mergers & Acquisitions; & Delistings of Maritime Companies

2.2 Variables analysed

The study examined the following variables for the period 2001-2012.

Board Member age was captured by recording the date of birth of directors and calculating their age for the year ended 31.12.12.

Age of the Chairpersons and the CEOs was captured by recording their date of birth and calculating their age by the end of each year for the period 2001-2012 Furthermore, this variable was classified as:

-Age of sole Chairpersons who served **only** in that position
-Age of sole CEOs who served **only** in that position
-Age in case of duality (The Chairman and the CEO is the same individual)

Foreign Nationals were counted by looking at the surnames' origin.

The gender of Chairpersons and CEOs was identified by their full names.

Total Board Memberships was captured **for the whole sample** by the number of all directorships through the years. This particular variable captures the number of positions/seats that Boards have, rather than the number of persons (individual directors) that occupy them.

Total Male Board Memberships (for the whole population and all years) was captured by the

absolute number of male directorships that existed within the Boards through the years. The exact number was ascertained by examining both their names and surnames. Further, we calculated the **total male board members** by excluding any cross directorships or/and mobility.

Total Female Board Memberships (for the whole population and all years) was captured by the absolute number of female directorships that existed within the Boards through the years. The exact number was ascertained by examining their names and surnames. Additionally, we calculated the **total female board members** by excluding any cross directorships or/and mobility.

Board Size was measured by capturing the number of serving directors of each company as of December of each year.

Average Board Size was measured by calculating the average of each company's board size throughout the years.

Total Board Members: was calculated by excluding any mobility and/or cross directorships from the total board memberships. This variable captures the absolute number of directors that serve as board members in one or more companies.

Average Tenure of the Board members (in months) was measured by calculating the sum of the serving period (in months) of all directors (including Chairman and CEO) divided by their total number for each company.

Average Tenure of Board Members (in Months excluding Chairperson and CEO) was measured as the "Average Tenure of the Board" but excluding the Chairperson(s) and the CEO(s).

Average Tenure of Chairpersons and Average Tenure of CEOs was measured by calculating the sum of the serving period (in months) for each company's Chairpersons or CEOs divided by the total number of Chairpersons or CEOs that served in each of the companies throughout the years.

Average tenure of sole Chairpersons and sole CEOs was measured by calculating the sum of the serving period (in months), divided by the total number of sole Chairpersons or sole CEOs that served in each of the companies throughout the years.

The number of Chairpersons and CEOs was calculated by counting the absolute number of Chairpersons and CEO's respectively for each company through the years.

The number of the sole Chairpersons and CEOs was calculated by counting the absolute number of sole Chairpersons and sole CEO's respectively through the years.

CEO Duality, as of December 31st of each year, was captured by examining whether the CEO was also the Chairperson or whether the two positions were separate.

Cross Directorships: the directors that were serving in more than one board simultaneously have been identified and recorded along with the corresponding companies.

Non-Executive (External/Independent Directors): A new variable in our study that was measured by calculating the sum of all Independent Directors that served in the Boards of the Companies.

Education Level: Another new variable in our study that was captured by recording directors' educational status: 1.College Degree, 2. Bachelor Degree 3. Master Degree or 4. PHD

3. Findings

3.1 Board Demographics

A) Age

Undoubtedly age is a significant variable of board compositions and research has been conducted to determine how the age diversity of a Board of Directors as well as the age of CEO and Chairman affects the revenue and the profitability of a company. Some of the findings anticipate a positive relationship between board members' average age and corporate performance. Simultaneously it has been supported that by expanding the age diversity between the board members, the board's aggregated human and social capital can be maximised.

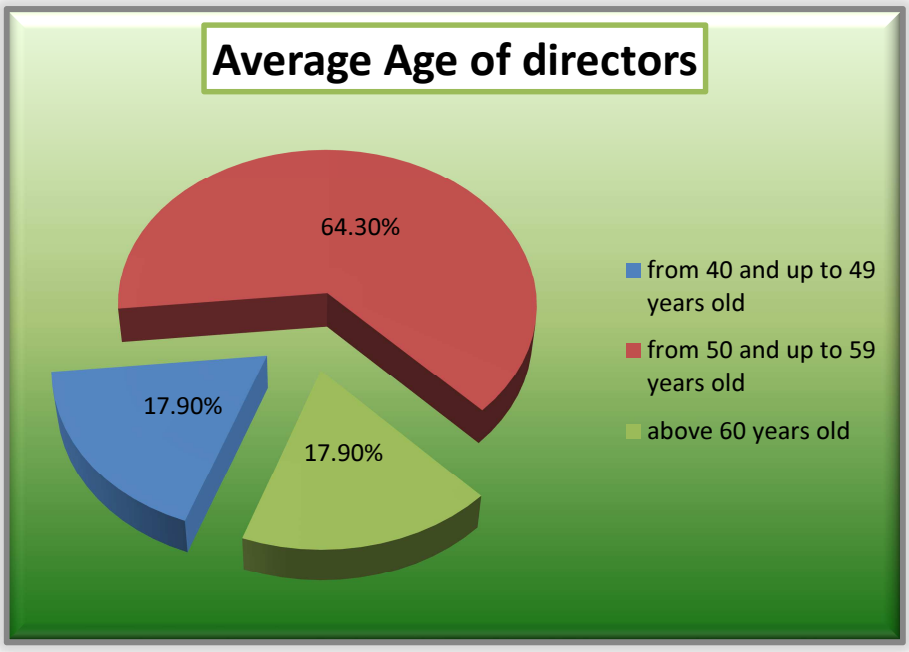

Diagram 4: Average Age of directors in 28 Greek Maritime Companies (mean=55.5 and SD=5.6)

Diagram 4 presents the distribution of age of all directors on a board of the 28 companies which were listed in the Stock Exchanges on 31.12.2012. Our findings showcase that the

average age of directors who hold positions in the Board as of **31.12.12** was **55.5** years old. The majority (64.3%) of the companies had directors between 50 and 59 years old.

At the end of 2012 the average Chairperson's age is 50 years old while the CEO's is 56 years old. Furthermore, the two youngest CEOs were 35 years old and the oldest CEO was 71 years old. Besides, the younger Chairperson was 42 and the oldest 80 years old.

Regarding the companies that throughout the examined period (2001-2012) were managed by Boards that have followed a split between the positions Chairman and CEO, we observed that the average age of the sole Chairpersons was 56 years old while the sole CEOs had an average age of 47.

B) Foreign Nationals (Non-Greeks) in the Board

In Europe and USA the number of foreigners appointed to Board of Directors has increased significantly over the past decade. At the same time an increasing number of companies around the world incorporate foreign nationals in their Boards European in an attempt to expand from a domestic-oriented focus to a more international mind-set.

During these 12 years, 259 directors served in the 34 firms and **121** were Non-Greeks. We should notice that every Board had at least one foreign national as a director, while the maximum number of foreigners identified in a board, was 9. Moreover, half of the companies (52.9%) had up to 3 foreign nationals in their boards (**Diagram 5**).

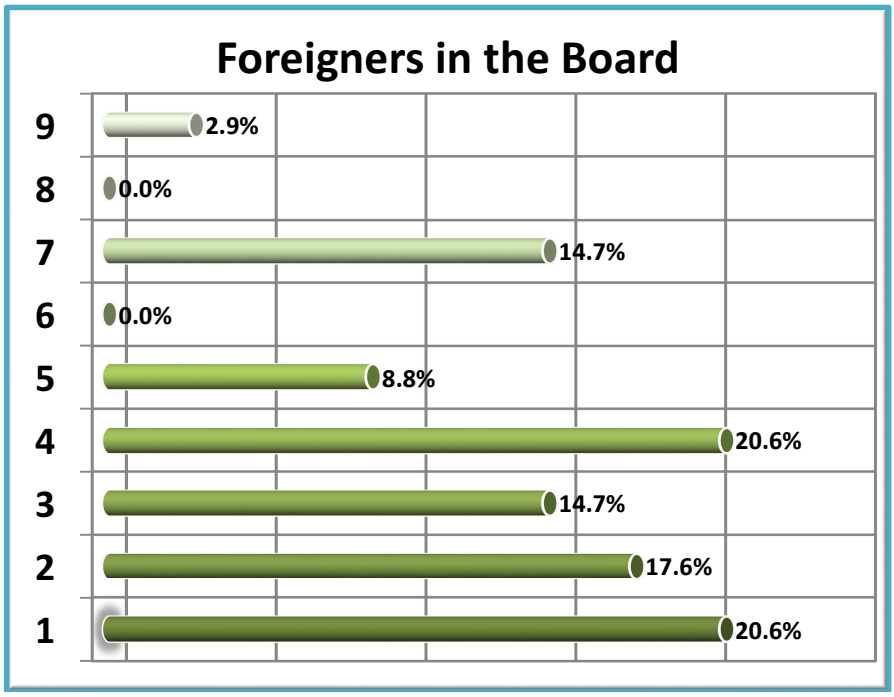

Diagram 5: Number of Foreign Nationals in Greek Maritime Boards (n=34 companies)

C) Gender

Regarding the gender issue, there is a growing body of scholars who support that the appointment of female directors can improve a company's performance and that companies with more women on their boards outperform those with fewer or no female directors. There is no doubt that diverse boards are more able to consider issues in a holistic way and be involved in effective decision making. Female directors enhance board independence and contribute substantially in corporate governance due to their "power sharing" style.

In the 34 companies examined in the period 2001-2012, 292 out of 305 directorships (BOD positions) were held by men, with an average of 8.6 per company. Respectively, there were only 13 directorships held by women with an average of 0.4. Consequently, there is a sharp discrepancy in the board composition between men and women, which is depicted in **Table 6.**

	Total Directorships	Male Directorships	Female Directorships
MEAN	8,97	8,58	,38
STD.DEV	3,23	3,33	,81
MIN	4, 00	3,00	0,00
MAX	19,00	18,00	3,00
SUM	**305**	**292**	**13**

Table 6: Total Memberships, Men and Women served in Boards (n=34 companies)

The total number of directors was 259 after excluding mobility (6 directors) and cross directorships. 249 (96%) were men; while there were only 10 female directors (4%).

It is noteworthy to mention that only one woman, Mrs. Angeliki Frangou, was simultaneously the Chairman and the CEO of three different maritime companies (Navios Maritime Holdings, Navios Maritime Partners and Navios Acquisition), which preferred the duality structure for their governance. Besides, Mrs. Foteini Karamanlis was the CEO of Hellenic Carriers.

A very interesting finding of our study is that a high percentage of maritime companies (76.5%) had not appointed a woman in their Board for the examined period.

The following Table **(Table 7)** gives us an accurate insight of all the 10 women who are serving in the BOD of Greek Listed Companies

D) Directors' Education

Another new variable in our study aims at recording the educational background of the BOD members. Boards need to deal effectively with the complexity of today's regulatory and business environment. Therefore highly educated Board Members are of paramount importance in today's business landscape.

From the 259 directors served during these 12 years in the BOD of Shipping Companies, the educational level of 211 directors has been depicted in **Diagram 6**. A significant percentage of Directors has gained a Master Degree (40.9%) in one of the following areas: Mechanical Engineering, Finance/economics, Maritime Law, Transportation Management, Naval Architect and Business Administration

FIRST NAME	LAST NAME	POSITION/COMPANY	EDUCATION
Angeliki	**Frangou**	-CHAIRMAN, CEO NAVIOS MP -CHAIRMAN, CEO NAVIOS MH -CHAIRMAN, CEO NAVIOS ACQUISITION	Bachelor's degree in mechanical engineering from Fairleigh Dickinson University and a master's degree in mechanical engineering from Columbia University
Charlotte	**Stratos**	DIRECTOR, COSTAMARE DIRECTOR, HELLENIC CARRIERS	Not Available
Anna	**Kalathakis**	DIRECTOR, NAVIOS ACQUISITION	MBA from European University at Brussels (1992) and a Juris doctor from Tulane Law School (1995).
Brigitte	**Noury**	DIRECTOR, NAVIOS ACQUISITION	Master of Economic Sciences degree and a Diploma in Business Administration from the University of Dijon.
Chryssoula	**Kandylidis**	DIRECTOR, DRYSHIPS	Graduated from Pierce College in Athens and from the Institut Francais d' Athenes. She is also a Graduate of the University of Geneva holding a degree in Economics.
Milena	**Pappas**	DIRECTOR, STARBULK	Graduated from Cornell University, N.Y. and in 2007 she received a Master of Science (MSc) in Shipping, Trade and Finance degree from Cass University, London.
Fotini	**Karamanlis**	CEO, HELLENIC CARRIERS	Law degree from the University of Athens and a Master's Degree (LLM) from the University of Cambridge.
Elpida	**Kyriakopoulou**	CFO HELLENIC CARRIERS	Degree in Maritime Studies from the University of Piraeus, Greece and is a Member of the Greek Association of Certified Accountants.
Christina	**Anagnostara**	DIRECTOR, SEANERGY	Studied Economics in Athens and has been a Certified Chartered Accountant since 2002.
Vasiliki	**Papaefthymiou**	DIRECTOR, NAVIOS MH	Received her undergraduate degree from the Law School of the University of Athens and a Masters degree in Maritime Law from Southampton University in the UK. .

Table 7: Women Served in Boards

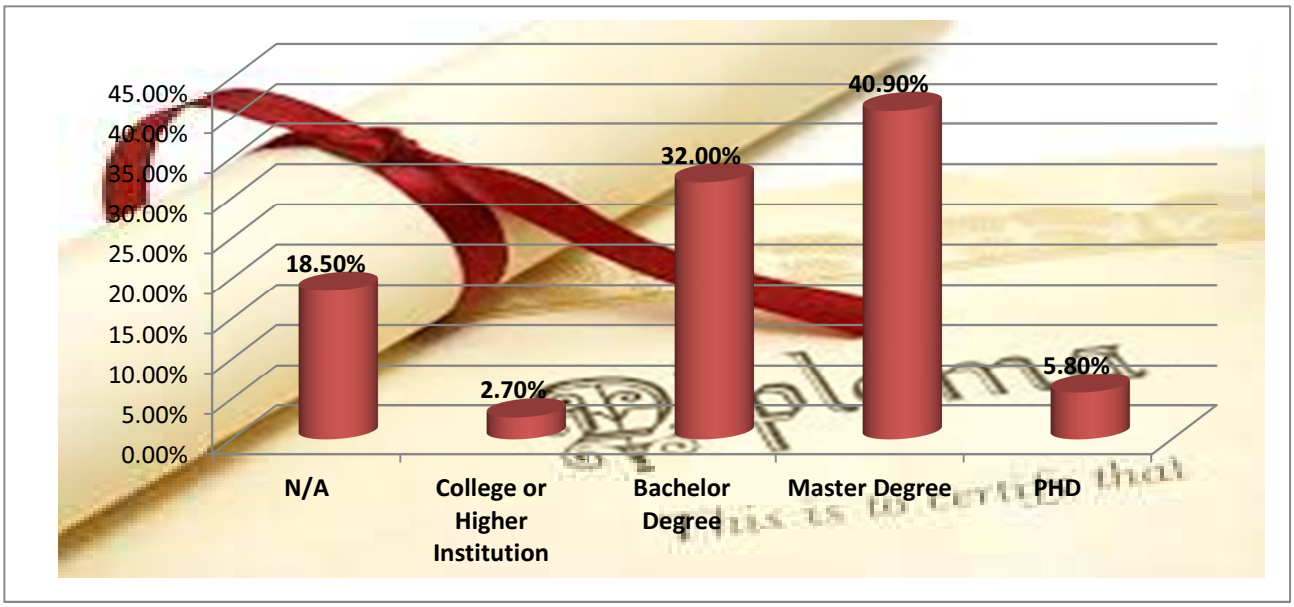

Diagram 6: Educational level of Directors

3.2 Board size

Research has focused on the optimal size of the board but findings in this area are still inconclusive. Smaller boards tend to be more flexible in the decision making process and more effective in at monitoring Top Managers. However, other researchers argue that larger boards have more problem solving capabilities and could improve the performance of the organization.

For the period 2001-2012, the average board size was 6.61, revealing that most companies prefer a board between 6 and 7 members as depicted in **Diagram 7**. A board of 7 members seems to be the preferred size for a considerable percentage of companies (44.1%). At the same time, smallest board comprised 4 members and the largest 10.

If we look solely on the listed companie for 2012 we conclude that for these 28 companies the findings are similar to the 34 companies examined in the period 2001-2012 since these companies prefer a BOD between 6 and 7 members.

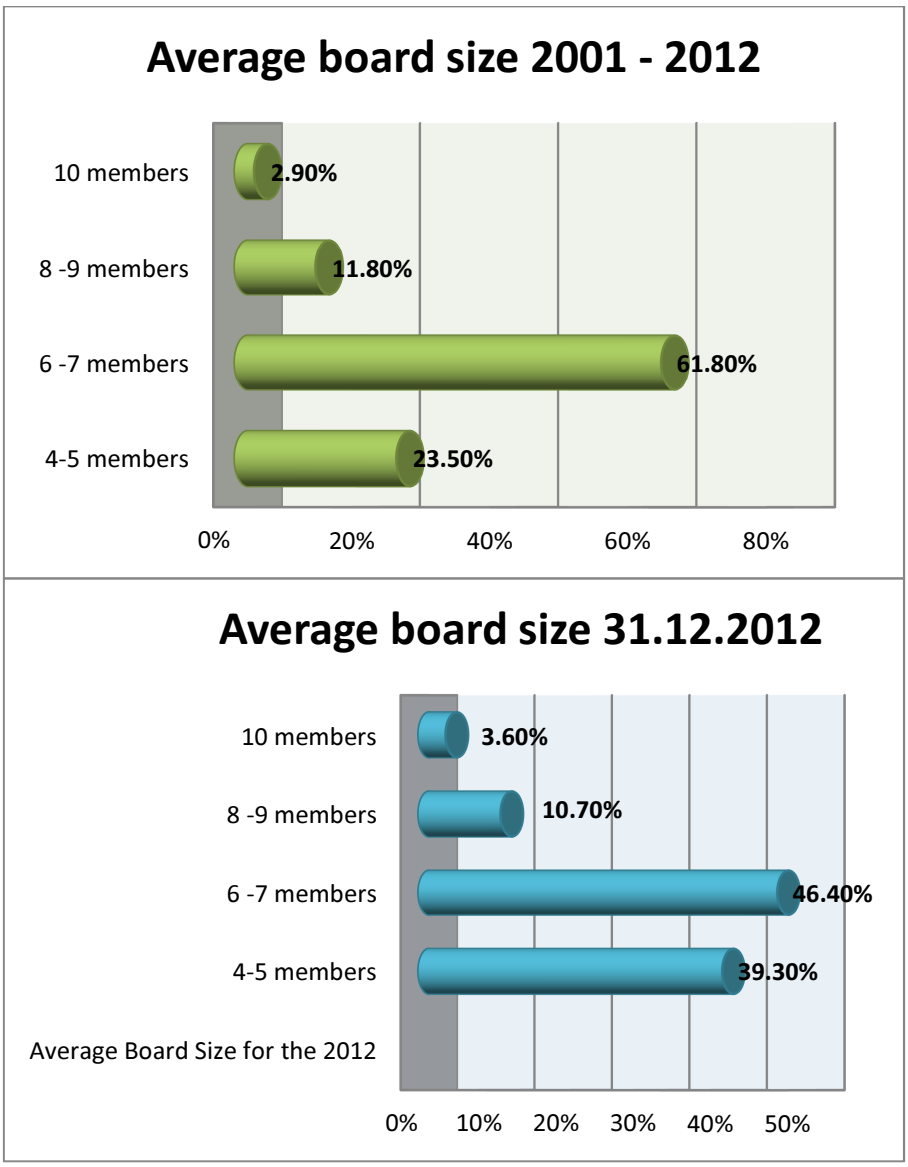

Diagram 7: Average Board Size For the period 2001-2012 and for the year ended 31.12.12

We should also mention that the average board size, as of 31/12 each year, fluctuated from 6 to 8.5 members in the years 2001-2012 (**Diagram 8**).

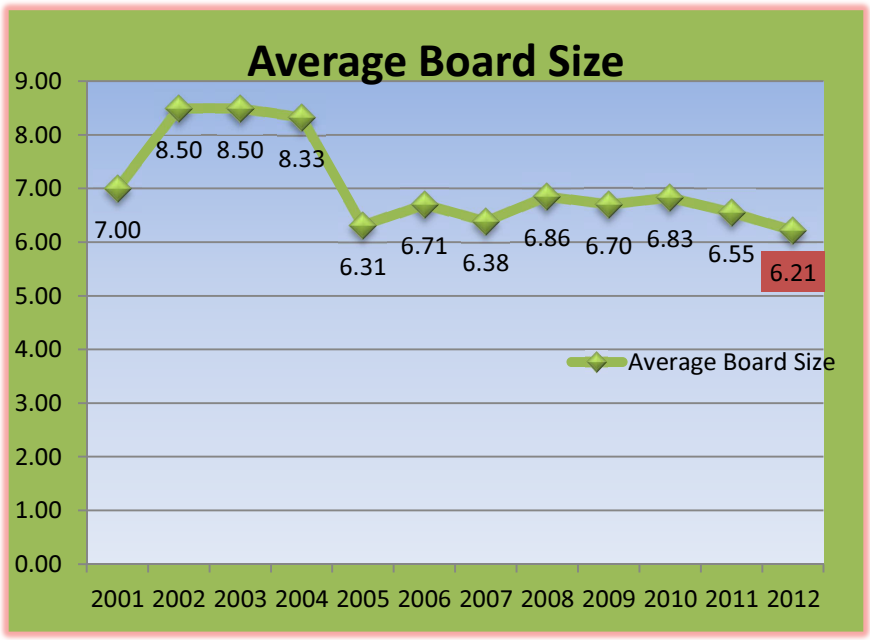

Diagram 8: Yearly Average Board size as of 31/12

3.3 Total Members Served

Another significant variable of our study is the total number of the board members who served the companies for the 12-year period. In the vast majority of the companies (22 out of 34 or 64.7%) , we can see that their BOD is served by 6 to 9 members.

In 22 out of the 34 companies (64.7%), it is noted that 6 to 9 members serve in the BOD of each company.

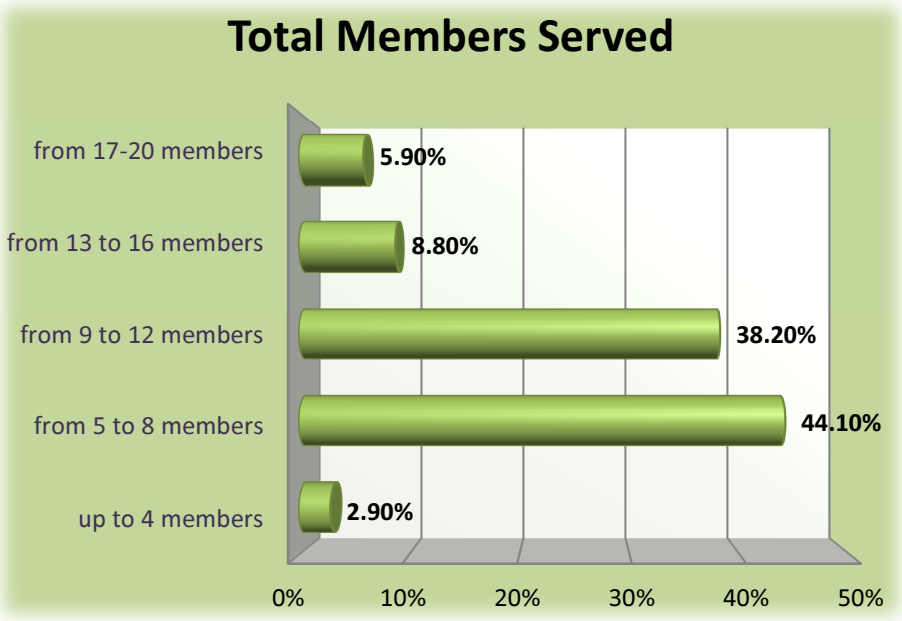

Diagram 9: Total Board Members served for the period 2001-2012

3.4 Board Tenure

It is a common phenomenon for boards not to define a maximum period of time that a Director may be appointed to a position; although some of them specify a maximum of either three or four three-year terms. In the past it was widespread for Board members to have long tenures and maintain their position until there was an important reason to depart, such as change in management or personal reasons. Board members' tenure found itself in the eye of the storm by commentators and researchers, since the corporate and fraud scandals of the last decade increased the demands for specific expertise as well as scrutinyy of the activities resulting from the disclosure of financial documents. Nowadays, it is an undeniable fact that there is a great need of experienced Directors who can keep abreast of changes to technology, strategy and finance.

Company	Position	First Name	Last Name	Date of departure
AEGEN	Director	Abel L.	Rasterhoff	2012-05-01
FREESEAS	Director	Didier	Salomon	2012-12-11
FREESEAS	Director	George	Kalogeropoulos	2012-12-11
GOLDENPORT	Director	Christos	Varsos	2012-04-06
GOLDENPORT	Director	Epameinondas	Logothetis	2012-04-06
OCEAN RIG	Director	Pankaj	Khanna	2012-10-02
SEANAERGY	Director	Dimitrios N.	Panagiotopoulos	2012-05-11
SEANAERGY	Director	George	Taniskidis	2012-05-11
STARBULK	CEO	Prokopios (Akis)	Tsirigakis	2012-03-31
STARBULK	Director	Peter	Espig	2012-09-07
TSAKOS	Director	William	O'Neil	2012-05-31
TOP SHIPS	Director	Marios	Hamboullas	2012-02-15
TOP SHIPS	Director	Roy	Gibbs	2012-02-15
TOP SHIPS	Director	Yiannakis C	Economou	2012-02-15

Table 8: Departures from the BOD for 2012

At the end of 2012 14 departures of BOD Members have been recorded **(Table 8).** Simultaneously, 4 new BOD members were appointed in the respective companies and if we incorporate the BOD members of the newly formed company GAS LOG there were 13 new appointments of Directors **(Table 9)**. Regarding, the top positions in the Board, we noticed only two CEO appointments and only one departure. In parallel, there haven't been any changes in any Chairpersons' positions.

The average tenure of the board members varies substantially from company to company and this could be explained by the diversity that exists on the year that each company listed in a Stock Exchange. The average Tenure of the whole Board is 48.33 months with a standard deviation of 22.2. Additionally, an exactly equal percentage of 35.3 % has average tenure from 2 to 4 years and from 4 to 6 years (**Diagram 9**).

Company	Position	First Name	Last Name	Date of appointment
FREESEAS	Director	Xenophon	Galinas	2012-12-11
GAS LOG	Chairman	Peter	Livanos	
GAS LOG	CEO	Paul	Wogan	
GAS LOG	Director	Philip	Radziwill	
GAS LOG	Director	Bruce	Blythe	
GAS LOG	Director	Paul	Collins	2012-04-04
GAS LOG	Director	William	Friedrich	
GAS LOG	Director	Jullian	Metherell	
GAS LOG	Director	Antony	Papadimitriou	
GAS LOG	Director	Robert	Somerville	
GENKO SHIPPING	Director	Alfred E.	Smith IV	2012-11-07
SEANAERGY	CEO	Stamatis	Tsantanis	2012-10-01
TSAKOS	Director	Efthimios	Mitropoulos	2012-05-31

Table 9: Appointments in the BOD for 2012

The average Tenure of Directors, after excluding the tenure of the Chairman and CEO, was 58.58 months with an extremely high standard deviation of 74.93.

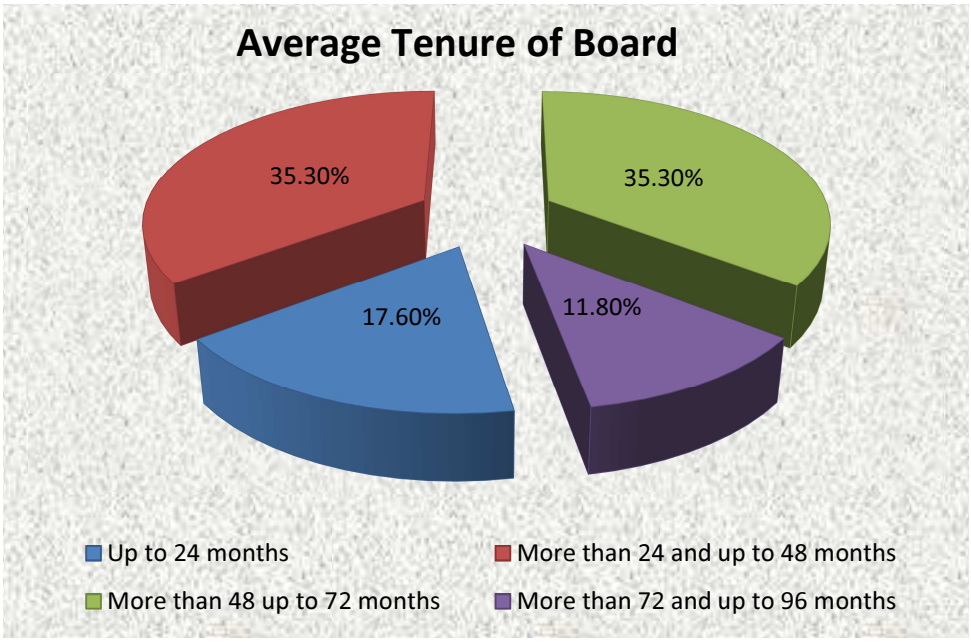

Diagram 9: Average Tenure of the whole Board (n=34)

Interestingly, the average Tenure of CEO was 57.32 months with a standard deviation of 32.67 months. Also, more than half of these companies (58.8%) have CEOs with high tenure since they served in this position more than 4 years. There have been also a small number of organizations (8.8%), where the CEOs' tenure was approximately 10 years.

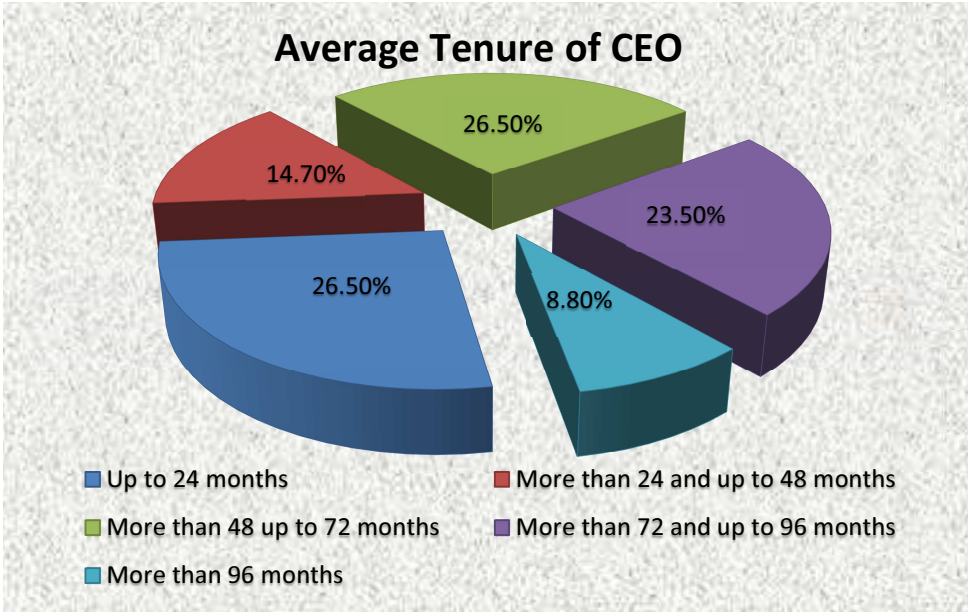

Diagram 10: Average Tenure of the CEO (n=34)

As for the average Tenure of the Chairperson, it was found that it reached an average of 59.34 months with a standard deviation of 30.70 months. Listed shipping companies have Chairmen with a high tenure and we note that 67.6% of these companies have Chairpersons who serve for more than 4 years in the Board. We should also mention that in one company (2.9%) the Chairman served for approximately 10 years and in another one (2.9%) the Chairman had tenure of approximately 11 years.

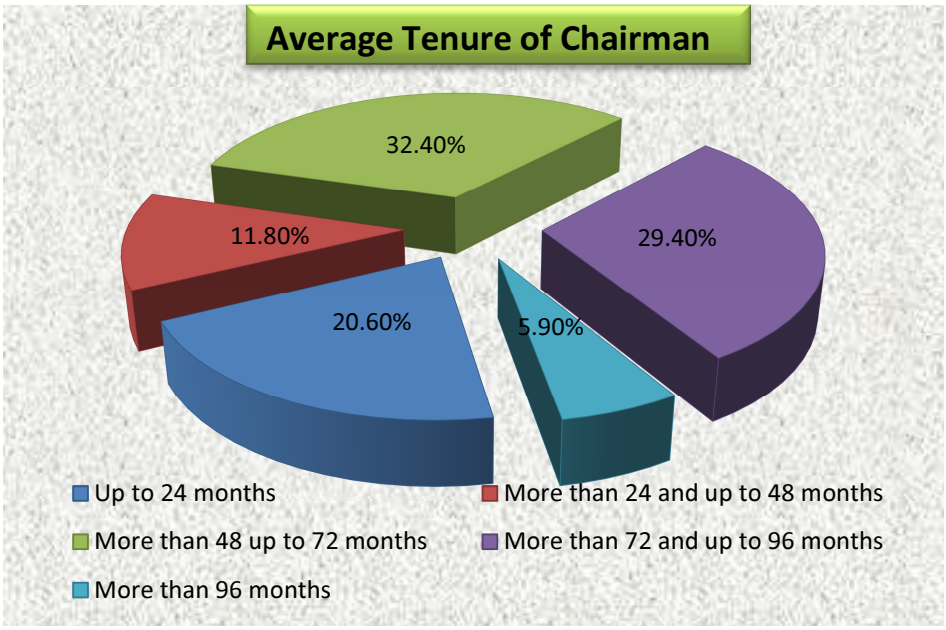

Diagram 11: Average Tenure of the Chairman (n=34)

Other variables that we included in our analysis are the average tenure of the Sole Chairpersons which had an average of 58.98 months and the Sole CEOs with tenure of 52.35 months.

3.5 CEO Duality

Advocates of agency theory argue that the positions of CEO and Chairman should be separate. A person who seats in both positions creates a conflict of interest that could negatively affect the interests of the shareholders and reduces the monitoring of the board. On the other hand, there are supporters of CEO duality since it provides a clear focus and unity of command at the top level.

In our study, the CEO duality/separation was examined as of December of each year for the period 2001-2012. **Diagram 12** illustrates that across the years there is a tendency for many companies towards a more concentrating structure of governance where the Chair and the CEO is the same individual. In 15 (53.6%) out of the 28 companies listed in Stock Exchanges for the year ended 31.12.2012, CEO and Chairperson positions were under one person's control

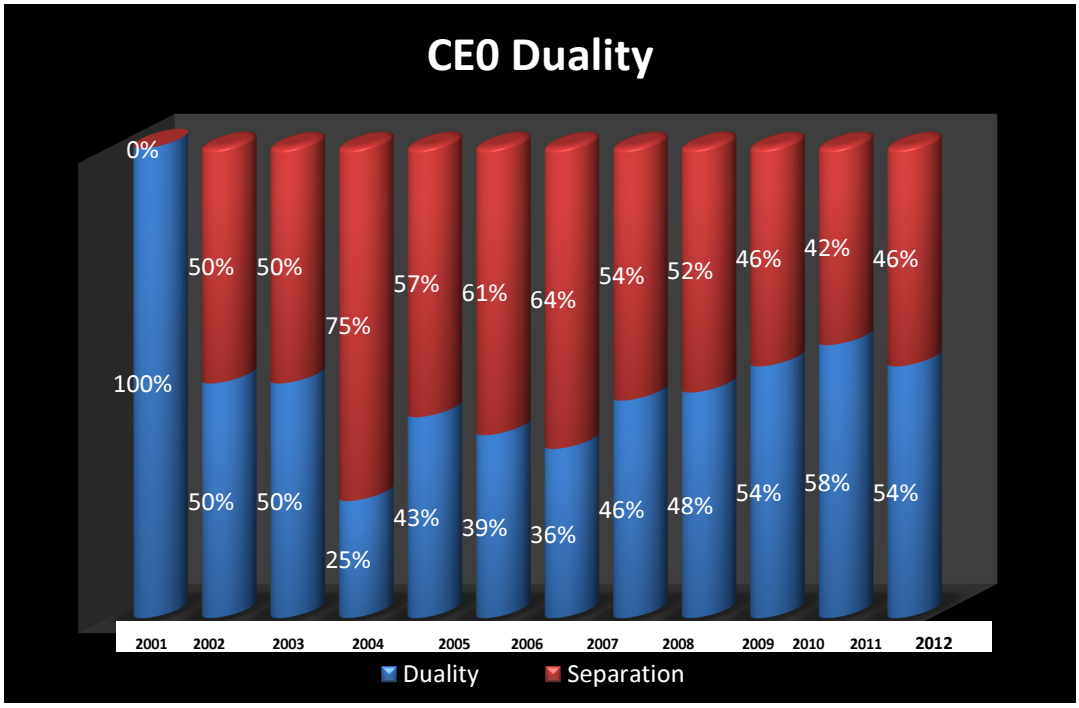

Diagram 12: Duality vs. Separation for the period 2001-2012

3.6 Number of Chaipersons' and CEOs Positions

The total number of chairpersonships for these twelve (12) years was 41 while the exact number of Chairpersons was 32 due to cross directorships. It is noteworthy that in 29 out of the 34 companies (85.3%) there was no change of the Chairperson during the examined period. For the rest of the companies it was found that four companies had changed their Chairman once and one company twice.

The total Number of CEO positions was 42 while the exact number of CEOs was 33 due to cross directorships. At the same time, there were 27 companies (79.4%) that didn't change their CEO at all, 4 changed only once and 3 that replaced him twice.

Extending our research, we traced the sole Chairpersons and CEOs meaning the individuals who served exclusively in these two roles-excluding the duality cases. **More** specifically, 17 (50%) out of the 34 companies had appointed sole Chairpersons. Furthermore, it was found that in 15 companies there was only one sole Chairperson while two other companies were served by two and three sole Chairpersons respectively.

Moreover, it was revealed that 17 (50%) out of the sampled 34 companies appointed sole CEOs, whereas12 companies had one sole CEO; it was also traced that 4 companies served by two sole CEOs and in 1 company three sole CEOs respectively. Consequently, it is clearly shown that in 17 out of the 34 companies of our sample no sole CEO was found.

3.7 Cross directorships

The directors that were serving in more than one board simultaneously have been identified and recorded in our study. For the sake of clarity, it is important to mention that directorships constitute positions in the Board held by Directors. This is a very significant variable since Cross Directorships allow the well experienced directors to share their knowledge and experience in different Boards. However, the network of Cross Directorships could create concentration of power within specific groups of people.

For the period 2001-2012, we found out 305 **directorships** for which 84 were held by 38 directors who possessed simultaneous positions in two or more different listed companies' Boards during their tenure.

Out of these 38 **directors,** there were 30 (78.9%) who held positions in 2 different boards, while 8 (21.1%) directors served in three companies.

3.8 Non-Executive (Externals) Directors

In order to be successful every board needs the right blend of skills and expertise. The recruitment of directors outside from the company can bring to the organization specialists in the areas of accounting, finance and technology. Additionally, independent directors could act independently of the management interests, play the control role of boards most efficiently and be more aligned with outside investors' interests.

This year this new variable was included in our Study and it was noticed that the public listed shipping companies appoint a significant amount of External Non-Executive Directors in their Boards. For the 305 BOD positions that were created in these 12 years, 174 seats were occupied by Independent Directors **(Diagram 13).**

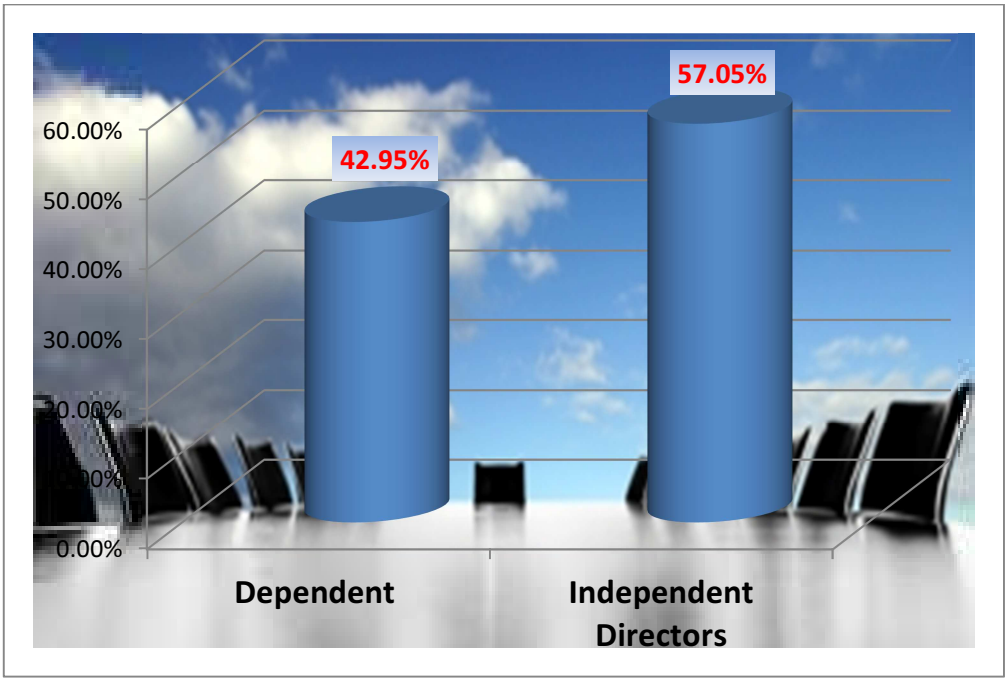

Diagram 13: Dependent Vs Independent Directorships

If we focus solely on the 259 BOD persons (and not positions) that served in the boards all these years we deduce that 57.52% of the Directors are Independent.

4. Summary

Undoubtedly, the recent scandals in the corporate world put pressure on Boards and have created an urgent need for ethical Corporate Governance practices and specific expertise of their Directors. The high interest in the reforms of corporate governance has led to a stream of research, especially in the field of board characteristics. Our annual study captured the status quo on the Board's characteristics of Greek owned Maritime Shipping Companies which are listed in foreign Stock Exchanges and we observed significant conclusions about their structure.

A significant percentage of these maritime companies (44.1%) prefer the size of the Board to be between 6 and 7 members. Generally, Directors **stay in office** for 48.33 months on average while there is even more stability with the Chairman's and CEO's position which average 57.32 months and 59.34 months, respectively.

Notably, for the period 2001-2012, the overwhelming majority (85.3%) of the companies retained the same Chairperson and the 79.4 % of the companies continues without CEO change. In this unstable and competitive external environment it would be of great interest to track in our forthcoming Annual Reviews whether the tenure will continue to increase.

Regarding the board's **age**, a remarkably high percentage of board members (64.3%) as of 31.12.12, runs their sixth decade of their life with an average age of 55.5.

Cross directorships constituted another significant variable of the study. For the period 2001-2012, out of the 305 directorships that created in the industry, 84 were held by 38 directors who possessed simultaneous positions in two or more listed companies' Boards during their tenure.

For the whole period of these 12 years, only 13 out of 305 directorships were held by **women.** More specifically, there were only 10 women directors comparing to 249 men The low number of women in boards is in part a symptom of insufficient numbers emerging at the top of the management structure and the under-representation of women in senior management. The advancement of women to BOD positions has been quite slow, with no exception in the maritime industry. From our study it is evident that there is plenty of space room of public listed maritime companies to consider an increase in the number of women in their boards as the respective percentages are quite low.

Furthermore, a new variable of this study is the **educational** level of the directors and we found that a substantial percentage were Master Level university graduates 40.9%.

CEO duality attracts significant attention and many proposals have been made for the separation of the roles. In our study there is evidence of a concentrated structure of governance where the position of the Chairman and the CEO to be held by the same person. In 15 out of the 28 companies operating in 2012 (53.6 %,) CEO and Chairman positions were in the hands of one person.

Another new variable in our study attempted to record the presence of **Independent Directors** who are considered in the literature as an important link between the organization and its stakeholders. It is clear that from the 305 BOD positions that were created in the sector, the 174 were occupied by Independent Directors.

Moreover, out of the 259 directors served in the 34 Board of Directors, 121 members were **Foreign National Directors.**

Concluding our research we should mention that Greek shipping companies contribute decisively to the Greek economy in various ways. Despite the recent financial crisis, Greek shipping companies have managed to remain competitive and have attracted global recognition. Corporate governance may not be in the high priorities' list of Greek maritime companies, but, nowadays, constitutes a key factor towards gaining access to the international equities' markets. By means of this study, we believe to have captured the status quo of their Board's characteristics and facilitated the quest for solid corporate governance mechanisms.

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ISSN 1759-0108