



CORPORATE GOVERNANCE CODE

Approved by the Company's Board of Directors on 23.03.2011

March 2011

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Introduction

This Corporate Governance Code was prepared by ELLAKTOR SA in accordance with Law 3873/2010¹ and contains the corporate governance principles which govern the company's management and control, and is available online on the company's website (www.ellaktor.com). It has been based on the recent SEV (Hellenic Federation of Enterprises) Corporate Governance Code (January 2011) and, consequently, on the OECD Principles of Corporate Governance², and on the "Principles of Corporate Governance in Greece – Recommendations for its Competitive Transformation" of the Hellenic Capital Market Commission³.

The Corporate Governance Code developed by ELLAKTOR is mainly subject to mandatory rules ratified by laws⁴, or regulations of competent bodies, such as the Hellenic Capital Market Commission.

The Company's code is structured as follows: First, the general principles are presented, which form the general corporate governance framework, the guidelines. These principles are then specialised into special practices, "comply or explain" provisions, which form the basis to prepare the corporate governance statement of ELLAKTOR SA, pursuant to the aforementioned Law 3873/2010. The code and, subsequently, the contents of the corporate governance statement, will be reviewed on a regular basis and amended accordingly.

¹ Law 3873/2010 on transposition into the Greek legislation of Directive 2006/46/EC of the European Parliament and of the Council on the annual accounts and on consolidated accounts of certain types of companies, and of Directive 2007/63/EC of the European Parliament and of the Council on the requirement of an independent expert's report on the occasion of merger or division of public limited liability companies

² OECD Principles of Corporate Governance (2004)

³ Prepared in 1999, known as the "Blue Book"

⁴ These laws, save the most recent Law 3873/2010 (note 1), are:

- Law 3016/2002 on corporate governance, payroll issues and other provisions, as amended by article 26 of Law 3091/2002;
- Law 3693/2008 on mandatory audits on annual and consolidated accounts, transposing the 8th Directive on Company Law into Greek legislation;
- Law 3884/2010 on transposition into Greek legislation of Directive 2007/36/EC of the European Parliament and of the Council of 11 July 2007 on the exercise of certain rights of shareholders in listed companies.

General principles

1. Role and responsibilities of the BoD

The BoD should provide effective leadership and direct and company's affairs in the interest of the company and all shareholders, ensuring that the Management implements the company's strategy. It should also ensure the fair and equitable treatment of all shareholders, including minority and foreign shareholders.

In discharging its role, the BoD should take into account those parties whose interests are connected to those of the company, such as clients, creditors, employees and social groups directly affected by the company's operations, to the extent that no conflicts arise with the company's interests.

2. Size and composition of the BoD

The size and composition of the BoD should enable the effective fulfillment of its responsibilities, and reflect the size, activity and ownership of a company. The BoD should demonstrate a high level of integrity and include a diversity of knowledge, qualifications and experience relevant to the objectives of the company.

3. Role and profile of the chairman of the BoD

The Chairman is responsible for leading the BoD. He should be responsible for setting the agenda, ensuring that the work of the BoD is well organised, and that meetings are conducted efficiently. The Chairman is also responsible for ensuring that BoD members receive timely and accurate information, and for the effective communication with all shareholders, having in mind the fair and equitable treatment in the interest of all shareholders.

4. Duties and conduct of BoD members

Each member of the BoD has a duty of loyalty to the company. BoD members should act with integrity and in the best interest of the company, and should protect the confidentiality of non-public information. They should not compete with the company and should avoid any position or activity which creates or appears to create a conflict between their personal interests and the interests of the company, including holding BoD or executive positions in competing companies without the approval of the General Meeting. BoD members should contribute their expertise and devote to their duties the necessary time and attention. They should also limit the number of other professional commitments (in particular any directorships held in other companies) to the extent that allows for their satisfactory performance as BoD members. Finally, BoD members should endeavour to attend all meetings of the BoD and the relevant committees in which they participate.

5. Nomination of BoD members

Nominations to the BoD should be made on merit using objective criteria. The BoD should ensure the orderly succession of its members and of senior executives, so as to ensure the long-term success of the company.

6. Functioning of the BoD

The BoD should meet sufficiently regularly to discharge its duties effectively. The BoD should be supplied with timely information by the Management to enable it to effectively carry out its responsibilities.

7. BoD evaluation

The BoD should undertake an evaluation of its own performance on a regular basis.

8. Internal control

The BoD should provide shareholders and the public with a clear assessment of the company's actual position and prospects, and ensure the integrity of financial statements and disclosures, where required.

The BoD should maintain a sound system of internal control to safeguard investments and the company's assets, and ensure that significant risks are identified and managed. It should monitor the implementation of corporate strategy and review it regularly. It should regularly review the main risks to the business and the effectiveness of the internal control system in managing these risks. The review should cover all material controls, including financial, operational and compliance controls, as well as risk management systems. The BoD, through the audit committee, should also develop a direct and ongoing relationship with and receive regular reports from the company's auditors in respect of the effective functioning of internal control.

9. Level and structure of remuneration

The level and structure of remuneration should aim to attract and retain BoD members, executives and employees who will add value to the company with their skills, knowledge and experience. The amount of remuneration should be in line with their qualifications and contribution to the company. The BoD should have a clear view as to how the company is paying its executives, mainly those who have the appropriate qualifications to effectively manage the company.

10. Communication with shareholders

The BoD should maintain a continuous and constructive dialogue with the company's shareholders, especially those who hold significant stakes and have a long-term perspective.

11. Department of Shareholders, Investor Relations and Corporate Announcements

The Company provides information to investors and shareholders through the department of Shareholders, Investor Relations and Corporate Announcements.

12. The General Meeting of shareholders

The BoD should ensure that the preparation and conduct of the General Meeting of shareholders allows for the effective exercise of all rights of shareholders, who must be fully informed about all issues related to their attendance at the General Meeting, including the agenda and their rights at the General Meeting. The BoD should facilitate, within the framework set out by the relevant statutes, the participation of shareholders in the General Meeting, especially minority, foreign and remotely residing shareholders. The BoD should use the General Meeting of shareholders to facilitate genuine and open discussion with the company.

Special practices

Part A – The BoD and its members

1. Role and responsibilities of the BoD

- 1.1 The role of the BoD and the role of the Management should be clearly defined and documented in the company's statutes or its internal regulations or other similar corporate documents. The Board of Directors is responsible for the general administration and management of corporate affairs, and for the Company's representation, and decides on all issues of interest to the Company, including but not limited to the issue of bond loans under articles 6-7 of Law 3156/2003, and 3(a)(1)(b) of Codified Law 2190/1920, and will act any action for which powers are delegated to it pursuant to the provisions of Law or the Company's statutes, save those actions for which the General Meeting of shareholders is exclusively responsible, pursuant to Law or the statutes.
- 1.2 The BoD should establish committees to prepare its decisions and ensure that any conflicts of interests in the decision-making process are effectively managed. For this purpose, the BoD establishes an audit committee responsible for monitoring financial reporting and the effectiveness of the internal control and risk management system, as well as supervising and monitoring statutory audits and matters concerning the objectivity and independence of legal auditors.

2. Size and composition of the BoD

- 2.1 The BoD should comprise five (5) to eleven (11) members.
- 2.2 At least one third of the BoD must be composed of independent non-executive members who are free of conflicts of interest with the company and do not have close ties to the Management, major shareholders or the company.
- 2.3 During their tenure, independent non-executive members are not allowed to own more than 0.5% of the company's share capital or to have a relation of dependence with the company or persons related to the company. Independent members are appointed by the General Meeting of shareholders. The BoD should determine whether a candidate should be regarded as independent before proposed for election by the General Meeting of shareholders.
- 2.4 In determining the independence of BoD members, including those proposed for nomination, the BoD should consider that a relation of dependence exists when a member:
 - is (as stipulated in Law 3016/2002) or has been an employee, senior executive or Chairman of the BoD of the company or its subsidiaries within the last three (3) years;
 - receives or has received during the 12 months prior to appointment any compensation from the company other than the BoD membership fees approved by the General Meeting of the company's shareholders;
 - has (as stipulated in Law 3016/2002) or has had within the past year a material business relationship with the company or its subsidiaries, particularly as a significant client, supplier or consultant of the company, or as a partner, shareholder, BoD member or senior executive of an entity that has such a relationship with the company or its subsidiaries;

- has been the external auditor of the company or its subsidiaries, or has been a partner or employee of a firm which provides external auditing services to the company or its subsidiaries, within the last three (3) years;
 - has (as stipulated in Law 3016/2002) a second degree kinship with or is the spouse of a non-independent BoD member, senior executive, adviser, or significant shareholder of the company or its subsidiaries;
 - controls, directly or indirectly through related parties, more than 10% of the voting rights of the company or represents a significant shareholder of the company or its subsidiaries.
- 2.5 A corporate governance statement should include information about the composition of the BoD and its committees and members. In addition, this statement should name the non-executive members the BoD considers to be independent.
- 2.6 The corporate governance statement should disclose the term of appointment of each BoD member, and contain their brief CVs.

3. Role and profile of the chairman of the BoD

- 3.1 The division of responsibilities between the Chairman and the Chief Executive should be clearly established by the BoD, set out in writing and communicated to shareholders. This should also apply to companies where the role of Chairman and Chief Executive are exercised by the same person.
- 3.2 The Chairman should facilitate the effective contribution by non-executive members to the work of the BoD, and ensure constructive relations between executive and non-executive members.
- 3.3 The (executive) Chairman of the BoD should convene the BoD and put specific items on the agenda upon relevant request of at least two (2) members of the Board of Directors. This recommendation does not affect the legal right of the BoD members to request a BoD meeting or convene the BoD in case of failure of the Chairman or his replacement to comply with their request (article 20(5) of Codified Law 2190/1920).

4. Duties and conduct of BoD members

- 4.1 As part of the internal regulations of the company, the BoD should adopt policies for managing conflicts of interests between a BoD member and the company, and for protecting the confidentiality of information. These policies should include procedures that define how a BoD member and third parties to whom BoD responsibilities have been delegated by the BoD should disclose to the BoD ahead of time any interest in company transactions or any other potential conflicts of interest with the company or its subsidiaries.
- 4.2 Other professional commitments of the BoD members will be subject to approval of the General Meeting of Shareholders. Changes to such commitments should be reported to the BoD as they arise. Non-executive BoD members should undertake upon appointment that they will have sufficient time to perform their duties. BoD members should not sit on the BoD of more than five (5) listed companies.

5. Nomination of BoD members

- 5.1 The BoD is responsible for the nomination of candidate BoD members, and the relevant procedures should be described in the BoD terms of reference.
- 5.2 BoD members should be subject to election by shareholders for a maximum term of five (5)

years, which may not be extended beyond six (6) years, and may be re-elected. Replacement of the entire body at one General Meeting should be avoided, and orderly succession of BoD members should be made over time.

- 5.3 The names of BoD members submitted for election or re-election should be accompanied by sufficient biographical details, by the Board's view on the independence of the proposed members based on the independence criteria set out by Law and the Code, and by any other relevant information to enable shareholders to make an informed decision.
- 5.4 Executive members should undertake to resign from the BoD upon termination (in whatever manner) of their executive duties.

6. Functioning of the BoD

- 6.1 The BoD terms of reference should be clear and well documented. At the beginning of every calendar year, the BoD should adopt a calendar of meetings and a 12-month agenda, which may be reviewed depending on the company's needs, to ensure that it properly, fully and timely fulfils its responsibilities and adequately considers all matters submitted to it for consideration.
- 6.2 Under the Chairman's supervision, good information flows should be ensured between the BoD and its committees, and between the senior Management and the BoD. Also, an induction programme for BoD members should be established from the beginning of their tenure onwards, and for continuous information and development on matters related to the company.
- 6.3 The discussions and decisions of the BoD and its committees should be recorded in minutes. Minutes of every meeting should be distributed and approved at the next BoD or relevant committee meeting.
- 6.4 The BoD should ensure that an induction programme is established for new BoD Members, and that continuing professional development programmes are available to other members.
- 6.5 BoD members should see that they receive regular briefings on business developments and key risks to which the company is exposed. They should also be timely informed about changes in laws and the market environment. BoD members should engage frequently with the company's executives, attending regular presentations by heads of sectors and services.
- 6.6 BoD members should have the right to request from Management, via the Chief Executive, any information they consider necessary to fulfill their responsibilities at any point of time.
- 6.7 The BoD should have access to independent professional advice at the company's expense where the BoD judges it necessary to fulfill its responsibilities. For this purpose, non-executive members should have the right to propose to the Chairman the appointment of professional consultants.
- 6.8 BoD committees should be provided with sufficient resources to undertake their duties, and may engage external professional advice to the extent necessary. Such appointment will be subject to relevant information to the BoD Chairman, and the submission of regular reports to the BoD about the activity of consultants.

7. BoD evaluation

- 7.1 Through the Directors' Report, which is subject to the approval of the Ordinary General Meeting of Shareholders, the Company's BoD follows up and reviews the implementation of its decisions on an annual basis.

Part B – Internal control

8. Internal control

- 8.1 The BoD, supported by the audit committee, should set appropriate policies on internal control, and ensure that the system is functioning effectively. The BoD should also define the procedure to be adopted for the monitoring of internal control effectiveness. This should encompass both the scope and frequency of the reports it receives from the internal control department and reviewed during the year, and the process for the annual assessment of internal control.
- 8.2 The BoD establishes an internal audit department, in accordance with Greek legal requirements, which operates under written terms of reference. The internal audit department should be independent from other business units, and should report to the Board of Directors in administrative terms, and to the Audit Committee in operating terms.
- 8.3 The BoD should undertake an annual assessment of the internal control system. The assessment should consider the scope of activities and the effectiveness of the internal audit department, the adequacy of risk management and internal control reports to the BoD audit committee, and the Management's responsiveness and effectiveness in dealing with identified internal control failings or weaknesses.
- 8.4 The audit committee is set up to assist the BoD in its financial reporting, internal control and external audit oversight responsibilities, as stipulated in the relevant law. The audit committee should be composed of at least three members. It should include at least one (1) independent member with adequate knowledge of accounting and auditing.
- 8.5 The main responsibilities of the Audit Committee are the following:

As regards internal control system and reporting systems, the audit committee:

- monitors the financial reporting process and the integrity of the company's financial statements. It also monitors any formal announcements relating to the company's financial performance, and reviews the key points of financial statements which contain significant judgments and estimates on part of the Management;
- reviews the company's internal financial controls and monitors the effectiveness of the company's internal control and risk management systems, unless expressly addressed by the BoD itself or another BoD committee. For this purpose, the audit committee should review the company's internal control and risk management system on a regular basis, in order to ensure that main risks are properly identified, managed and disclosed;
- should review conflicts of interests in transactions of the company with related parties, and submit relevant reports to the BoD.

As regards the oversight of the internal audit department, the audit committee:

- should ensure that internal audit functions are in line with the international standards for professional implementation of internal audit;
- determines and reviews the terms of reference of the company's internal audit department;
- monitors and examines proper workings of the internal audit department, and reviews its quarterly audit reports;
- ensures the independence of internal audit, by proposing to the BoD the appointment and removal of the head of the internal audit department.

As regards the oversight of the external audit, the audit committee:

- should make recommendations to the General Meeting, via the BoD, in relation to the appointment, re-appointment and revocation of the external auditor;
- reviews and monitors the external auditor's independence, and the objectivity and effectiveness of the audit process, taking into consideration the relevant Greek professional and regulatory requirements;
- reviews and monitors the provision of additional services to the company by the auditing firm to which the external auditor(s) belong(s). For this purpose, the audit committee should develop and implement a policy on the engagement of external auditors to supply non-audit services, and should oversee the implementation of the policy.

- 8.6 The committee should meet at least four times per year to effectively perform its duties.
- 8.7 The main role and responsibilities of the audit committee should be set out in written terms of reference, and made available on the company's website.
- 8.8 The corporate governance statement should describe the work of the committee in fulfilling its duties, and the number of meetings held during the year. If the external auditor provides non-audit services as well, the statement should explain to shareholders how auditor objectivity and independence is safeguarded.
- 8.9 The audit committee may use the services of external consultants and, therefore, should be provided with an adequate budget for this purpose.

Part C - Remuneration

9. Level and structure of remuneration

Executive BoD members

- 9.1 The remuneration of executive BoD members should be linked to the corporate strategy, the company's objectives and their achievement, with the ultimate goal of creating long-term value for the company. Accordingly, appropriate balance should be ensured between:
- fixed components (i.e. basic salary);
 - variable performance-related components, including annual cash bonus payments and, when deemed necessary, share-related long-term incentives;
 - other arrangements such as pension, severance payments, significant fringe benefits (including in-kind benefits) and other awards.
- 9.2 Individual remuneration of executive BoD members should be approved by the BoD. In cases where the approval of remuneration is subject by law to the GM, the relevant proposal must be prepared by the BoD following the procedure above. In determining the remuneration of executive members, the BoD should consider:
- their roles and responsibilities;
 - their performance against predetermined quantitative and qualitative objectives;
 - the economic situation, performance and outlook of the company;
 - the remuneration for similar executive functions in peer companies.
- 9.3 In determining the remuneration of its executive members, the BoD should also take into consideration the level of remuneration paid to the employees of the company and the whole group of companies.

Non-executive BoD members

- 9.4 The remuneration of non-executive BoD members is approved by the General Meeting of shareholders on proposal by the BoD, and should reflect their time commitment to the company in fulfilling their responsibilities as non-executives, and the range of responsibilities. The BoD should determine and propose to the shareholders basic annual BoD fees, and any additional fixed fees for members who attend or serve as chairmen of BoD committees.

Part D – Relations with shareholders

10. Communication with shareholders

- 10.1 The BoD Chairman should be available to meet significant shareholders of the company to discuss issues of corporate governance.
- 10.2 The Chairman should ensure that the views of the shareholders are communicated to the BoD.
- 10.3 The company should maintain an active website that includes a description of its corporate governance, its management structure, its ownership and other useful shareholder and investor information.

11. Department of Shareholders, Investor Relations and Corporate Announcements

- 11.1 The Company provides information to investors and shareholders through the department of Shareholders, Investor Relations and Corporate Announcements, only on published information. Disclosures related to unpublished information are subject to the written approval of the BoD. The confidentiality principle must be complied with until publication of information.
- 11.2 A key concern of the department of Shareholders, Investor Relations and Corporate Announcements is to provide timely and accurate information to shareholders and investors about all matters related to the Company (strategy, financial situation, performance, share register, management etc), and to inform the Management about market trends and competition, with an aim to establish transparency and facilitate the public in making investment decisions.

12. The General Meeting of shareholders

- 12.1 Taking into consideration all legal requirements of Law 2884/2010, the company should ensure that information is communicated via its website in Greek and English at least twenty (20) days before the General Meeting. This information includes:
 - the date, time and location of the General Meeting of shareholders;
 - key attendance rules and practice, including the right to put items on the agenda and ask questions, and deadlines by which those rights may be exercised;
 - voting procedures, proxy procedural terms and the forms to be used for proxy voting;
 - the proposed agenda of the meeting, including draft decisions to be discussed and passed, and any accompanying documents;
 - the proposed list of candidates for BoD membership and CVs (if applicable); and
 - the total number of shares and voting rights at the date of convocation.
- 12.2 The company should provide for an efficient and inexpensive way to cast votes for shareholders or their representatives.
- 12.3 A summary of the minutes of the General Meeting of shareholders, including voting results on each decision of the General Meeting, should be available on the company's website within five (5) days from the date of the General Meeting of shareholders, also translated into English.

- 12.4 At least the Chairman of the Company's BoD, the CEO or the General Manager, as the case may be, and the Chairmen of the BoD committees, as well as the internal and external auditors, should attend the General Meeting of shareholders in order to provide information on issues of their responsibility for discussion, and on questions or clarifications requested by shareholders. The Chairman of the General Meeting should allow sufficient time for shareholders to submit any queries.