



Corporate Governance in 2021 : Emerging trends, challenges and opportunities

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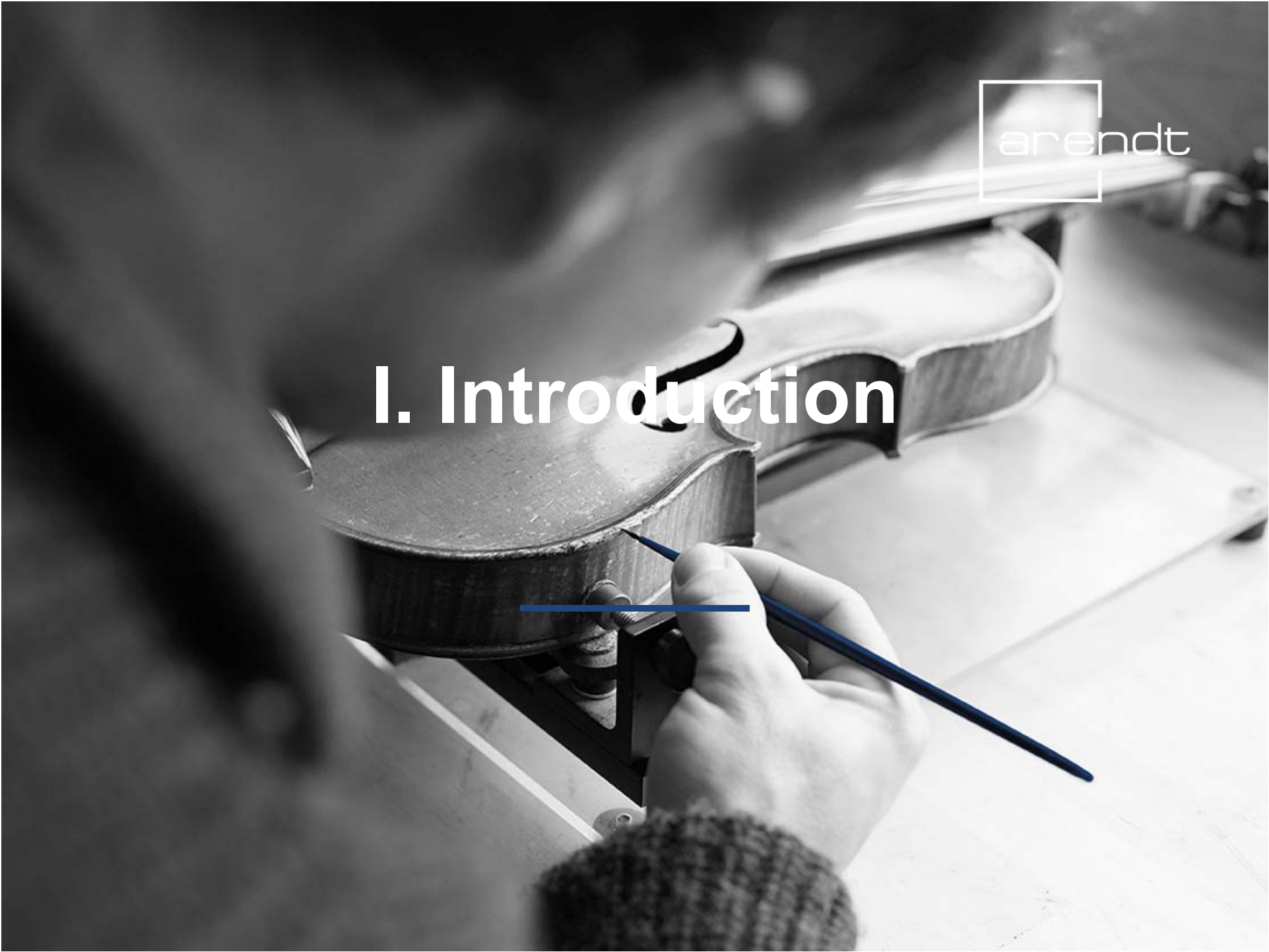
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I. Introduction



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Agenda

- What is “hot” in corporate governance today?
- All eyes on “Governance”: Regulators’ enhanced focus
- Governance related challenges and opportunities in 2021
- Resilience audits: Your way towards a solid, structured & attractive business
- Q&A
- Key take away



II. What is “hot” in corporate governance today?



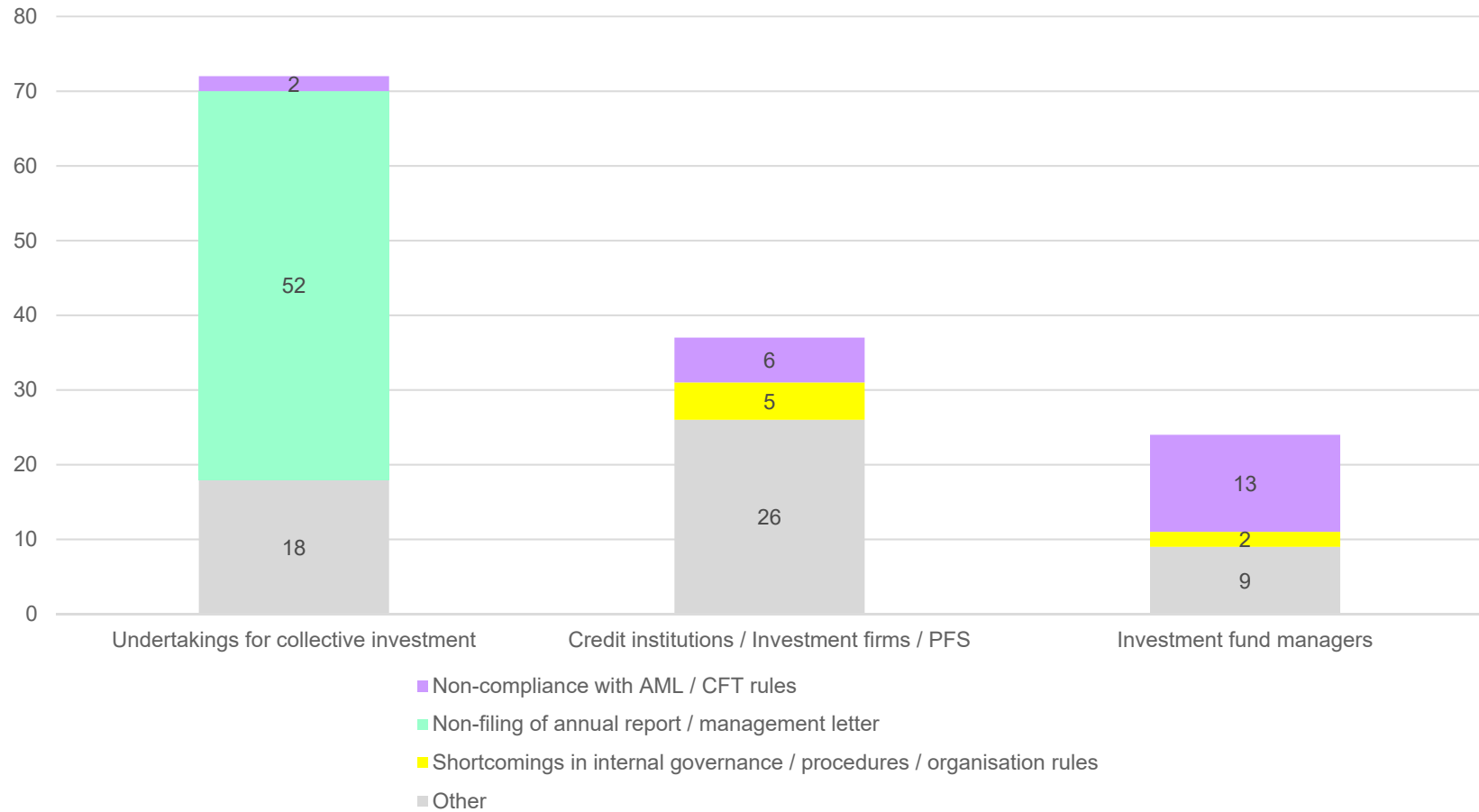
What is “hot” in corporate governance today? (1)



What is “hot” in corporate governance today? (2)



CSSF sanctions 2019

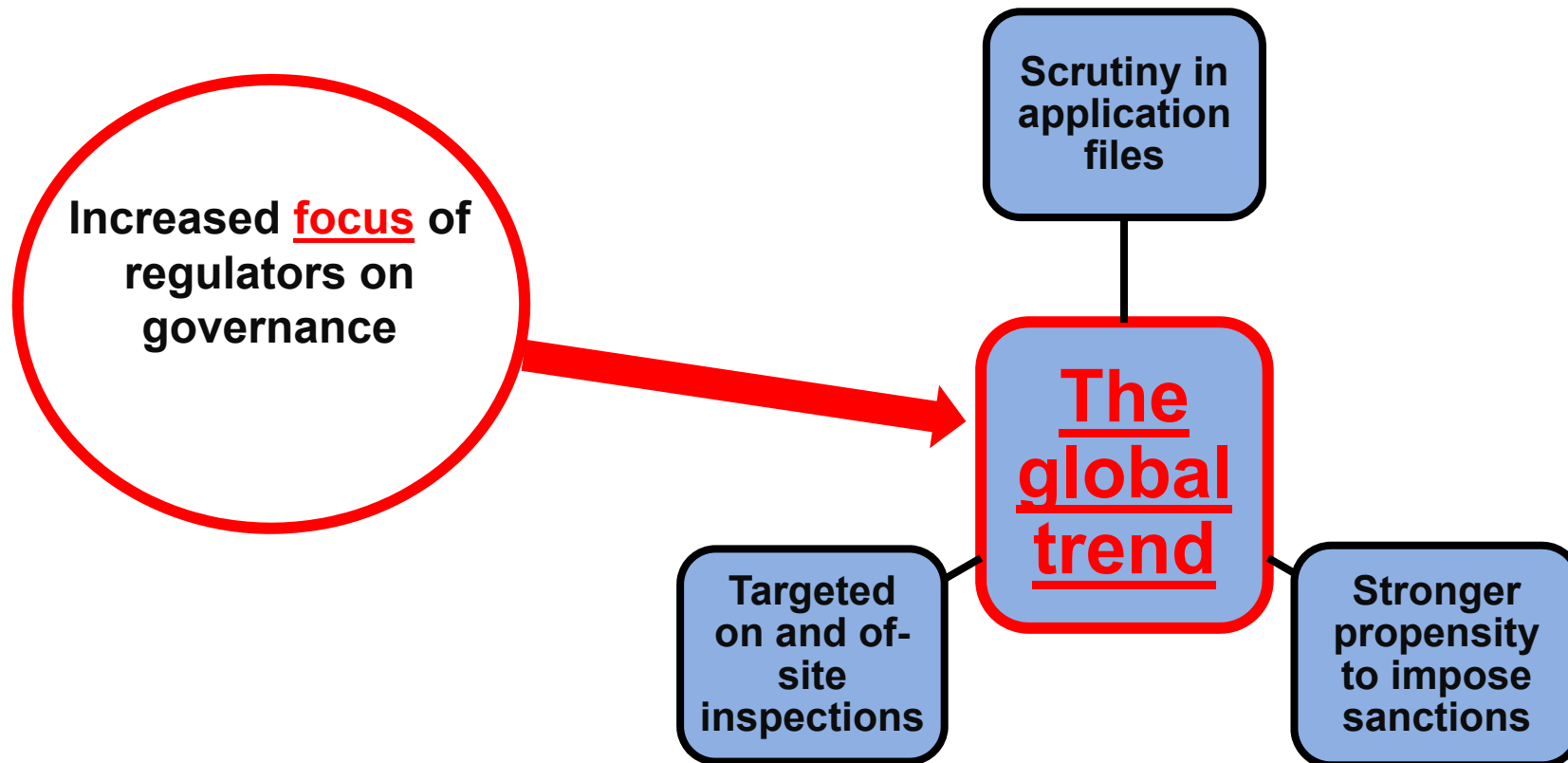




III. All eyes on “Governance”: Regulators’ enhanced focus



All eyes on “Governance”: Regulators’ enhanced focus (1)



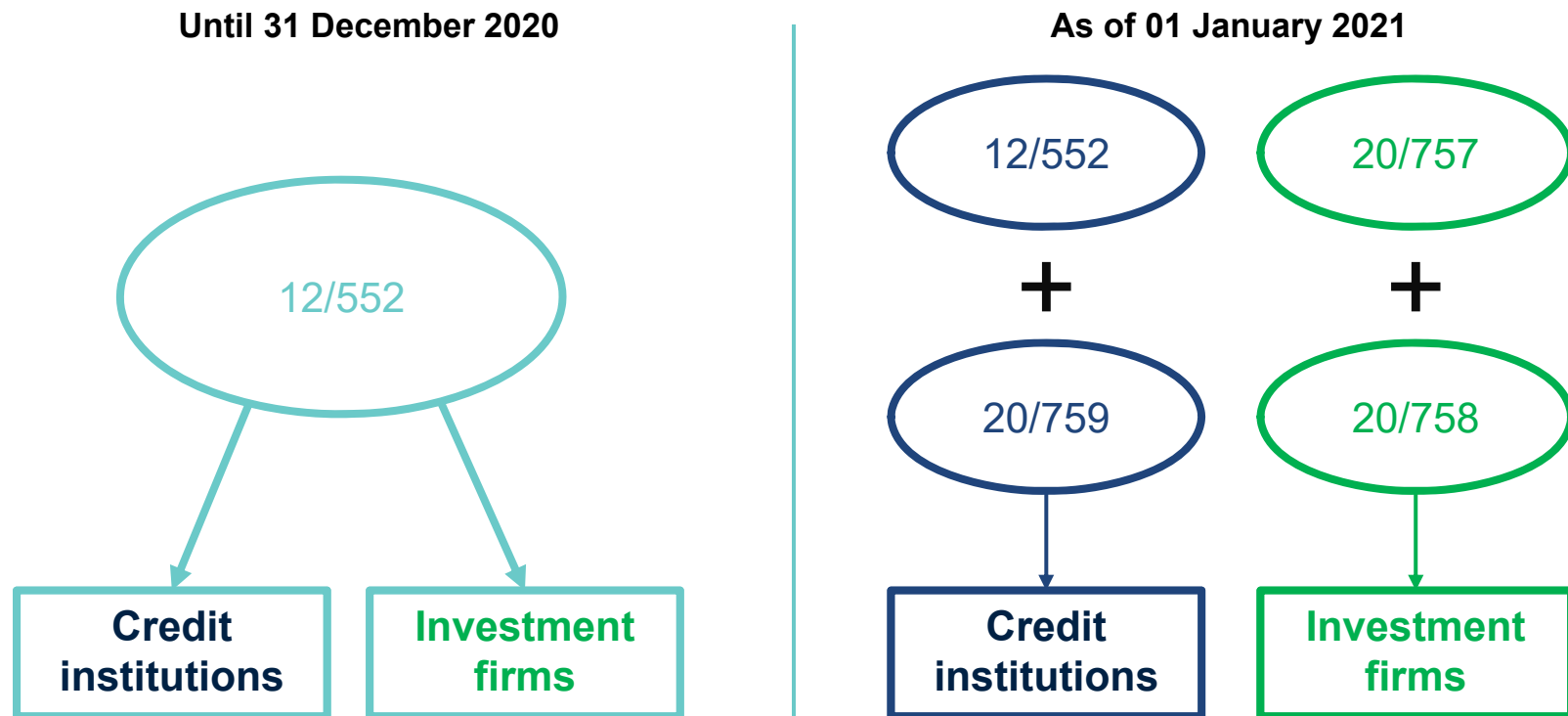
Key expectations

- Critical, detailed and comprehensive self-assessments
- Documentation and transparency

All eyes on “Governance”: Regulators’ enhanced focus (2)



Reforming the CSSF circular letters on internal governance

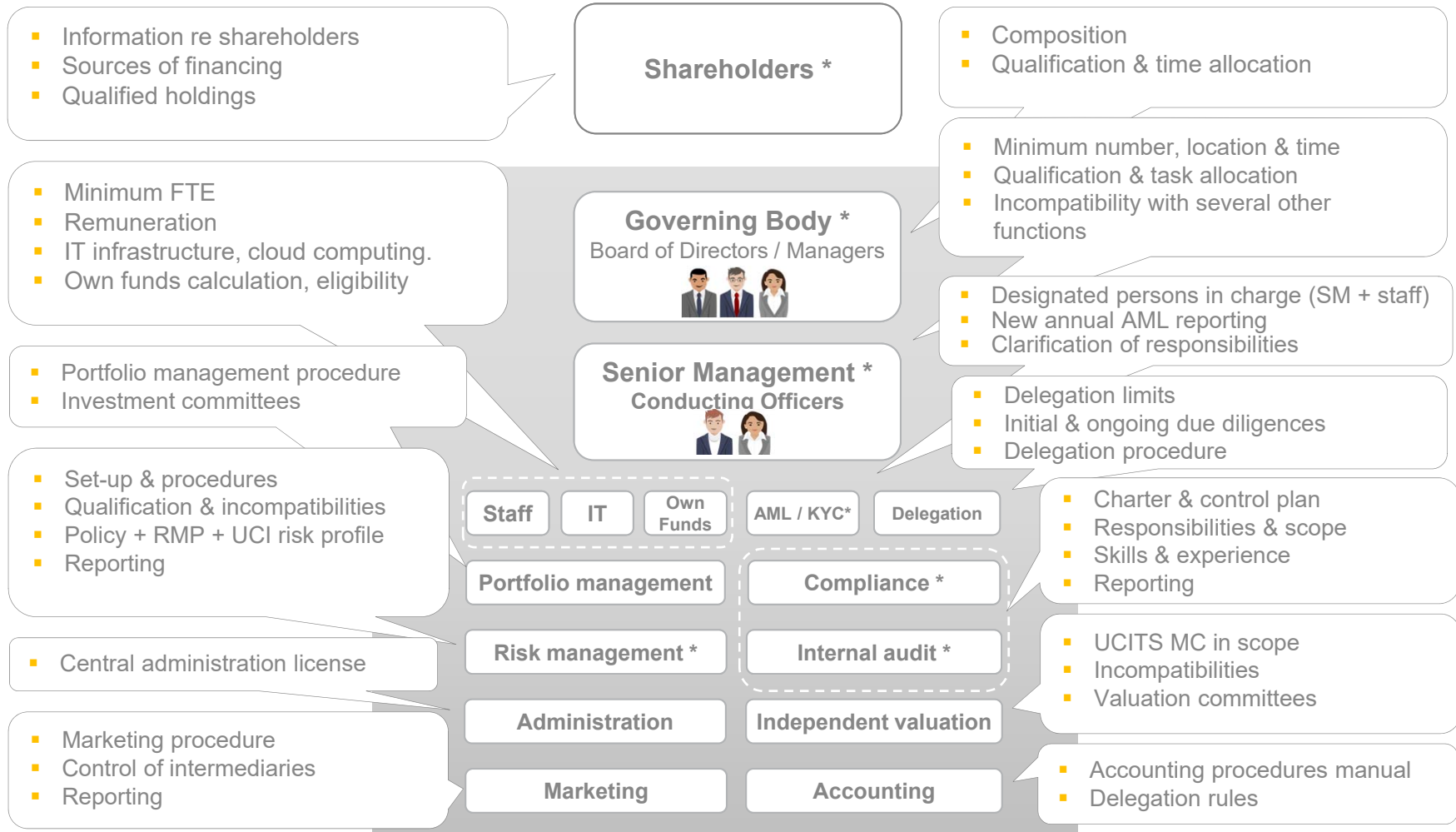


Management body suitability and responsibility

All eyes on “Governance”: Regulators’ enhanced focus (3)

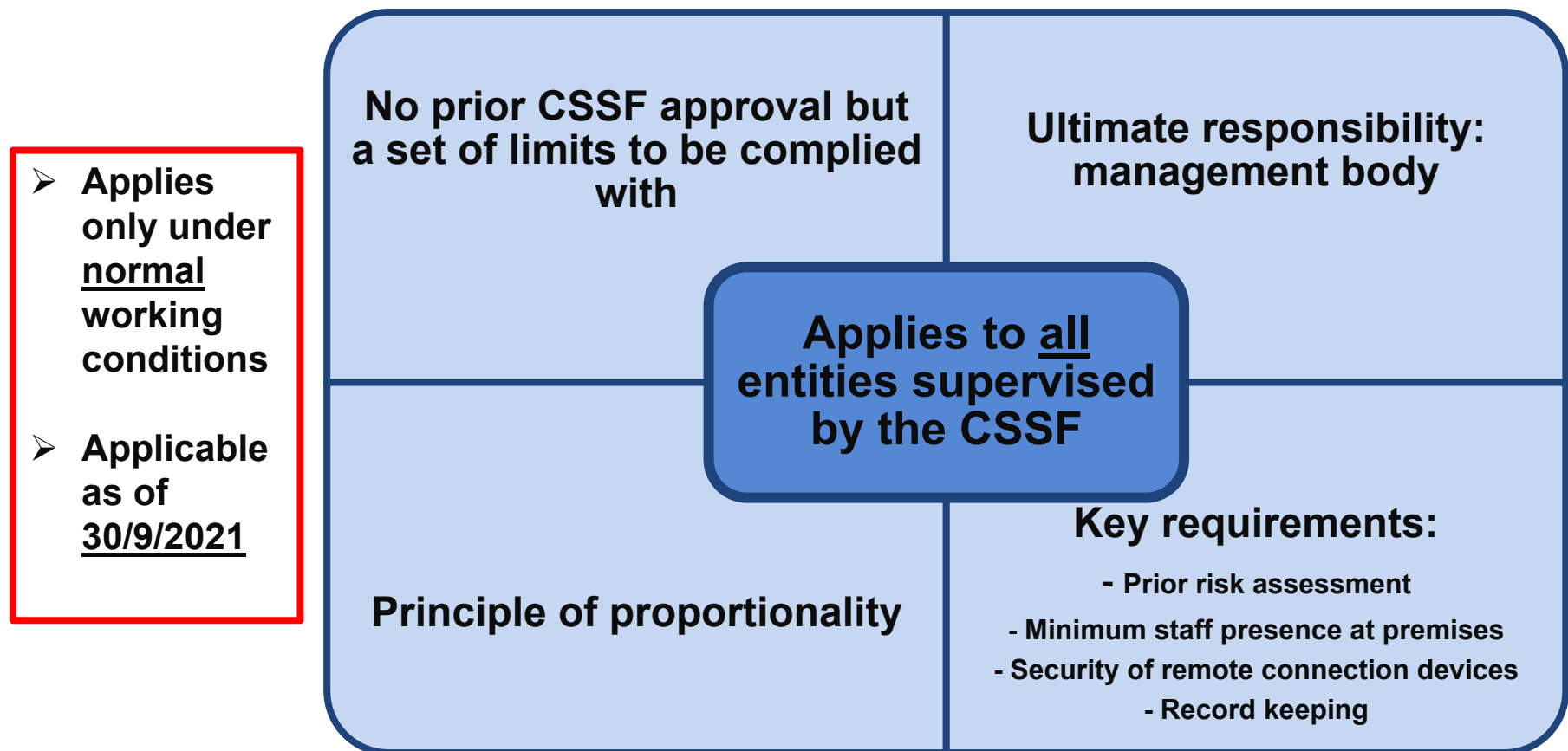


Circular 18/698 – every part of the business is affected



All eyes on “Governance”: Regulators’ enhanced focus (4)

Adopting a specific CSSF circular letter dedicated to the governance of telework

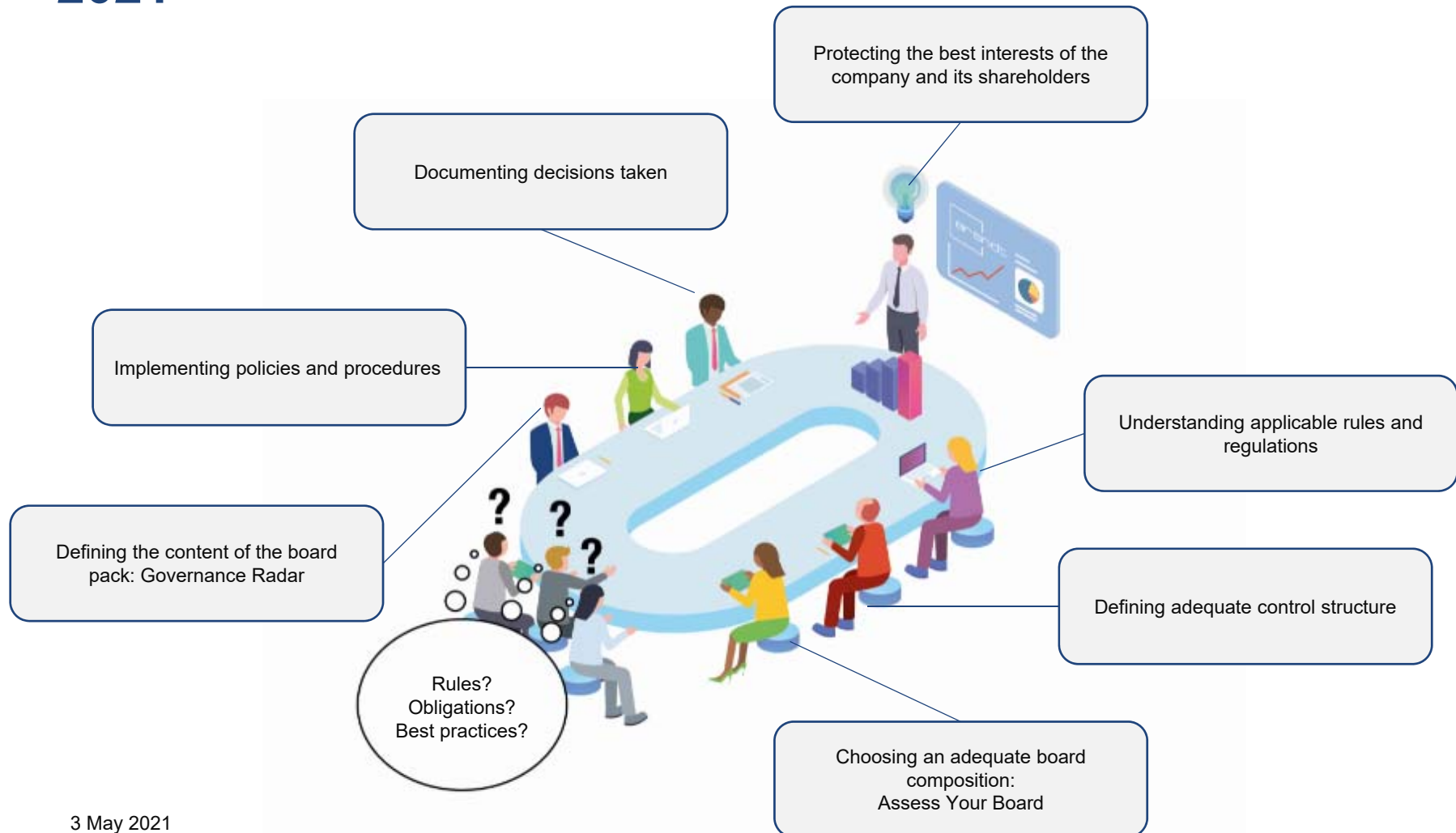




IV. Governance related challenges and opportunities in 2021



Governance related challenges and opportunities in 2021





V. Resilience audits: Your way towards a solid, structured & attractive business



Resilience audits: Your way towards a solid, structured & attractive business

- For many CEO's, (portfolio) managers or Board Members, the current epidemic has put a clear face to the very theoretical concept of crisis management and its normative friend, the Business Continuity Plan.
- To the majority, not regulated or belonging to a regulated entity, whether you had a BCP within the organisation (common for process-critical ones), or not, or maybe one only for IT-risks, let's face it, we had not seen it coming. And even you would have ... many companies whatever their size were not ready to face this long, global disruption impacting their whole value chain.
- The current sanitary crisis will, among many other evolutions, transform the way to govern and manage businesses, and add a new formal responsibility for the Board Members to not only know if resilience / continuity plans are existing and if yes updated, but to master and “meta-”manage them.
- Resilience audits, Business Continuity plans, crisis management Codex, ISO22300:2019, ISO22301 frameworks, some or all of them will become a must-have for the majority of the organisations.

Resilience audits: Your way towards a solid, structured & attractive business

What changed? In reality and/or in our perception

- Both the organisations and their stakeholders can be hit by the same crisis
- Crisis can therefore be longer than foreseen and require flexibility at every levels of the organisation
- Usual resilience methods may not be enough or adapted to face a global and long crisis like the Covid-one (examples later)
- Resilience is to be prepared by managers but must be understood, regularly challenged and mastered by Board Members.
- ISO and full BCP documentation may be too complex and detailed for many organisations. Therefore, pragmatic resilience audits based on priority key factors may be of great assistance to Board Members and Managers to communicate and assess the change readiness of the organisation.

Resilience audits: Your way towards a solid, structured & attractive business

The list below shows only the required base vocabulary of the ISO22300:2019 norm on business continuity

<ul style="list-style-type: none"> ■ activity ■ affected area ■ after-action report ■ alert ■ all clear ■ all-hazards ■ alternate worksite ■ appropriate law ■ enforcement and other ■ government officials ■ area at risk ■ asset ■ attack ■ attribute data ■ management system, ADMS ■ audit ■ auditor ■ authentic material good ■ authentication ■ authentication element ■ authentication function ■ authentication solution ■ authentication tool ■ authoritative source ■ authorized economic operator ■ automated interpretation ■ business continuity ■ business continuity management ■ business continuity management system, BCMS ■ business continuity plan ■ business continuity programme ■ business impact analysis ■ business partner ■ capacity ■ cargo transport unit ■ certified client ■ civil protection ■ client ■ closed-circuit television system, CCTV system ■ colour blindness ■ colour-code ■ command and control system ■ command and control system ■ communication and consultation ■ community ■ community-based warning system 	<ul style="list-style-type: none"> ■ competence ■ conformity ■ consequence ■ contingency ■ continual improvement ■ conveyance ■ cooperation ■ coordination ■ correction ■ corrective action ■ counterfeit, verb ■ counterfeit good ■ countermeasure ■ covert authentication ■ element ■ crisis ■ crisis management ■ crisis management team ■ critical control point, CCP ■ critical customer ■ critical product or service ■ critical supplier ■ critically analysis ■ custodian copy ■ custody ■ disaster ■ disruption ■ document ■ documented information ■ downstream ■ drill ■ dynamic metadata ■ effectiveness ■ emergency ■ emergency management ■ entity ■ evacuation ■ evaluation ■ event ■ exercise ■ exercise annual plan ■ exercise coordinator ■ exercise programme ■ exercise programme manager ■ exercise project team ■ exercise safety officer ■ facility ■ false acceptance rate ■ false rejection rate ■ forensic ■ forensic analysis ■ full-scale exercise ■ functional exercise ■ geo-location ■ goods 	<ul style="list-style-type: none"> ■ hazard ■ hazard monitoring function ■ hue ■ human interpretation ■ human rights risk analysis, HRRA ■ identification ■ identifier ■ identity ■ impact ■ impact analysis ■ impartially ■ improvisation ■ incident ■ incident command ■ incident management system ■ incident preparedness ■ incident response ■ information ■ infrastructure ■ inherently dangerous property ■ inject ■ inspector ■ inspector access history ■ integrated authentication element ■ integrity ■ interested party ■ internal attack ■ internal audit ■ international supply chain ■ interoperability ■ intrinsic authentication element ■ invocation ■ key performance indicator, KPI ■ less-lethal force ■ likelihood ■ logical structure ■ management ■ management plan ■ management system ■ management system ■ consultancy and/or associated risk assessment ■ material good ■ material good life cycle ■ maximum acceptable outage, MAO ■ maximum tolerable period of disruption, MTPD ■ measurement 	<ul style="list-style-type: none"> ■ metadata ■ minimum business continuity objective, MBCO ■ mitigation ■ monitoring ■ mutual aid agreement ■ nonconformity ■ notification ■ object ■ object examination function, OEF ■ objective ■ observer ■ off-the-shelf authentication tool ■ on-line authentication tool ■ operational information ■ organization ■ organization in the supply chain ■ outsource, verb ■ overt authentication element ■ owner ■ participant ■ partnering ■ partnership ■ people at risk ■ performance ■ performance evaluation ■ personnel ■ planning ■ policy ■ preparedness ■ prevention ■ prevention of hazards and threats ■ preventive action ■ prioritized activity ■ private security service provider ■ probability ■ procedure ■ process ■ product or service protection ■ public warning ■ public warning system ■ purpose-built authentication tool ■ record ■ recovery ■ recovery point objective, RPO ■ recovery time objective, 	<ul style="list-style-type: none"> ■ RTO ■ requirement ■ residual risk ■ resilience ■ resource ■ response plan ■ response programme ■ response team ■ review ■ rights holder ■ risk ■ risk acceptance ■ risk analysis ■ risk appetite ■ risk assessment ■ risk communication ■ risk criteria ■ risk evaluation ■ risk identification ■ risk management ■ risk owner ■ risk reduction ■ risk register ■ risk sharing ■ risk source ■ risk tolerance ■ risk treatment ■ robustness ■ scenario ■ scene location ■ scope of exercise ■ scope of service ■ script ■ secret ■ security ■ security aspect ■ security cleared ■ security declaration ■ security management ■ security management objective ■ security management policy ■ security management programme ■ security management target ■ security operation ■ security operations management ■ security operations objective ■ security operations personnel ■ security operations policy ■ security operations 	<ul style="list-style-type: none"> ■ programme ■ security personnel ■ security plan ■ security sensitive information ■ security threat scenario ■ self-defence ■ semantic interoperability ■ sensitive information ■ shelter in place, verb ■ specifier ■ stand-alone authentication tool ■ static metadata ■ strategic exercise ■ subcontracting ■ supply chain ■ supply chain continuity management, SCCM ■ syntactic interoperability ■ tamper evidence ■ target ■ target group ■ test ■ testing ■ threat ■ threat analysis ■ tier 1 supplier ■ tier 2 supplier ■ top management ■ track and trace ■ training ■ trusted query processing function, TQPF ■ trusted verification function, TVF ■ undesirable event ■ unique identifier, UID ■ upstream ■ use of force continuum ■ verification ■ vulnerability ■ vulnerable group ■ warning dissemination function ■ work environment ■ World Customs Organization, WCO
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Resilience audits: Your way towards a solid, structured & attractive business

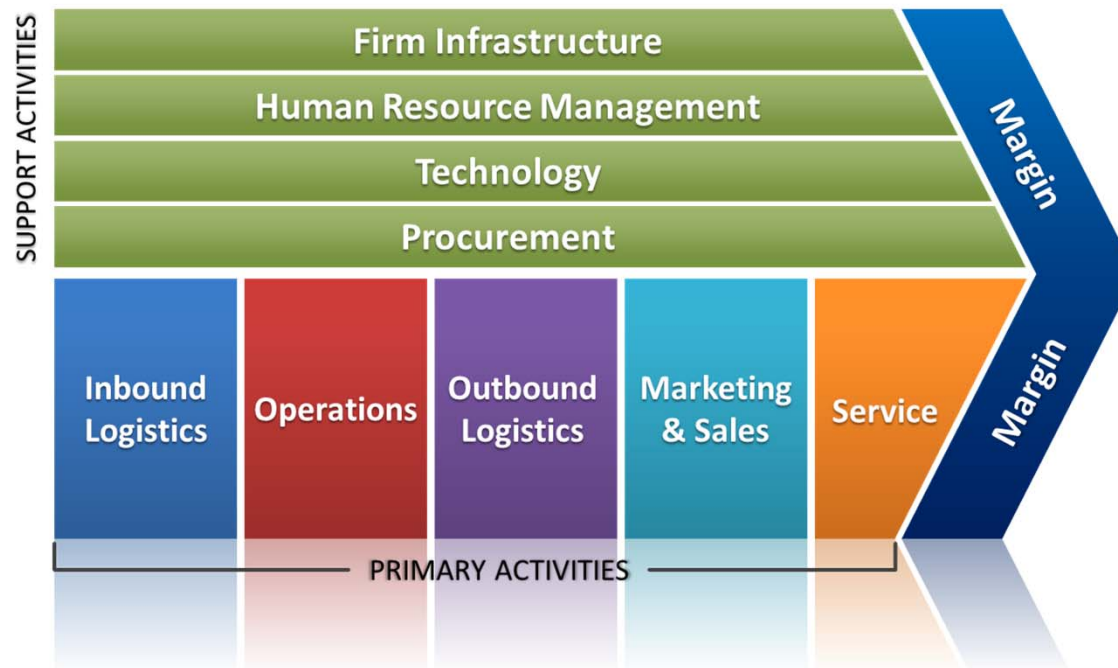
What changed? In reality and / or in our perception (2)

- Organisations will have to be constantly ready to implement swiftly new business and organisational models
- People centricity & flexibility are key to keep the organisations running efficiently
- Hence, extra-communication patterns are needed:
 - Need for (over-)regular communication between the management and the employees to maintain cohesion and ensure acceptance of the fast moving situation and business model while helping avoiding fear and panic among them
 - Need for extra-regular communication between the CEO and the Board Members to macro and micro-pilot the organisation and ensure its maximal resilience during turbulent times
- Acceptance does not last : Covid-clauses have been accepted last year but it already tends not to be the case anymore whatever the crisis has not ended. Adaptation is considered as mandatory for any organisation.

Resilience audits: Your way towards a solid, structured & attractive business

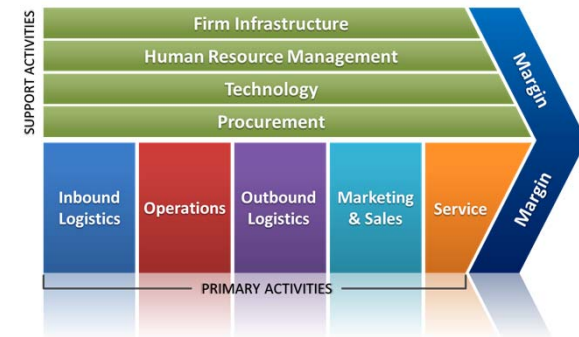
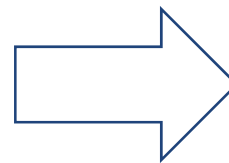
Resilience audits and reporting support organisations transformation and readiness against possible future unforeseen crisis. What is it all about?

- We are all familiar with the so-called « Porter-inspired » Enterprise Value Chain, showing that many interdependent activities are constituting an operating company and are needed to run smoothly.



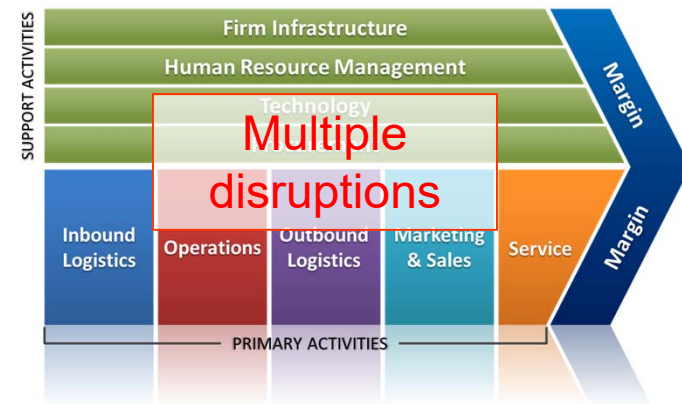
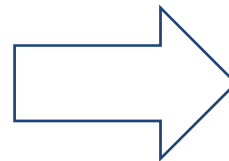
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- To the Value Chain we usually add the Stakeholder's model, reflecting the generic and absolutely correct thought that the life of an organisation also depends on external parties. Typology and number of them can vary.



Resilience Plans will focus first on those big blocks to offer a rapid path for the organisation to be Pareto-like resilient

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Can't access your products anymore on the current distribution channels

Slow down or stop deliveries

Must stay partially or fully at home or are unavailable for a period

You enter into liquidity-squeeze situation
Flexibility becomes complicated
Cash-advance criteria tighten

**From one day
to another**

Resilience audits: Your way towards a solid, structured & attractive business

One step at a time, resilience audit (and its related reporting) is the best way to have a plan that covers the most important stakeholders risks the company could face in generic crisis situation. Stepping directly into a full BCP or passing the ISO norm may be an extra future challenge or maybe never considered should the resilience reporting covers enough topics. When performing the resilience audit:

- Every stakeholder and value chain activity is looked under the angle of resilience in case of eg. severe ecosystem crisis
- A risk / value destruction / value creation map is composed based on the previous analysis.
- For each one, the “range of change” will be defined, including the practical actions to be taken when the decision is made.
- A cost/benefit analysis will be made for each “range for change” action

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- The whole audit will also be summarized in a specific reporting that could be provided to the Management and the Board.

- Some examples of risks possibly identified:
 - Just-in-time production principles may lead to a fast production stop (action: should we increase inventories from X to Y days?)
 - Low reserve policy may be overwhelmed by the sudden cash need (should we implement a special cash or cash-equivalent reserve?)
 - Bank credit systems in place may not be flexible enough to answer the sudden need of extra resources (should we modify and negotiate new contracts to absorb some potential risks in case of crisis?)
 - Alternative channels to reach customers may not have been identified and ready-for-implementation (should we develop multi-channel customer approach, and ready-to-switch plans?)
 - Suppliers contracts may lead to severe delivery disruption (should we implement in our suppliers contracts specific clauses eg. Intermediary dedicated inventory, or priority level of supply in case of shortage, or negotiate a specific price level table based on priority and level of disruption?)

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Many topics could be covered by the resilience audits, but all must result in pragmatic and easy-to-implement solutions to be also managed at Board level:

- Banks specific and updated loan agreements
- Adapted cash and reserve policies
- Shareholders possible specific commitments
- Suppliers special contractual clauses
- Inventory management policy redefinition
- Ability to switch fast between channels to reach customers
- IT infrastructure flexibility plan
- Trained people to switch function when needed
- Cost and workforce reduction plan ready and updated
- Company's valuation updated (in case of rapid transaction objective)
- Updated Customer's frame agreements
- Updated financial dashboarding for rapid decision-making
- Operations and processes contingency plans
- Flexiwork updated policy and ready infrastructure,
-,, ...

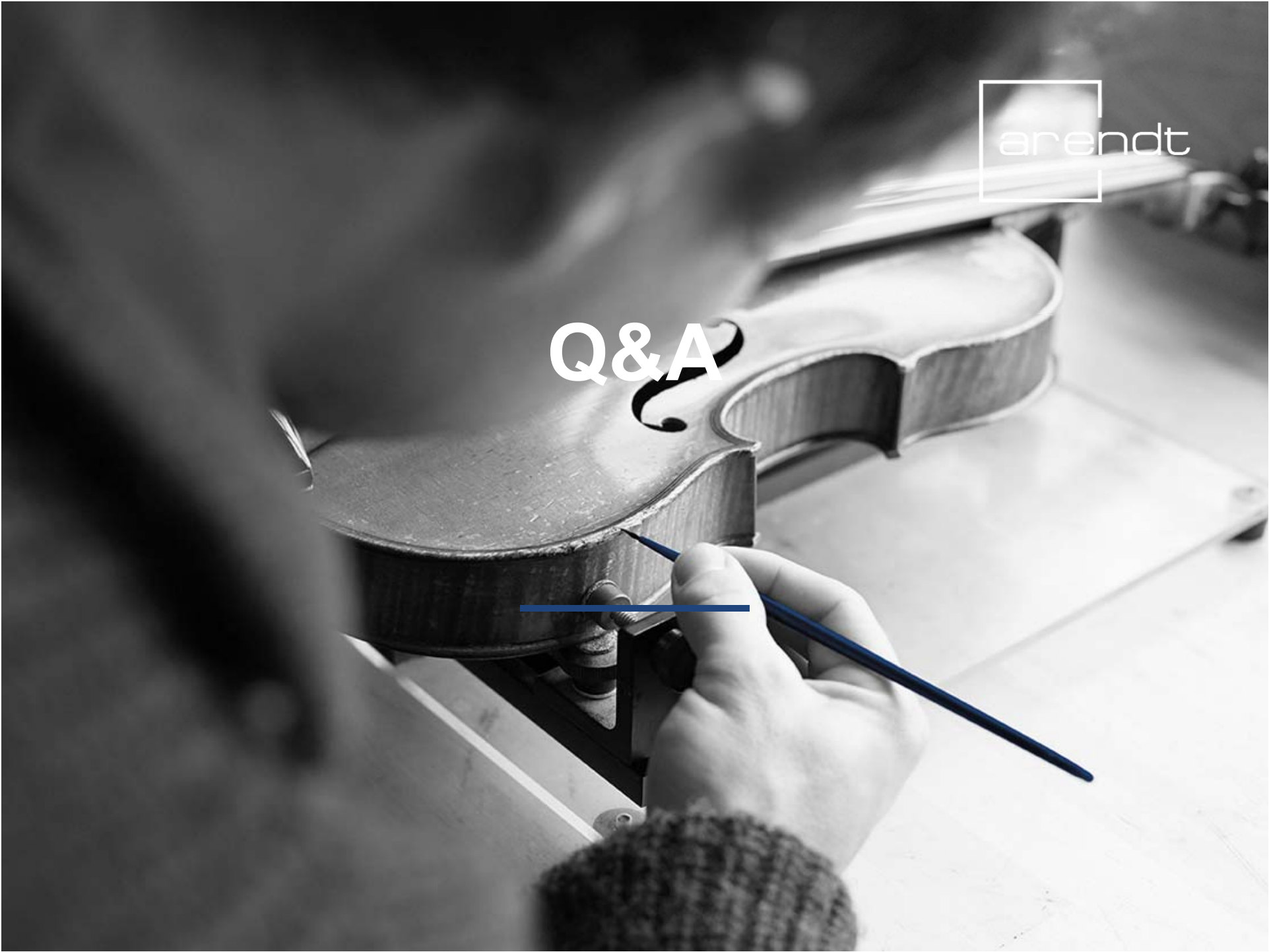
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Take-away :

If you do not have a structured and reasonably exhaustive resilience plan, what makes you think you'll get faster operational, be better protected and stay possibly unharmed compared to your peers and competitors?



Q&A





Key take away



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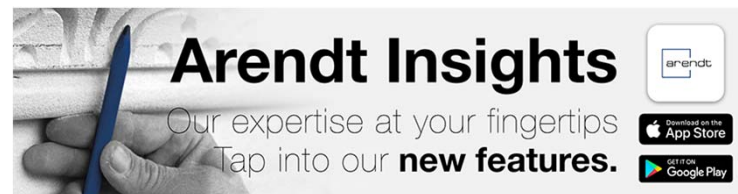


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