

“Practical governance for subsidiary companies”

Course outline

A subsidiary has, by definition, one shareholder which holds sufficient rights to nominate, directly or indirectly, a majority of the Board of Directors. By extension, this same shareholder can nominate the management of the subsidiary. The major shareholder therefore has bearing on all major decisions pertaining to the subsidiary.

The major shareholder is typically the largest investor in the subsidiary and therefore the most exposed to its risks. However, such a shareholder often sees corporate governance as an obstacle to the integration of the subsidiary’s activities within its group.

A Director of a subsidiary often sees his role reduced to a simple rubber stamp of decisions taken at the shareholder level, or face being removed from the subsidiary Board by the latter.

This workshop identifies the legal responsibilities and obligations of a Director of a subsidiary and how to constructively manage the conflicts arising with the interests of the major shareholder. It also identifies the advantages to the major shareholder of good corporate governance at the subsidiary level as well as some key ideas to assist with designing a governance model which efficiently integrates the economic, legal, financial and commercial relationship between the subsidiary and the overall objectives of the group.

Course objectives

The main features of the program are:

- Identify the responsibilities, obligations and conflicts facing a subsidiary Director (whether he/she is an executive, non-executive or independent Director).
- Identify how the group can benefit by adapting the governance of the subsidiary to integrate group objectives, whilst respecting the unique challenges the subsidiary faces in its own activities.
- Identify how and when Directors of a subsidiary should integrate the group view into their deliberations.
- Identify how to manage key intra-group transactions such as dividends, financing, fiscal structures, commercial transactions, etc.

Our expert



Alexis KYPRIANOU

Alexis is a certified board director both in Luxembourg and France. He has held numerous board directorships through his 25 year career in companies from all sizes from start-ups in the internet services sector to an energy company with over €1 billion of revenues. His mandates have been held for companies in several countries, including the USA, the UK, and France. He currently holds a mandate for an owner-managed business based in the Benelux region.

Alexis trains Board Directors on the certification and directors’ professional training programmes of several national institutes for board directors, including ILA in Luxembourg, IFA in France and Guberna in Belgium. He also lectures or gives workshops in corporate governance subjects at various business and management schools across Europe.

Alexis works closely as an expert with APM, the French organisation that groups *francophone* executives from small and medium-sized companies across France and Europe.

Programme

8.15	<i>Registration & welcome coffee</i>
8.30	Being a director nominated by a shareholder <ul style="list-style-type: none"> ▪ To whom is your fiduciary duty? ▪ Loyalty to the subsidiary and unfettered decision-making. ▪ Confidentiality & information flow: dissociation of directorship and other group roles. <p>Taking into account the interests of the nominating shareholder & the Rozenblum precedent.</p>
9.45	Independence on the Board of a subsidiary company <ul style="list-style-type: none"> ▪ Different models of group governance, their advantages & disadvantages, their impacts on director responsibility. ▪ The different roles of independence (objectivity, protection of minority shareholders or other stakeholders, etc.). ▪ The practical reality of independence: do you need independent board members? A Board simulation to illustrate the pressure exerted on independent directors.
10.45	<i>Coffee Break</i>
11.00	Strategy & risk of a subsidiary <ul style="list-style-type: none"> ▪ Who has responsibility for strategy and risk appetite? Theory vs practice ▪ Exercising shareholder control whilst encouraging subsidiary entrepreneurship & innovation ▪ Dealing with the difference of interests between shareholder and subsidiary: obligations and practicalities ▪ Risk: subsidiary vs branch ▪ The role of group internal & external audits, limitations of their work: consequences for subsidiary directors. ▪ Practical oversight of related party transactions between shareholder and subsidiary <p>A Board simulation to illustrate the conflicts of interest arising for directors nominated by majority shareholders</p>
12.45	<i>Lunch Break</i>
14.00	Financing of the subsidiary <ul style="list-style-type: none"> ▪ The group context: efficient group financing structures & impacts on corporate governance. ▪ Loans and tax planning with other group companies: your responsibility as a director <p>Who decides dividends? The law vs practicality and the wider governance issues.</p>
14.45	Remuneration of subsidiary management <ul style="list-style-type: none"> ▪ Who decides, who pays? An analysis of typical group remuneration packages. ▪ Aligning variable remuneration with subsidiary objectives vs group objectives. ▪ A Remuneration Committee simulation to illustrate remuneration issues in a subsidiary. ▪ Evaluation of management: who does this? <p>The issue of subsidiary directors subordinate to subsidiary management in group hierarchy.</p>
15.15	<i>Coffee break</i>
15.30	Getting the most out of your Board <ul style="list-style-type: none"> ▪ The advisory capability on strategy. ▪ The quality and timing of information flow to the subsidiary Board. ▪ Composition: getting the right nominees from the shareholder & board member renewal processes. ▪ Carefully managing extra services provided by Board members. <p>Time and commitment: accumulating mandates within the group.</p>
16.15	Michael Schweiger, Head I&TS Legal, Continental Europe at Royal Bank of Canada , talking on the issues of being a director of a subsidiary
17.00	<i>Closing of the course</i>

Practical Information

DATE AND TIME

Tuesday, 6 March 2018
From 08 :15 – 17:00

VENUE

Chambre de Commerce
7, rue Alcide de Gasperi
L-2981 Luxembourg
(Parking available at your own expense)

REGISTRATION FEES

- 540.00 € for ILA members (+ VAT 3%)
- 650.00 € for non-members (+ VAT 3%).

The fee covers tuition, handouts, coffee break and lunch.

ILA is authorized as a provider of continuing vocational training by the Ministry of Education (agreement dated 11 October 2011). Fees are eligible for State co-financing.

LANGUAGE

The course is conducted in English.

REGISTRATION

Registration available online via www.ila.lu. A confirmation email will be sent to the participant together with the invoice.

PAYMENT

Payment of the invoice is due upon receipt.

CANCELLATION POLICY

Any cancellation should be communicated in writing to v.vansaen@ila.lu.

In case of cancellation received less than 5 working days prior to the event, 100% fee remains due.

Substitution of one participant by another is possible. It should be done in writing at least 2 working days prior to the event.

CERTIFICATE OF PARTICIPATION

A certificate of participation will be provided to participants who have fully attended the course.

CPD INFORMATION

CPD Program for ILA Certified Directors accredited: 7 hours

CONFIDENTIALITY AGREEMENT

All ILA courses are conducted under the Chatham House Rules (confidentiality of discussions). Trainers & participants must respect the confidential nature of discussions that take place during the sessions.

ILA reserves the rights to use photographs that may be taken during the event for its communication, and to publish them on its website/social networks and/or promotional material.