EDUARD VON KYMMEL
id Linked®

The Digital Director's Office: a must in times of increasing duties and regulatory pressure

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How is the work of Independent Directors evolving?

The role of independent directors has changed a lot over the last few years. I would even say, the role has turned 180 degrees: from a tacit assessor to an active contributing actor.

Independent non-executive directors (iNEDs) are facing higher demands in Luxembourg – quite in line with the trends observed in the US and the UK. Globally, this is due to the growing necessity to set standards for corporate governance. Locally, this trend is also coupled to the tremendous increase of funds domiciled in Luxembourg, especially AIFs during the last decade. Accordingly, regulatory requirements related to functions and oversight are strengthened and thus putting additional pressure on boards. Indeed, processes and definitions related to governance have been formalized over the last years, including a clearer delineation of the role of iNEDs and Boards. Until recently, the Independent Director was quite often more of a silent participant in board meetings – if an iNED was appointed at all. In today's evolving landscape, iNEDs are expected to have a strong understanding of corporate governance principles and practices. They should actively participate in board meetings, provide oversight on strategy, risk management and others, and ensure compliance with relevant regulations and laws. Committed, open-minded, experienced, and modern team players form the new generation of iNEDs. What could be considered a side job in retirement a few years ago has evolved into a full-time job that requires the right qualification, mindset, skills and attitude.

What does this development mean for Independent Directors?

An independent director, who wants to do his job properly must always be up to date. He/she must be informed about the latest regulatory changes and have a holistic picture of the company/structure, processes, and specifics. This can be very demanding for someone who is not involved in the daily business and above that has a weak own manual director's office organisation.

I speak from my own experience. It is not always easy to keep track of everything, you have to be very well organised yourself.

That is why we have developed id Cockpit together with the Luxembourg based, CSSF supervised IT service provider navAXX. id Cockpit is a digital databank and reporting tool that supports the director in organising and documenting their mandates.

Can you tell more about your digital director tool called id Cockpit?

id Cockpit is a digital board mandate control tool for directors and corporate secretaries. There is nothing comparable available in the market now. id Cockpit helps to transform and digitalize data, work and processes as director or CoSec. It improves business efficiency in a cost effectively way. id Cockpit makes sure that all relevant documents and information regarding a mandate are in place and the iNED can access it anywhere and anytime. He/she can even produce a report from it and thus participate in board meetings very well prepared.

The server of this tool is based in Luxemburg, so there is no need to worry about the security of the partly confidential information.

Let's face it, the questions independent directors have to ask themselves today are:

Can I answer CSSF mandate list related questions by one click?
Do I have oversight of all my mandates including all sub-funds or SPVs?
Could I answer ad-hoc questions regarding special events during the financial year?

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Am I sure that I meet all regulatory recommendations as required by CSSF or other institutions?
Am I able to produce a director report as recommend by ALFI?
AND: Does my way of working comply with current digital standards - in terms of efficiency, costs and also data security?

If you cannot answer all questions with a strong YES, you have to get started. NOW. CSSF is watching and randomly checks how directors organize their mandates. And this is where id Cockpit comes into play.

id Cockpit is an efficient way to manage your board mandates and keep oversight, anytime & anywhere. It is a non-expensive tool based on ALFI recommendations for annual board of director reports. It is an easy-to-use, secure and intuitive databank to issue director reports & statistics for your mandates – customizable in excel/csv and word and above that an opportunity to upload all relevant documents to a CSSF licensed secure environment. A long story short, with id Cockpit directors have a unique state of the art, very user-friendly online tool to keep track of their mandates and navigate the organization efficiently and securely. I also use it for my own mandates and have often been happy to be able to access all the information quickly and easily in board meetings and thus to be able to answer questions ad hoc or resolve ambiguities. It is also very efficient to add comments or action items during the meeting in order to avoid additional administrative workload after the meeting.