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BNY MELLON

FIND OUT ABOUT OUR  
UPCOMING EVENTS:



## A WORD From the Chairman



Dear Colleagues and Friends,

Welcome to the Q2 issue of *Connexion*, your AMCHAM Luxembourg news magazine. We have started 2012 off with a bang, with our highest membership in our history, and great attendance and response to our program of activities. We are excited and hope you are too!

In addition to our normal program of activity, we have begun a special focus on the related topics of integration and diversity which we see as crucial for the continued success of Luxembourg.

More than half of the business employees working in Luxembourg are foreigners: Belgian, French and German residents commuting across the borders every day; international people living in Luxembourg because they have the needed skills which are in local short supply. These foreigners have been absolutely essential to the success of the Luxembourg economy—and they enrich the cultural scene through their food, music, language and other activities as well!

With such a large foreign presence, the local Luxembourg population deserves huge respect and appreciation for the generous welcome they have extended. Name another country in the world which has such harmony between local citizens and such a large expat population. I can think of none.

But there are challenges: new expats need help finding out who to see and what to do in order to get things done. The multilingual character of local schools is a high barrier to entry for foreigners coming from non-German/French linguistic backgrounds, and finding new friends and activities is never easy. At the same time, the local Luxembourg population has a legitimate wish that foreigners learn the local language, customs and culture and fit in. Quite often foreigners and locals live parallel lives within their own linguistic groups, and actual integration is limited.

At AMCHAM, we have always tried to help with these issues by offering information, like our *Working in Luxembourg* book; networking; problem identification and resolution on expat/international issues; and communication between expat companies/employees and members of the Luxembourg government. We support and promote the Luxembourg government's "I can vote campaign", and we have launched a Diversity committee to have a place to discuss and promote best practices for encouraging diversity (see the "Why Diversity?" article on page 13).

In this issue, we introduce a new section called "Integration Issues" to provide more focus on this topic (see pages 16-17). Additionally, I am very pleased to announce my recent election to a five-year term as a member of the Luxembourg government's National Council for Foreigners. Within this forum I hope to make a meaningful contribution by building bridges between communities/interest groups and finding solutions to enhance integration. Please communicate to me your ideas and issues, and I will do my very best to represent you and find good solutions.

To our members and friends, thank you for your support and participation. We look forward to seeing you at upcoming AMCHAM activities and events. To anyone reading who is not yet a member, contact us and join AMCHAM! We offer a warm and sincere welcome to everyone, regardless of nationality, gender or age. We believe and practice diversity every day.

With my best regards,

Paul Michael Schonenberg  
Chairman and CEO

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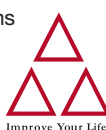
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# *Taking Off*

**Business Travel:  
Connectivity,  
Cost Savings & Safety**



# Connecting Luxembourg to the World

By Geoff Thompson

Many companies within Luxembourg engage a significant percentage of their staff from the international community and have day-to-day dealings with other offices or organizations in Europe and beyond. This establishes the need for regular travel outside the country.

Some services once offered are no longer operating, reflecting the flux in the airline business. For example, Icelandair used to fly to the U.S. via Reykjavik, and Luxair recently stopped its direct flights to Prague and Dublin. However, there is also positive news—EasyJet, for example, recently announced that it is to start flights to London in October.

Here, four airlines provide more information on the issues of connectivity, particularly for business travelers from Luxembourg.

## LUXAIR

Luxair, Luxembourg's national airline, operates its fleet of Embraer 145 (49-seater) jets and Bombardier Q400 (72-seater) turbo-prop aircraft for its commercial flights, as well as five Boeing 737s which are used by LuxairTours. The destinations serviced are limited by the range of the aircraft, with a maximum of three hours of flying time.

Luxair has established partnerships with Lufthansa (owning 13% of Luxair shares) and AirFrance and has become a fully-integrated Miles & More partner. German destinations are flown by Luxair with Lufthansa codes, and Luxair currently codeshares with AirFrance, Alitalia, Austrian Airlines and LOT.

According to Alberto Kunkel, Executive Vice-President and Head of Sales and Marketing, Luxair has four clusters of destinations that match customer types:

- Purely business-oriented (e.g., London, Geneva, Milan, Turin and Madrid);
- Leisure-oriented (e.g., Nice, Barcelona, Rome and, in the summer, Bari and Venice);
- Mixed routes, both point-to-point and with connections (e.g., Munich and Vienna);
- Pure feeder routes (e.g., Frankfurt and Paris).

On the feeder routes, more than 80% of Luxair's customers are from Lufthansa and AirFrance (i.e., customers for connecting flights, both inbound and outbound). Munich is an important destination now for Luxair, as it is the second largest hub in Germany with 130+ connecting destinations; Luxair therefore flies four flights—and Lufthansa another three—per day from Luxembourg.

Luxair has achieved its position despite the fact that it is not a member of any alliance. There are more than 40,000 Miles & More members residing in Luxembourg—benefits of the program include both Bonus Miles and Status Miles, the latter being of great interest to business travelers who can have access to lounges, preferential treatment and flight protection benefits.

London and Geneva are also both popular yet competitive routes, primarily due to the financial service sectors depending on business traffic.

Kunkel does not see the airport being affected by any convergence in the airline market, despite most European airlines being profitable only on long-haul traffic. The introduction of their Eco-Flex fare is a reaction to the economic downturn; it provides an economy price with business flexibility and has been welcomed by passengers.

## AIR FRANCE KLM

According to Guy Gijsbrechts, Sales Director for Belgium and Luxembourg, and Yu-Ming Sie, Commercial Director Belgium and Luxembourg at Air France KLM, their main routes are Amsterdam and London (point-to-point), Stockholm and Helsinki (connections), as well as New York, Hong Kong, Dubai, Singapore and Shanghai (all long-haul). London and New York are the most popular routes. There is also strong connectivity with Asia. Paris, Amsterdam and London City are all served with three flights per day from Luxembourg.

A significant 70% of their customers take connecting flights, with 45% from Luxembourg flying to European destinations, 20% to North America, 20% to Asia, 5% to Africa and 10% elsewhere. The Air France KLM network offers 250+ destinations in 124 countries worldwide. Interestingly, 25,000 passengers connect weekly with other flights in Paris, more than Frankfurt, Vienna and Zurich combined.

Their fleet comprises mainly of Boeing 777 aircraft with Airbus 330, 340 and 380, the latter being the newest addition to the fleet and environment-friendly, with significant noise reduction and 20% fuel efficiency.

Air France KLM has 31 airline partners and 100+ non-airline partners for their Flying Blue frequent traveler program, where awards, upgrades and other features have proven popular. Additionally, they offer a Flight Status Notification service and a Corporate Recognition system, the latter allowing travelers to enjoy a smooth, hassle-free journey at every stage of their trip, as well as name changing on tickets.

Sie sees a possible increase in capacity with the deployment of additional or larger aircraft on its Luxembourg routes, with the Fokker 70 already having replaced the Fokker 50 on the Amsterdam route. Routes to new destinations in South America (using the KLM brand in Argentina, Brazil and Ecuador) and China (already 80 flights per week to nine destinations) are also being developed. The rollout of Sky Priority for business class passengers is underway; this is being followed by a focus on e-services, flat-bed seats in business class and a choice of meals in economy class. Regarding the industry at large, he sees consolidation in the European market and more joint ventures in the rest of the world. Air France KLM owns 100% of CityJet; it also has a 25% stake in Alitalia, a joint venture with Delta in North America and China Southern Airlines in Asia, and a 26% share in Kenya Airways.

## CITY JET

CityJet has provided direct flights from Luxembourg to London City Airport since late 1998 (initially under the VLM brand), and it is this route that is one of the strongest in their network, according to CityJet CEO, Christine Ourmières. Not only can passengers get into London city quickly thanks to the Docklands Light Railway (DLR), but they can also connect to 18 destinations in France, Italy, Ireland, the Netherlands and Belgium, with Dublin and Edinburgh being the most popular routes. The airline also operates other routes under agreement with Air France KLM. Currently, less than 10% of passengers connect in London City, but this figure is expected to rise.

CityJet recently increased capacity on its Luxembourg-London City route, with larger aircraft deployed on its three flights per day service. This route has already seen a 20% increase in capacity in the first quarter of 2012. They operate a fleet of 14 Fokker 50 turbo-prop aircraft (based in Antwerp) and 22 95-seat Avro 85 4-engine jet aircraft (based in their Dublin headquarters). They are also a member of Flying Blue; members can Earn & Burn accredited miles throughout the Skyteam network/alliance.



Ourmières believes the industry will likely see more consolidation which gives airlines an opportunity to be more competitive. She announces that they have launched two new smartphone apps recently, one enabling mobile services including ordering, checking-in, seat choices and e-boarding cards; the other, a music app for passengers.

### JET AIRWAYS

Jet Airways flies from Brussels, London (Heathrow) and Milan (Malpensa), not Luxembourg. David Bastin, Multinational Corporate Account Manager, explains that the company took the strategic decision to use Brussels as its European hub and started operations in October 2007; now it has six flights daily out of Brussels to North America (both JFK and Newark in New York, as well as Toronto) and India (Delhi, Mumbai and Chennai). For Luxembourg passengers flying business class, Jet Airways offers a free limousine service to and from Brussels, with pick-up/drop-off at the office or home.

The airline offers a total of 76 destinations, 53 within India (it is the largest international carrier into India) and 24 internationally to North America, Southeast Asia, the Middle East, South Africa and Europe, with connections at Hong Kong, Bangkok, Singapore, Colombo and Kathmandu.

Jet Airways operates its own fidelity program, Jet Privilege, with five status levels. It is valid also on Lufthansa and AirFrance.

Bastin says the airline could join one of the major alliances offering a global network of destinations, but nothing has yet been finalized. The airline does have plans to acquire extra-long-haul aircraft with both Boeing 777s and Airbus A330s which will enable them to offer new destinations.

### CARGO

Luxembourg's international airport is not only about passenger traffic, it also has a busy cargo freight business with LuxairCargo (handling agent) and Cargolux the carrier. Currently Cargolux is ranked #1 in Europe and #10 worldwide, operating in 55 countries with 60+ flight destinations and 177 trucking destinations for which they have "connectivity" contracts with around 20 trucking companies to deliver air freights arriving at/departing from their main airports around the world.

In terms of commodities transported, Cargolux confirms that high technology tops the list at 17%, closely followed by raw materials & industrial consumables (16%), machinery parts and components (15%), perishables (14%), consumer fashion goods (10%), chemicals and pharmaceutical products (8%), automotive (7%) and capital equipment (6%). This is achieved with a fleet of three Boeing 747-8 freighters and 12 Boeing 747-400 freighters.



## Face-to-Face Meetings: How to Do More with Less

*By Joris Eyck, HelmsBriscoe Luxembourg*

It may be tempting to set up a video conference for your next meeting instead of getting everyone together face-to-face: you save costs on hotels, airfare, travel and planning time. But have you also considered what you might miss out on by meeting virtually? The products of meeting face-to-face may include brilliant ideas through inspirational sessions, motivation and team spirit of your staff, new business opportunities and increased productivity, to name a few.

With the right meeting planning strategy in place, face-to-face meetings can drive your company's ROI significantly. Below are a few suggestions to aid in planning your next meeting and building your organization's overall meeting policies.

### BOOK INTELLIGENTLY

Appoint a central contact within your company to oversee all aspects of your organization's meeting planning efforts. This person should identify two meetings with similar criteria that could be organized back-to-back at the same venue. Also, consider multiple-year contracts to avoid inflation and assure steady conditions. One-day meetings should take place at the beginning or end of the week in order to receive better conditions, as it will allow the supplier to book multiple day meetings in the middle of the week. Many major cities consider November, March and April their shoulder season, while January, February, July, August and December are typically low season. Planning your meeting during low-season months can result in significant cost savings. Finally, choose your destination strategically: look for a good value-for-money destination and a venue close to an international airport served by low-cost airlines.

### LOCAL EXPERTISE

Be knowledgeable on specific conditions in different cultures, such as a minimum requirement on food and beverage spend in the U.S., rates excluding VAT in Spain or a minimum guarantee on a block of rooms in Paris. In Asia it is very common that "your" plenary room is resold for a wedding in the evening and rebuilt for the next day. If you have not negotiated a 24-hour hold, you risk paying additional staff for the tearing down of audiovisual equipment. Working with an expert who is knowledgeable about local contract negotiations in the respective destination can help to avoid unpleasant surprises.



## LOYALTY PROGRAMS

Various major hotel chains offer points to meeting planners and to the individual delegate. Although some companies do not allow these benefits per their company policies, if centralized these points could be used for incentives or your next meeting. Rewards can range from flight tickets, credits on the master account, gifts and complimentary upgrades on hotel stays. Why not offer an upgrade to your team members if they are willing to travel on Sunday evening instead of Monday morning? The airline ticket is probably less expensive, and your company does not have to pay for it.

## CONTRACT NEGOTIATION

Contracting meetings is a specialty. Different reduction and cancellation clauses apply if your company guarantees for accommodation or the guestroom is guaranteed by the individual meeting delegate. The hotel will protect itself against *force majeure*—how about you? (Remember Eyjafjallajökull?)

## CONSIDER OUTSOURCING

Why bother implementing all of the aforementioned if a meeting site selection company can do this for you? Your company can save a lot of time (and money) since a third-party site selection company is typically paid by the contracted supplier.

## SOCIAL MEDIA

Be active on social media to promote your event. If your conference is open to the public, create the event on LinkedIn, communicate a hashtag (#) for Twitter and keep the conversation going.

## MEET AT SEA

Only 24% of adults have ever cruised. A whole new experience might be to “meet at sea”. All-inclusive packages comprised of audiovisual equipment, activities and meals make it easy to keep costs under control. Experience multiple destinations while only having to unpack once.

The global annual spend for external meetings and events is estimated to be EUR 152 billion, already putting a stamp on the global economy on its own, regardless of the return on investment coming from the actual meetings.

## “Be Safe” When Traveling

Source: Ministry of the Economy and Foreign Trade & Luxembourg for Business

The Ministry of the Economy and Foreign Trade and Luxembourg for Business have introduced “Be Safe”, an awareness raising program targeted at Luxembourg-based organizations that are uncertain about how to protect their intellectual assets during business travel.

Every company holds sensitive or confidential information, whether it is client- or supplier-related data, product price structures, company strategies, patents, research & development information or know-how. Keeping this kind of information safe is of great concern to most companies today. Yet it is often very difficult to maintain security standards outside the company premises, and even more so while traveling abroad.

Together with companies, the “Be Safe” team tries to identify and evaluate the risks and threats of data loss and introduces a series of preventive measures. Whether a company faces the loss of strategic information due to data theft, human negligence, dumpster diving (searching through waste bins), IT malware or industrial espionage, the majority of incidents are a direct result of the exploitation of human vulnerabilities. During the “Be Safe” training sessions, the security awareness emphasis is therefore on human behavior. The training classes are complemented with a business travel guide offering advice on how to prepare for a business trip, how to securely use a laptop computer and a mobile phone, what to pay attention to once back at the office, etc.



For further information on “Be Safe”, please visit [www.luxembourgforbusiness/be-safe](http://www.luxembourgforbusiness/be-safe) or contact the “Be Safe” team at the Ministry of the Economy and Foreign Trade at [BeSafe@eco.etat.lu](mailto:BeSafe@eco.etat.lu)



# Luxembourg Real Estate: An Island in the Storm

**At a recent ABAL, Vincent Bechet, Property Partners, discussed the features and advantages of the real estate market in Luxembourg compared to the rest of Europe.**

*By Geoff Thompson*

Luxembourg's real estate market is unique—vastly different from markets in neighboring countries. To put this into perspective, Bechet illustrates there are approximately 3.3 million m<sup>2</sup> of commercial real estate space in Luxembourg, comparable to that available in Dublin and Warsaw. Although Luxembourg has a population of circa 511,000, approximately 153,000 cross-border workers enter the country daily from Germany, France and Belgium.

Several key figures establish the setting for a very stable real estate market in Luxembourg:

- Approximately 27,000 companies provide employment
- Unemployment rate is approximately 5.9%
- Inflation is approximately 3.1%
- GDP per capita is approximately EUR 82,000 (compared to the EU average of EUR 24,000)
- Economic growth is estimated to be 1.4% in 2012

Furthermore, Luxembourg has one of the lowest vacancy rates in Europe of just 6.8%, compared to 10% in Munich and higher in Brussels. However, Bechet stresses that you have to interpret the figures correctly. A low vacancy rate does not necessarily mean there isn't any property available. There is a lot of capacity left at Kirchberg to be exploited. The low vacancy rate only reflects the fact that no speculative projects have been launched in recent years, but it doesn't say anything about land reserve.

In Kirchberg, all current construction projects are seen as positive investments in the current economic climate as they have tenants identified for occupancy, including the European Parliament and European Court of Auditors, KPMG, Ernst & Young, PwC, RTL and more. Bechet says he envisages price stability over the coming years, with emphasis on the quality of investment.

The real estate investment funds have appreciated Luxembourg's stability for the last 15 years. The properties they have in Luxembourg have very few rent-free periods. Fund managers are looking for this sort of steady return. But they face a new competitor on the market, namely family offices which have equity and are looking for long-term investments for the next generation.

Part of the success of the real estate market in 2011 has been due to companies setting up small offices in Luxembourg and then growing internally as they establish more services. Over EUR 430 million was invested in the commercial real estate market in Luxembourg last year, a figure similar to that of the last few years but significantly lower than the peak in 2007.

Development in Kirchberg started in the late 1950s; among the aforementioned EUR 430 million, currently 30% of real estate investment projects in and around the city are in this area, 36% are in the city center and the rest are in the periphery, including Leudelange at 8%. Some companies like to have an address in Luxembourg City for reasons including visibility and exclusivity, whereas others determine a location based on long-term strategies (e.g., insurance companies relocating to Leudelange). Additionally, sustainability and mobility can be important factors when deciding on an office location in today's economic climate, making the area around Luxembourg-Gare a pragmatic solution.

Some of the more high profile buildings with available space include the Drosbach complex at the Cloche d'Or but, like the Vertigo project with Irish Life, these are expected to be filled by the end of this year.

Challenges remain, however. One real estate challenge in the periphery concerns getting tenants to commit to long leases (longer than five years), confirming the three main priorities for sound investment: location, construction quality and lease duration. A couple of stable years are foreseen, but there is the need to consider that the market has matured and is now facing demolition and reconstruction—an unprecedented challenge for Luxembourg.



(From L to R) Vincent Bechet, Marc Baertz, Sara Melzi, Mark Roger Heinemann (Property Partners); Paul Schonenberg (AMCHAM)

Photo: Geoff Thompson



# Why Diversity?

By Paul Schonenberg

We have created the new Diversity committee to provide a forum where we can discuss, study and find solutions encouraging the development and implementation of diversity initiatives within business and private activities here in Luxembourg. This raises a rather simple question: why?

In biology, diversity is the key to survival. Do an Internet search on biological diversity, and you will quickly find a full range of articles explaining how genetic diversity helps organisms cope with the environment's variability, is the basis for adaptation to uncertainties in future environments or how an ecosystem, rich in diversity, has a higher likely survivability due to that enhanced adaptability. The point is clear: diversity enhances survivability.

If it works in biology, by extension it should apply as well to the social systems that humanity, as a species, is so uniquely adept at creating. Social constructs, like companies, should have a higher survivability and greater potential to thrive and prosper if they are broadly based and active. When economic activity is weak in a company in Europe, hopefully counterparts in Asia or America can pick up the slack and keep the enterprise going. Multilingual and multicultural marketing teams should be less likely to pick the wrong slogan, color or name for a product based on local considerations in many markets around the world. They will know what product size to use where, what will work in myriad cultural/linguistic settings and, hence, avoid corporate mistakes. Diversity helps avoid mistakes and improves the decision-making process.

But that is not all. Diversity adds an additional dimension to decision-making processes. In a recent *The New York Times Sunday Review* article, "Why Bilinguals Are Smarter", author Yudhijit Bhattacharjee makes the point that bilinguals have enhanced executive decision-making capabilities compared to monolinguals. Furthermore, bilinguals appear to be better connected with their environment and more quickly and completely aware of subtle changes in their environment. If bilingualism contributes to enhanced executive decision-making, one can only wonder about a further extension to those who are multilingual—so many of whom we have here in Luxembourg!

An additional study in a recent article titled "Is there a payoff from top-team diversity?" (McKinsey Quarterly) reports on the findings of a two-year study of board members' diversity. The findings for 180 publicly traded companies in Europe and the U.S. for the period 2008-2010 confirmed that the most diverse top management teams (judging diversity based both on gender and foreign national participation) had the strongest financial performance.

Diversity clearly works as a survival mechanism: improving cognitive ability and generating better financial results. And, on top of all that, it makes life more fun as well. Remember the old expression? Variety is the spice of life.





Photo: Robert Prendergast

Peter Myners (A&amp;O), Paul Schonenberg (AMCHAM), Marc Feider (A&amp;O), Vincent Naveaux (A&amp;O)

# Directors' Duties

## WHAT DIRECTORS OF LUXEMBOURG COMPANIES NEED TO KNOW

By Marc Feider, Peter Myners & Vincent Naveaux, Allen & Overy Luxembourg

It is a proud moment to be appointed a director of a company. It is often the pinnacle of a career.

Once appointed, a director of a Luxembourg company has potentially wide powers to bind the company. In general, a board may take any action that is not reserved by law or the articles of association to shareholders to advance the corporate object of the company.

With power, however, comes responsibility, and directors of Luxembourg companies have numerous duties with those responsibilities.

Corporate governance is a hot topic throughout the EU, and Luxembourg is no exception.

Hundreds of new companies are registered in Luxembourg each month. In part due to the global appeal of Luxembourg as a structuring hub, the individuals appointed to the boards of these companies often come from diverse backgrounds. The question arises whether directors are aware of their specific duties and responsibilities under Luxembourg law.

Those duties and responsibilities are in part set out in statute, but they can also derive from case law and be found in the articles of association of a company as well as any applicable contractual arrangements. These might include shareholders' agreements regulating the governance of the company, directors' agreements and employment contracts.

There is an increasing amount of "long arm" legislation such as Sarbanes-Oxley and the Foreign Corrupt Practices Act from the United States. Additional law, regulation, best practice and industry standards apply to regulated and listed companies, as well as to distressed and insolvency scenarios.

The duties of directors under Luxembourg law include, without limitation: (i) a duty to comply with the Luxembourg Companies Act and the articles of association of the company; (ii) a duty not to do anything which falls outside the company's corporate object; (iii) a duty of confidentiality; (iv) a duty to manage the company's business in good faith, with reasonable care, in a competent, prudent and active manner; (v) a duty to act with the standard of care and diligence that a reasonable director would exercise; (vi) a duty to have the requisite level of skills and to stay informed; (vii) specific duties relating to the preparation of financial statements and the internal controls that lie behind them; (viii) a duty to act in the best interests of the company (e.g., not only of the group more widely); and (ix) a duty to avoid conflicts of interest.

But how practical is the risk of personal liability?

There is not a huge volume of case law in Luxembourg, but there have nevertheless been important decisions. There is substantial case law in Belgium and France, to which Luxembourg courts are likely to turn. And, in a sense, the reported cases represent the tip of an iceberg—many more claims are made against directors which



fall short of formal proceedings, are settled or resolved through confidential proceedings such as arbitration.

As a rule, directors should not suffer personal liability. Provided they act reasonably, in good faith, with reasonable diligence and skill, within the scope of their powers, and in compliance with their duties and responsibilities, they should normally have no or limited personal liability exposure. Personal liability of directors remains an exception rather than the norm.

Nevertheless, and aside from reputational risk, there are circumstances in which directors of Luxembourg companies may be personally liable to the company, its creditors and/or third parties, depending on the nature of the liability.

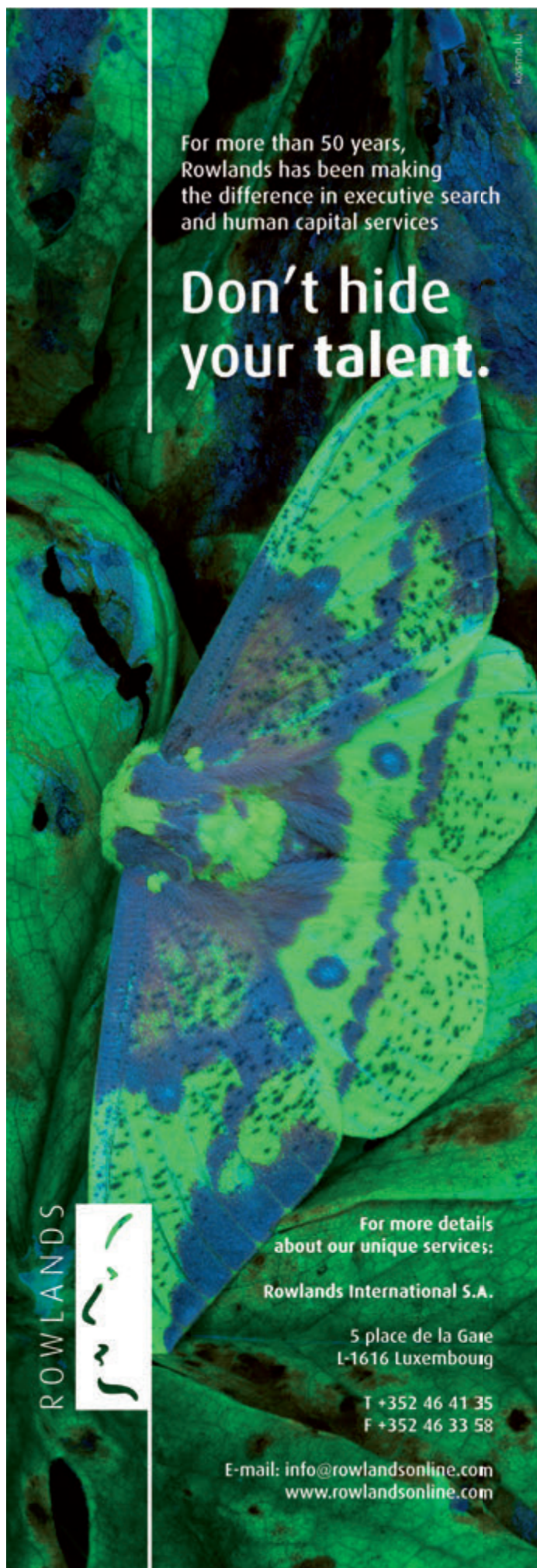
Sources of personal liability include most often: (i) misconduct of management; (ii) breach of the Companies Act or the articles of association; (iii) tort; (iv) tax liability; and (v) criminal liability.

Recent case law helps to illustrate the circumstances in which directors may be held personally liable. By way of example: (i) hasty investment decisions made without appropriate guarantees; (ii) entry into important contracts on terms that are detrimental to the company; (iii) not pursuing debts that are due to the company; (iv) making payments that are not due; (v) lack of supervision of accountants; (vi) violation of rules relating to signing authorities; (vii) failure to convene shareholders' meetings where required by law; (viii) competing with the company; (ix) manifestly unreasonable continuation of an activity running at a loss; and (x) non-filing or late filing of annual accounts.

In addition, there is recent case law relating to personal liability of directors with respect to the payment of taxes due by the company.

Directors can help minimize the risk of personal liability by following certain practical tips, including:

- Making sure they have performed basic "due diligence" before accepting an appointment as a director, are fully aware of the activities of the company and have assessed their suitability for the role.
- Making sure they keep up to date with the affairs of the company, and that they have sufficient information to enable them to make an informed and reasoned judgment on each matter put before them. In practice this could, in certain circumstances, mean limiting the number of directorships.
- Making sure that matters put before the board by the management are in line with the processes in place, and that such matters are properly deliberated and that the corporate interest of the company is upheld.
- Making sure their position on an issue is accurately documented in meeting minutes.
- Making sure they are adequately covered by Directors & Officers insurance and any available indemnity.
- Making sure they obtain discharge from shareholders on an (at least) annual basis.
- Resisting undue pressures from business people.
- Ensuring that proper processes and control mechanisms are in place and complied with.
- Ensuring that any delegation of authority is effected in compliance with Luxembourg law and best practice.
- Where necessary, obtaining external advice.



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# Introducing the Welcome and Integration Contract



*The first orientation day was held on March 3.*

By Stephen Evans

Photos: Julien Becker

## THE NEW INTEGRATION CONTRACT

Integrating a highly diverse population of immigrants is a major challenge. It is necessary both to bind people into society and to give a greater voice to those who create much of the wealth in this country. After all, Luxembourgers account for only one-quarter of the private sector workforce. Last September, the government launched a Welcome and Integration Contract (CAI) to help address the issue.

"The objective is to give those foreigners who desire it a better chance to integrate into the society that has welcomed them," says Marie-Josée Jacobs, Minister for Family and Integration at the launch of the CAI. The contract contains the following measures: language training, citizenship training courses and an orientation day. Organization will be through the Ministry's Luxembourg Reception and Integration Agency (l'Office luxembourgeois de l'accueil et de l'intégration [OLAI]).

## WHY APPLY?

Signing the contract is a symbolic act, by which the candidate demonstrates his/her desire to integrate. It will also help when an assessment is made on an application for long-term residence, as well as offering lower cost language courses and other advantages.

## THREE BASIC LANGUAGES AT CUT PRICE

Basic level (A:1:1) in at least one of the three administrative languages—Luxembourgish, German and French—will be the goal. Signing up to the CAI will allow the immigrant to benefit from a reduced rate course. These courses will need to be approved through the Education Ministry, organized by a commune, an association or schools, including the Institut national des langues (INL).

## LUXEMBOURG SOCIETY FOR BEGINNERS

Citizenship classes will be focused around the theme of integration and living conditions in multicultural Luxembourg. There will also be information on history, political organization, attitudes/mores and customs. Courses are to be run by the Education Ministry and OLAI and are free of charge. Applicants for Luxembourgish nationality will have an exemption of one of the mandatory citizenship training courses organized in the frame of the acquisition of Luxembourg nationality.

## ORIENTATION: UNDERSTANDING THE SYSTEM

There are two orientation days per year (the last was on March 3, 2012). Held on the weekend over a half-day, they are organized in cooperation with various partner organizations to allow the immigrant to become more familiar with official systems and processes. So in a friendly environment the following will occur:

- Participants are taught how to better understand the administrative and social landscape, thereby enabling greater integration.
- Exhibition stands will help and inform candidates about access to public services.
- Representatives of the public sector, as well as civil society, will be on hand to give practical advice via information sessions.

The first session, held on March 3, had 152 registered candidates who were offered a choice of information:

- Presentations: there was a choice between a talk on the work of the ombudsman or one on the school system and adult learning
- Workshops: political participation; flourishing in a new culture; the recognition of higher education qualifications; charities in Luxembourg; joining society
- Interactive activity called "I can find myself in Luxembourg": participants were helped by trainers to work in a small group on a case study to find solutions to various real life challenges. Representatives of government and society are on hand to give answers to the various questions raised.

## WHO CAN APPLY?

Anyone over the age of 16, resident in Luxembourg and with the intention to remain on a long-term basis, and coming from the European Union as well as from third countries is able to sign up. You can be a new arrival or living here for several years. Acceptance is via a two-hour interview through which CAI will assess language and other needs.

## THE WELCOME AND INTEGRATION CONTRACT: KEY POINTS

- An optional package designed to help non-Luxembourgers better integrate and show their commitment to the country
- Subsidized language courses, citizenship training courses and orientation sessions will enable foreigners to acclimatize culturally.

## A QUARTER OF LUXEMBOURGERS IN THE PUBLIC SECTOR

Last year, 43.2% of the 511,800 population from 107 countries did not have a Luxembourg passport. This is down from 43.7% in 2009 when double nationality was introduced. As for the 357,800-strong workforce, in 2010 STATEC (the national statistics institute) said that non-resident commuters accounted for 41.9%, resident foreigners 25.6% and Luxembourgers 32.5%. However, if the almost exclusively Luxembourgish public sector is removed, the share of nationals in the workforce fell to exactly 25%. Even this figure is exaggerated, as many Luxembourgers work for public enterprises, earning civil service salaries but with private sector work contracts.

## WHO HAS SIGNED UP? \*

**Total:** 532

**EU nationals:** 53.7%

**Nationalities:** 81

**% of Nationalities:**

Portuguese: 30.5%

French: 5.5%

American: 0.28%

**Secondary/higher education:** 45.3%

*\*(As of April 25, 2012)*



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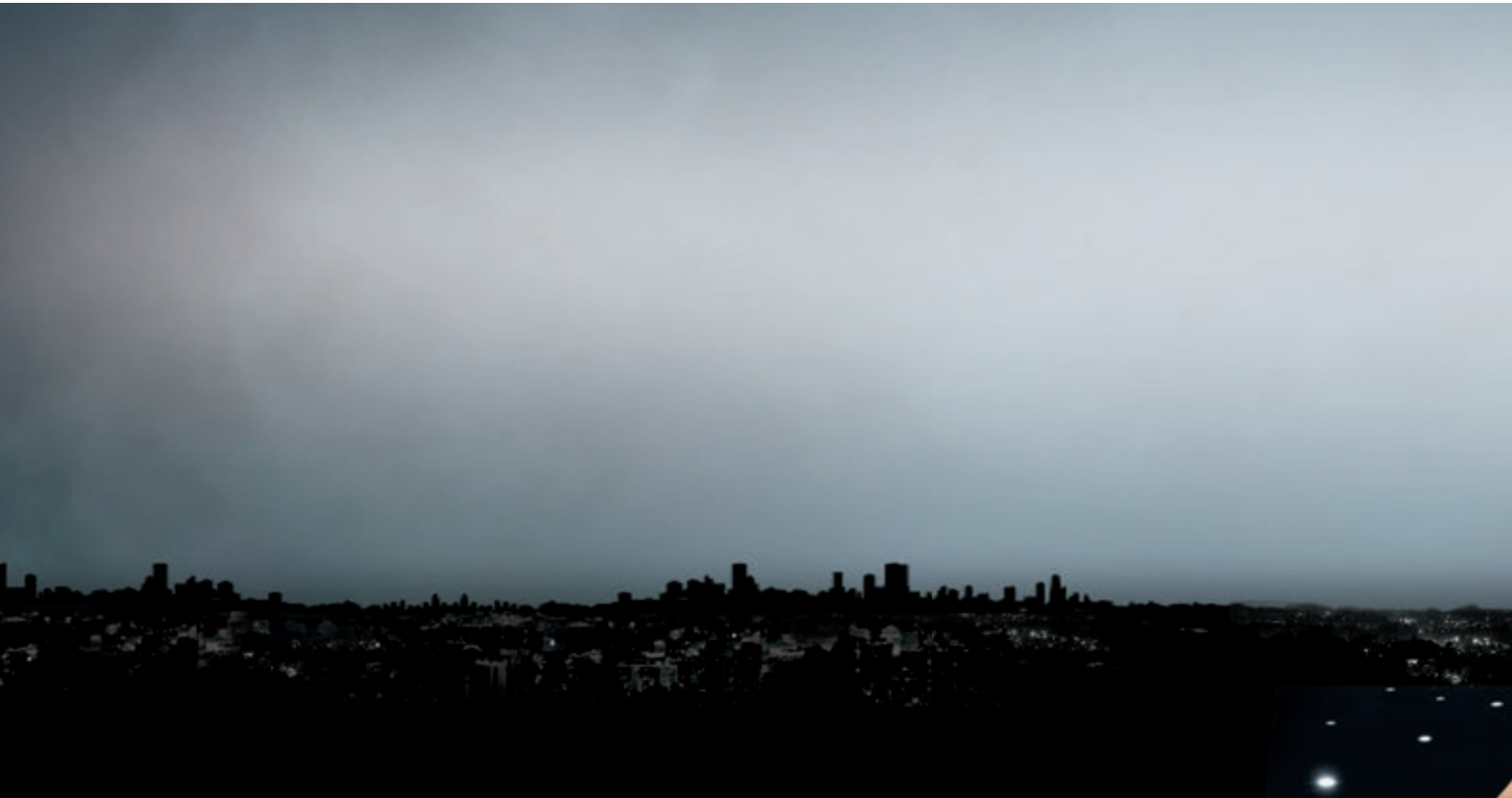
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MAKING COMPLEX **EASY**

# The “Seven Days” of Setting Up an IT Company

**Establishing an IT business in Luxembourg is a challenging opportunity, the advantages of which have already been recognized by major IT and e-commerce companies. Although the world was created in seven days, it is, of course, not really possible to establish an IT company in a week. However, when establishing an IT business you should, as a starting point, take into consideration the following seven major aspects.**

*By Gary Cywie & Rima Guillen, MNKS*

## DAY 1: CONSIDERING BUSINESS LICENSE ASPECTS

Carrying out certain trading/commercial activities in Luxembourg may require a business license to be obtained in advance. Even though the process of obtaining the business license is not complicated, it requires consideration of certain aspects and may take some time.

For example, it is important to note that the business license is held by an individual person and may be issued only to residents of Luxembourg or nearby. Thus, it is important to determine in advance which person is most suitable to undertake this role. When the selection of a person is made, it is important to gather all the necessary information confirming sufficient qualification and honorability of such person to handle the envisaged activities. To prove this, the certificates and professional diplomas relating to the professional and educational background of the manager/director should be submitted to the Ministry of Middle Classes.

A business license is required for certain activities only; it is therefore necessary to confirm on a case-by-case basis whether the concerned activities fall within the scope of the business license requirement. For example, if your activities would be limited to software licensing within a group of companies, a business license might not be necessary.

## DAY 2: CONSIDERING COMPANY LAW ASPECTS

Although the most important thing is probably not to think about the name of the company, you should nevertheless verify the availability of your choice with the Luxembourg Trade and Companies Register.

One of the most important aspects is to choose your company's legal form. Business in the Grand Duchy of Luxembourg may be carried out by individual traders or by way of forming a corporate entity. The Luxembourg S.A. (public limited company) and S.à r.l. (private limited liability company) are the most common business structures. It is generally agreed that the S.à r.l. is more flexible than the S.A.

One should equally think of how many shareholders the corporate entity should have and whether it is desirable to determine their relationship in a shareholders' agreement (i.e., whether to adapt any specific voting rights, profit allocation rules, pre-emption rights and entry requirements for new shareholders as well as dispute resolution clauses). These questions may also have an impact on the choice of the legal form as well.

One should also think about the share capital that should be subscribed: the requirements of the minimum share capital (e.g., EUR 31,000 for an S.A. and EUR 12,500 for an S.à r.l.) should, of course, be respected, as should thin capitalization rules. As you may know, Luxembourg law does not provide for thin capitalization rules, but the tax practice generally requires a 85:15 debt to equity

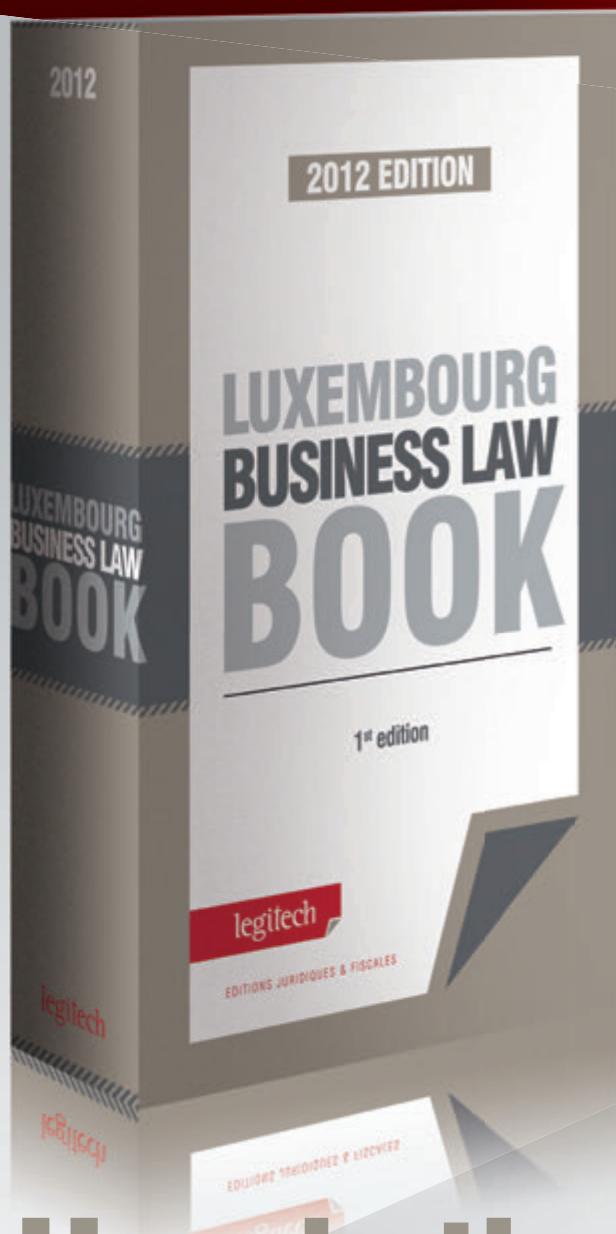
*(Continued on page 22.)*



*Gary Cywie*



# Doing business in Luxembourg?



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## Here's the law!

This book contains several of the principal *business laws of Luxembourg* in the areas of taxation, corporate law and the financial sector, updated as of March 1, 2012. We believe that this book represents a unique achievement in Luxembourg legal publishing history; one that we hope will assist

English-speaking lawyers and businesspersons with their understanding of Luxembourg law and allow them to better explain the legislation to their international clients. *The Luxembourg Business Law Book* will be updated on a regular basis.



ratio where holding activities are concerned, which can be stretched to 99:1 under certain conditions. Similarly, the tax authorities may require a similar ratio for the financing of IT business assets. It is therefore advisable to plan the financing of the company in advance and to confirm its compliance with the administrative tax practice by means of obtaining a confirmation receipt from the tax authorities.

Moreover, it is important to determine the contemplated activities of the company in order to define the corporate object in the articles of association as well as the persons that shall be appointed as managers/directors. One should equally consider the limits of managers'/directors' responsibilities while choosing the most appropriate solution for ensuring effective day-to-day management which would be not too restrictive on managers and, at the same time, would allow shareholders to have appropriate control on actions taken.

Another important issue to think of is the opening of a Luxembourg bank account in the name of the company prior to its incorporation. This is vital where the shares are to be subscribed for in cash. Although this may seem to be a simple formality, usually it becomes time consuming as various "know-your-customer" and anti-money laundering procedures in the banks are to be respected.

### DAY 3: INCORPORATION OF THE COMPANY

The incorporation process itself has to be performed in front of a Luxembourg notary, who reviews in advance an incorporation deed—ideally drafted by a legal counsel—including the articles of association, followed by an extraordinary general meeting of the shareholders of the company to approve the registered office and managers/directors appointments. The company is deemed to be established as of the day of the notary deed. The notary will further take charge of the registration of the company with the Luxembourg Trade and Companies Register.

Incorporation of a company in Luxembourg is relatively fast; it is possible to incorporate a company within one week if all necessary prior considerations have been taken into account. Incorporations and, in general, capital increases in Luxembourg are subject to a one-shot registration duty of EUR 75 (excluding notary fees). No additional capital duty is due as might be the case in other European countries.

### DAY 4: TAKING TAX ASPECTS INTO CONSIDERATION

Since the late 1990s, the Luxembourg government has taken extensive measures to become a preferred location for IT/IP businesses. This was partly induced as the financial sector increasingly relied on ICT. The parallel development of these two sectors put Luxembourg in an ideal position to attract companies in this promising sector. Indeed, among others, many businesses operating in the pharmaceutical industry, life sciences sector, as well as the Internet sector, have been attracted to Luxembourg.

Luxembourg is today a competitive location, offering a stable economic, social and political environment. Luxembourg has the lowest state deficit within the EU and the lowest public debt. These two indicators are fundamental in ensuring the competitiveness of the country and allowing it to offer an attractive taxation regime while keeping social security and therefore salary costs competitive in relation to neighboring countries.

Luxembourg has a very competitive and liberal tax system in general terms, with a large network of double tax treaties; attractive repatriation schemes; no, or very light, CFC rules; implementation of all tax EU Directives, even in a more favorable shape; and many other features.

Furthermore, it also offers several incentives to IP/IT companies. For example, 80% of the net revenues generated from the use of licensing of a design or model, software copyright, patents or trademark may benefit from a corporate income and municipal business tax exemption.

In addition, Luxembourg currently has the lowest applicable rates in the EU: 3%, 6%, 12% and 15%, according to the goods and services purchased. Some electronically provided services, such as broadcasting or the download of e-books, benefit from the super reduced VAT rate of 3%. Under certain conditions, services which may be defined as "financial services" are VAT-exempt (unless the service is viewed as merely technical or as a support).

Compliance and tax filings are business-friendly and kept as simple as possible within the limits of respecting all European directives and the legal framework.

Generally speaking, corporations regularly carrying out a commercial activity are subject to VAT and must obtain their VAT number. In order to do so, a registration form must be submitted to the indirect tax authorities within 15 days from the start of the activity triggering the registration obligation. The company will receive a VAT number which can be used for identification and all filings with the indirect tax authorities. VAT returns can be filed electronically; the periodicity depends on the turnover of the company.

Corporate direct tax returns can equally be filed electronically. These are due on a yearly basis.

### DAY 5: ORGANIZING SOCIAL SECURITY AND EMPLOYMENT RELATED ASPECTS

With its central location in Europe, the developed services sector and high living standards, Luxembourg is an attractive destination for qualified manpower and management, which is important for IT business where highly qualified personnel is the main success factor. The financial and ICT sectors have, over time, developed an extraordinary pool of highly skilled experts.

This has been continuously supported by the Luxembourg government. The last milestone to the contribution of the development of the country is a new advantageous tax regime for highly skilled expatriates: both international qualified employees and employers who meet the conditions of eligibility will benefit from



significant tax savings and living benefits through the tax exemption for employers of certain charges linked to the cross-border transfer of residence.

When hiring employees, one should not only think about the proper provisions in employment contracts but also compliance with the requirements of registration with the particular social security bodies. In the IT sector, particular attention should be paid to the intellectual property provisions and confidentiality obligations in employment contracts in order to guarantee that the know-how and all created rights vest within the company.

#### DAY 6: CONSIDERING CONTRACTUAL ASPECTS AND PROTECTION OF INTELLECTUAL PROPERTY

When initiating activities in the IT sector, as in any other business, a solid contractual basis with third parties should be established. Depending on the type of business, this might include outsourcing agreements, license agreements or others. In all these agreements the issues of confidentiality, protection of know-how and intellectual property rights have become crucial in the IT sector due to increasing competitiveness and fast-changing technologies.

In relation to, for example, copyrights to software, it should be noted that the principle of "first come, first served" is a general principle in the intellectual property rights sphere. In practice, disputes often arise between authors/creators of similar works, each of them claiming their originality. In such cases evidence of an earlier right is very important. The Benelux Intellectual Property Office offers the so called i-DEPOT option which allows receipt of a date stamp for any creation. i-DEPOT allows the sending

of all relevant information concerning the IP rights at hand to software (such as the source code), or any other creative work without disclosing it to any third parties and the receipt of the dated stamp allowing later evidencing of rights to this particular creation. It is important to note that i-DEPOT does not guarantee the protection of the rights itself, but rather is an evidencing tool.

DAY 7: IF YOU HAVE CHOSEN THE RIGHT ADVISOR FOR ALL THE ABOVE, JUST RELAX!

For further reading:  
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# PwC's Accelerator Powered with Plug and Play: Designed to Boost European High Tech Companies

By Laurent Probst, PwC Luxembourg, & Alexandre Rhea, PwC's Accelerator

As countries around the world have embraced the idea of becoming knowledge-based economies, providing the tools to foster innovation has become vital. PwC's Accelerator, the aim of which is to support innovative talent in Europe, is a long-term investment on behalf of PwC Luxembourg. The goal of PwC's Accelerator is to "boost" entrepreneurs and help upscale their business from a local to global market. That "boost", be it access to funding or securing global go to market support, is the driving force behind the 120+ companies that have reached out and contacted PwC's Accelerator.

When one thinks of high tech and the birthplace of many cutting-edge technologies, Silicon Valley immediately comes to mind. PwC Luxembourg has teamed up with Plug and Play, the world's foremost start-up incubator based in Sunnyvale, California, with the goal to link Europe and Silicon Valley to create a two-way bridge. Whether it is a European company looking to accelerate its growth by accessing vast amounts of capital through "the Valley", or a company located in the U.S. seeking to address the European market, PwC's Accelerator provides the best of both worlds: PwC's worldwide network and presence in 158 countries, combined with extensive competences and award-winning Corporate Finance teams, along with Plug and Play's unrivaled leadership position in the Valley with a large number of partnerships, including 180 venture capital firms and 50+ corporate partners. This creates the right conditions to boost high-growth potential companies.

PwC's Accelerator powered with Plug and Play creates a dynamic innovation driven community surrounded by an ecosystem enabling entrepreneurs to access an environment that provides them with connections necessary to succeed internationally. As corporate members, universities, research centers, public institutions as well

as a network of professional investors join PwC's Accelerator, the community built to mentor and foster innovation will assist fast-growing companies and accelerate their development to rapidly become global players.

In addition to accelerating European companies to a global level, one of the key roles of PwC's Accelerator is to provide a soft landing place for U.S. high-growth companies seeking to address the European market. Whether it is corporate structuring, accessing new business channels or providing office facilities, PwC's Accelerator was created in order to meet every single need for fast growing companies. PwC's Accelerator offices are located in the first HQE®-certified green office building in the city of Luxembourg. The Office Facilities Program is a turnkey office solution that enables companies wishing to benefit from short term housing to use work stations and be immersed in a unique ecosystem.

Since the official launch of PwC's Accelerator on March 27, we have welcomed five additional growth companies into our community, bringing the total number to fifteen. Our industry focus is centered around five key areas: smart technologies (smart grids, cleantech, etc.), digital life (gaming, datanomics, etc.), mobility (telecom, applications, etc.), cloud (enterprises 2.0, SaaS, etc.), health (e-health, medical device, etc.). Prior to its official launch, PwC's Accelerator hosted its first "Local to Global" expo during which 25 companies from various European countries pitched their projects to 100+ potential investors and high net worth individuals. The 25 participants were selected based on their technical innovation, total addressable market and quality of top management. The event proved to be a great success; as a result, PwC's Accelerator has recently announced that the second "Local to Global" expo will be held on September 27.

# Internet Privacy :

## Why the EU Rules are Relevant Now

By Rick Minor

The introduction of the new Internet privacy legal framework in January is the most important legislative development in the EU this year. In its final form, the legislation will replace the Council Directive 95/46/EC to which any companies handling personal data of EU consumers and established in the EU are subject today. Although the legislation will be amended before final EU parliamentary approval, there are some fundamental principles in the proposed version likely to survive in one form or the other in the final version. This article introduces some of the key principles relevant for U.S. groups which have data controllers established in the EU. The data controller status for a group entity, as many readers will know, is legally significant. The controller is the legal entity which bears the financial risk of non-compliance in the first instance.

The existing legal framework which came into force almost two decades ago has resulted in a decentralized approach (the EU Commission calls the phenomenon "fragmentation"). National supervisory authorities responsible for the interpretation and enforcement of the law in the first instance have in some areas taken materially different approaches. One of the main drivers of the legislative reform is to have a more uniform and consistent framework for data protection rules and enforcement across the single EU market. For this reason, the Commission has chosen the Council Regulation as the implementing instrument for the commercial data protection rules. The Regulation text as drafted by the Commission will have the same effect as national law. This is in contrast to the Directive, whose guiding principles are implemented via separately drafted national legislation.

The introduction of a "main establishment" concept for controllers that have more than one establishment in the EU is intended to support a more consistent application of the data protection rules. The controller will have its primary compliance relationship with the supervisory authority in the Member State in which the "main establishment" of the controller is located. Claims against the controller arising anywhere in the EU will be managed through the supervisory authority of the main establishment. The main establishment concept will end up in some form in the final legislation, although there is general agreement that the current definition is insufficient for businesses to apply, especially those with multiple business platforms in the EU.

A U.S. group that is subject to the legislation but does not have a controller establishment in the EU will have to appoint a data representative in the EU which will be a proxy for the U.S. group for compliance purposes, also for penalty purposes. The monetary penalties for various degrees of breaches of the legislation can go up to two percent of a company's worldwide gross income. This level of fines is also under public scrutiny currently.

Companies will also be required to appoint a qualified data protection officer (not to be confused with the data representative). Under current law, some companies have appointed external firms to serve as data protection officer. This may continue to be a viable option for smaller companies with low risk of non-compliance given the potential penalties.

Under the latest schedule, EU Parliament could approve the final version of the legislation as early as the first quarter of 2013. This translates into an effective date of Q1 2015 but the earlier approval date is the key for U.S. companies to act. It would appear that companies have a generous lead time to review and restructure their current compliance models for human and technical resource allocation, legal risk management strategies, IT systems changes, and corporate budgeting. Once the final text of the legislation is published, however, no company, supervisory authority or reviewing court will want to take a data protection decision without regard to the substance of the new legislation. Companies that are already subject to the current legislation are advised to start upgrading internal and external resources, as appropriate.

As we are at the start of a major reform there will be for some companies numerous gaps between their U.S. and EU data protection compliance obligations. Some may be frustrated that today there is no "one-size fits all" approach to U.S. and EU data protection compliance. On the other hand, this leaves room for a "best practices" movement to develop international standards in an organized and thoughtful way, and with the benefit of practical experience. There is plenty of precedence for this in other areas of international law.

*Rick Minor is a U.S. lawyer and internationally-recognized e-commerce business expert. As the General Manager of AOL Europe Services (2002- 2010) he was responsible for, among other things, the Luxembourg-based, pan-European internet access provider's data protection compliance.*

# Interview with the British Ambassador to Luxembourg, the Hon. Alice Walpole

Interview: Natalie Gerhardtstein

Photos: Robert Prendergast

**This is quite an important year for the UK, especially with regards to the 2012 Summer Olympic Games and the Diamond Jubilee. Just how many people is the city expecting to host this year, and what preparations are already underway?**

We hope that a huge number of people will come to watch and enjoy the Olympics, the Paralympics and the Diamond Jubilee. Of course, the Games will take place at venues all over Britain, not just in London. Tickets have sold well, and hotels, shops and tourist sites are preparing for a big influx of global visitors.

**What advice would you give to anyone planning to travel to the UK at these peak times?**

Make sure you have booked in advance! You won't be able to turn up at the last minute and find hotels. In addition to the London Games and the Diamond Jubilee, there will be other tourists and business people. People should not feel discouraged from coming, but they will need to make sure they have hotels booked and they have thought a bit more about moving around—not just in terms of trains and planes, but also within London on the underground or on buses.



**What are some of the business opportunities occurring between Luxembourg and the UK? Are there additional business opportunities available for companies interested in getting involved with the upcoming festivities?**

Many British and international companies (such as ArcelorMittal) have already signed up as suppliers, contractors or sponsors to the Olympic Games. Other businesses will come to London this summer to take advantage of the business opportunities on offer, and the British government is providing a series of venues and conferences for them to meet up. There will be a global investment summit with some major international entrepreneurs and business leaders, and other meetings focusing on specific sectors.

**The UK has doggedly declined to join the euro, a decision that now seems very wise in hindsight. Has maintaining pound sterling helped or hindered overseas business for British companies?**

We feel that sticking with the pound is the best option for the UK, and we are therefore unlikely to change track for the foreseeable future. The key for British businesses is the ease with which they can now do business with the rest of Europe, within the single market. The fact we have a different currency is no big deal, not least because the sterling-euro exchange rate stays pretty stable.

**Certain arms of the British media continuously call for a referendum on the UK's EU membership. Is such a vote ever likely to happen?**

It's true that a vocal minority opposed to EU membership features prominently in the UK press. But they are not representative of the vast majority of Britons who are committed to the UK playing a full role in the development of the EU, and keen themselves to engage with our European partners. In a democracy, a referendum is always a good way of checking the public will—but it's very expensive, and sense no inclination to hold one on EU membership at present.



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# Building Bridges:

## Advancing Gender Equality in the Workforce

*By David Micallef, BNY Mellon*

As part of the annual celebration of International Women's Day last season—the Luxembourg-based Inspiring Women Business Club recognized BNY Mellon as the country's Top Company for Gender Equality during the group's inaugural annual awards event.

So, why does equal opportunity and gender balance really matter?

With or without annual milestones and anniversaries, equal opportunity and gender balance matter more than you might realize. For starters, both are fundamentally important to marketplace success and represent socially responsible behavior.

BNY Mellon takes its responsibilities in this area very seriously, and our commitment to workplace diversity and inclusion is entirely genuine. To execute on our strategy as a global company operating in a highly competitive landscape, we continuously look to attract and retain the best people in the industry—today and in the future.

Women bring important perspectives to the table, and if we were to otherwise ignore that perspective, or the perspective of any other group for that matter, it would be contrary to the notion that we've tapped into all of the "best" talent and thinking available.

Our industry should not underutilize women or overlook key assets in the global talent pool. At BNY Mellon, we are continuing to work very hard to continue to improve the diversity and inclusion agenda.

For example, for the past several years, all 49,000 BNY Mellon employees worldwide have been held accountable for creating a workplace environment that promotes, encourages and thrives on inclusion, with these higher standards tracked within every employee's annual performance plan. This approach enables our employees around the globe to support and embrace all facets of diversity and inclusion. Even more importantly, no one gets a "pass" on this. It's just too important.

At the same time, employee perceptions of "inclusiveness" from the company's annual employee engagement surveys continue to

rise, with a positive five-year trend that's opportunistic and network-driven, not forced compliance. We also know from these surveys that the "engagement" levels and the retention of BNY Mellon's female talent across the world are just as high as they are for men.

I believe our work is already paying dividends—pun intended.

At BNY Mellon, we have seen a nearly 50 percent increase in the number of women serving in the company's most senior leadership committees worldwide in the last three years. And, while we do not subscribe to a quota-based approach used to increase management and executive positions on a gender basis, nor do our senior women, the terrific groundswell of progress in our corporate diversity and inclusion agenda has instead led us to deliver progress on the basis of merit and performance. Through this approach we can also readily identify the "best talent" for all roles, inclusive of women.

On a local level here in the Grand Duchy, some 60 percent (three out of every five) of BNY Mellon's Executive Committee members are women, and 50 percent of our Vice Presidents and Managing Director level roles in Luxembourg are held by women. I am also proud that in our organization, globally, we have female representation and leadership on our Board and throughout our company.

Great female role models have added that certain dynamic spark necessary to fuel our successful efforts. They're helping our businesses thrive, while inspiring our employees and catching the attention of key external prospects and top talent.

BNY Mellon has many examples of senior women leaders who are based in the European region: the CEO of Newton Investment Management; our Global Head of Talent Strategy; two Country Executives; the Heads of UK & Ireland and Nordic Client Management; the leader of our Regional Project Management Office and the Heads of Securities Lending and Asset Servicing-Germany.



Around the world, the leaders of our parent company include Karen Peetz. Karen is the first-ever female Vice Chairman of BNY Mellon in the company's more than 225-year history. She's also the CEO of our world-wide Financial Markets and Treasury Services group, with more than 10,000 employees globally. Named "The most powerful woman on Wall Street" by a leading industry magazine, Karen—and all of BNY Mellon's women leaders—play extremely active roles in the company's diversity and inclusion efforts and in our Women's Initiatives Network globally.

My view of the value of women in leadership is not strictly limited to our firm's internal accomplishments. Recently and through my own good fortune, I heard one of Luxembourg's most inspiring figures—Ms. Viviane Reding, Vice President of the EU Commission—issue a call to arms, encouraging major companies to recognize the value of gender balance in all positions, especially in the more senior roles. I share her view that diversity is actually very good for companies.

Recent studies have demonstrated that companies that have embraced gender balance have generally achieved better financial results than those that do not. From my own experience leading a diverse team that includes so many talented women as well as men, I believe diversity offers so many benefits: flexibility; productive debate; conscientiousness; innovative thinking; and the reinforcement of an inclusive, engaging culture.

Balance creates the right environment to optimize resources and stretch our capabilities and thinking. Without a balanced perspective, companies and organizations miss critical issues in decision-making and lack the nuance to relate to various clients or staff. A broader, more inclusive approach is a powerful contributor to businesses in our very global economy. I am certain of that.

Personally, there are a few other key ingredients necessary for businesses to be successful in creating gender equality and organizational leadership as a top employer for women. For me, this list includes a genuine commitment to equal employment opportunity at all stages of the employment life cycle, holding

managers and staff accountable for creating an inclusive workplace, boosting awareness of our role models' successes and opportunities and bringing men onboard as champions.

I believe it is imperative that men also play a visible and active role in an organization's diversity and inclusion efforts. With the topic of gender equality, men cannot be under-represented either—we are a critical part of the solution. BNY Mellon's Chairman, President and CEO, Gerald Hassell, is an excellent example of leadership. As chair of the company's Global Diversity and Inclusion Council, he and five other members of the company's Executive Committee who are similarly dedicated to our diversity agenda demonstrate leadership and accountability regarding diversity in all forms. This type of leadership builds our capacity as a learning organization and one that embraces best practices to drive our global growth and performance.

Our Global Head of Talent Strategy, Sheena Wilson, recently shared her view with me, saying, "It is part of every senior executive's role in the corporate world to ensure that no woman ever feels that becoming a senior executive, if that is what she aspires to, is impeded in any way by nature of her gender."

That's our opportunity. If we embrace it, I believe we will all benefit.



# BNY MELLON



*Inspiring Woman of the Year Event, (L to R): (All BNY Mellon, unless otherwise noted) Valerie Coulon, Melanie Robert, David Micallef, Christina Jordan (Evolutionize It), Marielle Antoine, Petra Ries, Severine Tuteleers, Judith Robinson, Pat Da Silva, Cindyrella Amistadi*



# Women's Day Event

AMCHAM welcomed Ms. Viviane Reding, VP of the European Commission, for a special event celebrating International Women's Day. A cocktail reception followed.

*Photos: Robert Prendergast*



*Sophie Rein, Renate Bechthold (World Peace Forum)*



*Marios Paras (Rowlands)*



*Marie-Hélène Trouilleux (Chambre de Commerce), Rita Knott (Rita Knott Coaching Mentoring Consulting), Brigitte Dethier (ING Luxembourg), Stephanie Spiers (Rita Knott Coaching Mentoring Consulting)*



*Paul Schonenberg (AMCHAM), Viviane Reding*

Viviane Reding was extremely inspiring—she has so much experience and drive, and at the same time is perfectly versed on her topic. Passionate and with a strong sense of humor, she has a real talent for speaking!

—Marie-Béatrice Noble, MNKS



*Ms. Reding with some of the Inspiring Woman of the Year & Top Company for Gender Equity Awards recipients*



*Sonia Prince, Sinéad O'Donnell (DO Recruitment)*



*Marios Paras (Rowlands), Viviane Reding, Paul Schonenberg (AMCHAM)*



*ZhuJun Xie, Rose Latorre (Banque Internationale à Luxembourg); Amanda Yeung (Ernst & Young)*



# Chris Pavone Event

Chris Pavone, author of *The Expats*, read excerpts from his debut novel at a recent AMCHAM event held with Random House and Ernster at Cercle Münster. A book signing and cocktail followed.

Photos: Robert Prendergast



Meredith Minnaert (Michael Page International), Dr. Gudrun Ziegler, Paul Schonenberg (AMCHAM), Natalia Durus (multi-LEARN Institute)



Marta Sánchez-Pichel (AMCHAM)

The presentation of Chris Pavone's novel *The Expats* was a great success, not least for the wonderful cooperation with AMCHAM! *The Expats* already made it to Nr. 9 on the Luxembourgish list of bestselling books for May. A thrilling read and a memorable evening!

—Marc Janeczek, Librairie Ernster



A book signing followed the reading.





Despite the rain, the turn up for this event was great. Chris Pavone read a chapter and explained some of his fabulous book. The questions from the audience were not the obvious ones, which made the event very interesting. The warm and pleasant atmosphere and the drinks afterward completed this event. It was wonderful being there!

—Iris Coomans, Random House



Murat Mutlu (S. G. Trading), Murat Ozorpak (State Street Bank), Dilek Ayaydin (AMCHAM), Natalia Durus (multi-LEARN Institute)









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**Win a copy of *The Expats* signed by Chris Pavone!**

To enter the competition, send an email with "Expats Competition" in the subject line to [info@amcham.lu](mailto:info@amcham.lu) before July 10. Good luck!



Book Jacket: Crown Publishers

## Interview with Chris Pavone

**Chris Pavone's thriller, *The Expats*, is set predominantly in the Grand Duchy. CBS Films is currently developing a screen adaptation for it.**

*Interview: Natalie Gerhardtstein*

**What was your goal in writing *The Expats*? Had you anticipated writing a novel when you arrived or before?**

Writing a novel is something I had in mind when I moved in Luxembourg, although I didn't start for a while. Once I started writing, I only knew it was going to be about expats. I worked for awhile before realizing I was turning the novel into an espionage thriller.

**How did you come up with the concept for the novel? Was Luxembourg an inspiration?**

I was doing character sketches when I started writing, and I noticed the parallels between leaving a career to be a stay-at-home parent and leaving home to become an expat. Both experiences can be interesting, exciting and boring at the same time—and they both can be quite alienating. Although Luxembourg is described a lot in the book, I was more inspired by the expat experience.

**Your novel has already received much acclaim, even from the likes of John Grisham and John Connolly. What has this personally meant to you?**

It's wonderful! These are people who are in the position to have good taste. Their blurbs were wonderful to receive, and I couldn't be happier.

**Have you noticed different reactions from readers in the U.S. and in Europe?**

I haven't heard from many people abroad, but the novel touches people in different ways. Foreign adventures are difficult. If you are an expat—no matter where—you can hopefully see something familiar in the novel. I imagine a lot of expat communities in Luxembourg would find it entertaining and amusing to read about their lives.

**Describe your time as an expat in Luxembourg. What were your most memorable experiences in Luxembourg?**

I have a lot of memories of Luxembourg. One of my favorite memories is of the Grand Duke's birthday. We went to a friend's house for cocktail party and later watched the fireworks. We walked home across the bridge at midnight, and it was filled with so many people. It was a giant celebration and seemed so different from an American celebration of a similar sort.

I also have wonderful memories of my time with my children. Being an expat and stay-at-home parent allow you to have experiences that you might not otherwise have had. My wife was working a lot while we were traveling, and the richness of these adventures is one of my strongest takeaways.

**Can you reveal your next plans? Any plans for a sequel?**

I was writing a new thriller and took a break in order to promote *The Expats*, so I probably won't get back to it until later this year. It is not a sequel, but it will be a novel of suspense.

### MORE ABOUT CHRIS PAVONE

**Favorite author:** David Foster Wallace

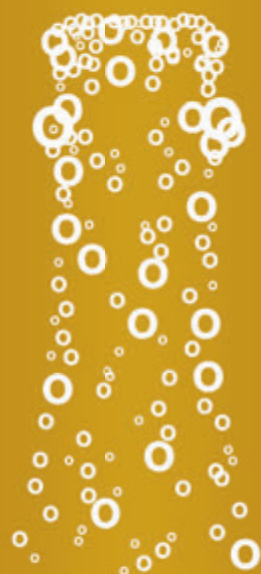
**Favorite travel destination:** Dordogne, France, where he and his wife spent their honeymoon

**Favorite Luxembourg hangout:** Coffee Lounge on rue de la Poste

**Best place and time to write:** Soho House New York, after dropping his children off at school

**What he misses most about Luxembourg:** His friends

**What he misses least about Luxembourg:** The weather



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