

DUBAI CHAMBER
COMMERCE

DUBAI CENTRE FOR
FAMILY BUSINESSES

CORPORATE GOVERNANCE GUIDELINES FOR FAMILY BUSINESSES

Cultivating Sustainable
Growth through Effective
Governance Structures







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01

INTRODUCTION TO CORPORATE GOVERNANCE FOR FAMILY BUSINESSES



1.1

WHAT IS CORPORATE GOVERNANCE FOR FAMILY BUSINESSES?



What is Corporate Governance for Family Businesses?

Corporate governance serves as a framework through which family businesses are directed and controlled. The objective of corporate governance is to promote accountability, transparency, fairness, and responsibility, which are core values essential for the success of any business.

Family businesses in the Middle East face a unique challenge due to the fact there is greater overlap between “family” and “business”. Therefore, there is an increased likelihood of business decisions being influenced by overlapping priorities, such as personal wealth implications, emotional attachments to assets, and potential personal employment prospects. By defining clear roles, establishing robust communication channels, and implementing impartial decision-making frameworks, family businesses can navigate the complexities inherent in their unique organisational structures while upholding the principles of accountability and transparency.

Essential components of corporate governance include defining distinct roles and responsibilities between family governance and corporate governance, outlining a transparent organisational framework and forming a well-rounded Board and Board Committees.



Why is Corporate Governance Important for Family Businesses?

Empirical research suggests a positive correlation between a clear corporate governance structure and the long-term sustainability of businesses. For family businesses specifically, good corporate governance practices:

Create a culture of transparency



Transparent corporate governance practices instill trust among stakeholders by openly communicating family business-related matters, fostering an environment of honesty and accountability.

Attract and retain capable talent



Strong corporate governance practices within the family business signal a commitment to professionalism and fairness to prospective employees.

Contribute to sustainability and legacy of the family business



Effective corporate governance ensures longevity through strategic planning, succession readiness, and prudent financial management.

Mitigate conflicts of interests



Clear policies and procedures outlined in corporate governance frameworks help mitigate conflicts of interest that may arise among family members involved in the business.

Separate business and family needs



Clear corporate governance structures help differentiate between familial interests and business objectives, ensuring that decisions are made impartially based on the best interests of the business.

Promote ethical conduct



Corporate governance mechanisms such as codes of conduct instill a culture of integrity and responsible behavior at all levels of the family business.

Establish effective risk management



Sound corporate governance frameworks enable family businesses to anticipate, identify, and address potential risks proactively.

Foster stakeholders' perception and confidence



By adhering to robust corporate governance standards, family businesses enhance their reputation in the eyes of stakeholders.

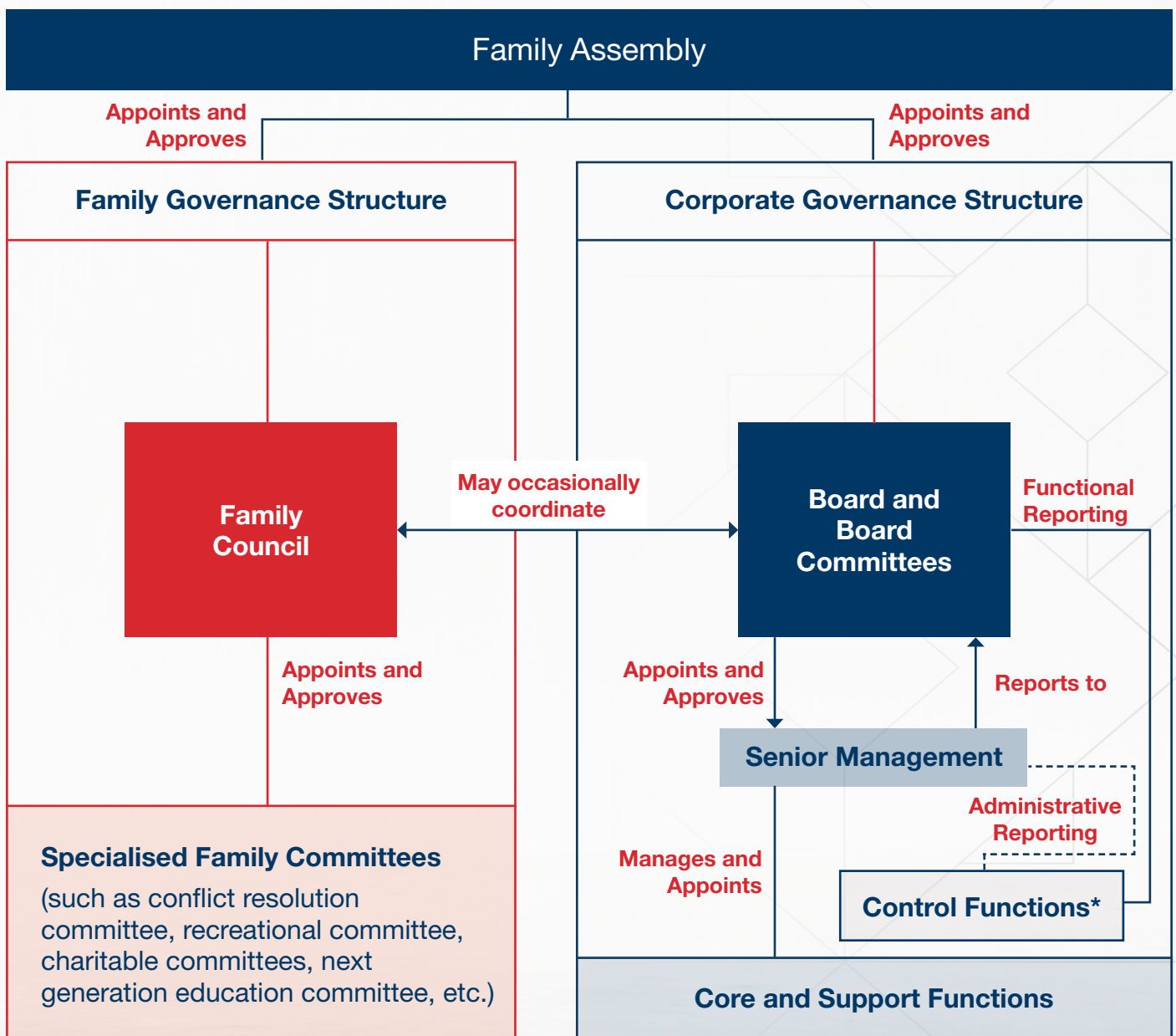
1.2

GOVERNANCE STRUCTURE FOR FAMILY BUSINESSES

Governance Structure for Family Businesses

Family businesses cover two general verticals: a family vertical, and a business vertical. Within family businesses, governance structures can exhibit significant diversity based on factors such as ownership models and the complexity of family dynamics.

Depicted below is an overview of an illustrative governance model for a family business.



*Control Functions include Internal Audit, Risk Management and Compliance

Key Governing Bodies for Family Businesses

Family Business Governance



Family Assembly and Family Council

Role

The Family Assembly and Family Council are formal platforms for discussing family matters that empower family members to express views on growth and familial concerns

Composition

- **Family Assembly:** All family members
- **Family Council:** Could vary between 5 to 10 elected family members

Key Governing Documents

- Family Constitution
- Shareholders Agreement
- Articles of Association



Board and Board Committees

Role

The Board and Board Committees oversee the strategic direction and performance of the family business, ensuring effective governance, risk management and decision making

Composition

- **Board:** Generally varies from 3 - 11 members
 - **Board Committees:** Generally include a minimum of 3 members
- (Refer to pages 13-14 for details)

Key Governing Documents

- Board Charter
- Board Committee Charter
- Delegation of Authority Matrix



Senior Management and other Employees

Role

Senior management leads the execution of strategic and operational decisions, overseeing the smooth functioning of day-to-day operations of the family business

Composition

Senior management roles vary based on size and nature of the family business. Typical roles include Chief Executive Officer, Chief Financial Officer, Chief Human Capital Officer, Chief Strategy and Technology Officer, and Chief Legal Officer

Key Governing Documents

- Code of Conduct
- Conflict of Interest
- Related Party Transactions
- Anti Bribery, Corruption and Insider Trading
- Whistleblowing Policy



Internal Audit, Risk Management, and Compliance (Control Functions)

Role

The Internal Audit, Risk Management, and Compliance departments are independent and objective functions that monitor internal processes to safeguard the family business against potential threats, fines, reputational risks, etc

Composition

Typical roles include Head of Internal Audit, Head of Risk, and Head of Compliance

(Refer to page 22 for details)

Key Governing Documents

- Internal Audit Policies and Procedures
- Risk Management Policies and Procedures
- Compliance Policies and Procedures

Corporate Governance




02

GOVERNANCE FRAMEWORK FOR FAMILY BUSINESSES



Key Governing Documents for Family Businesses

A Governance Framework of family businesses is generally based on the following key governing documents, which play a pivotal role in maintaining consensus among family members.

Key Governing Documents	Definition	Key Aspects to be Included
 <p>Family Constitution</p>	<p>A Family Constitution is a formal document that outlines the principles, values, and rules governing the relationships, roles, and responsibilities of family members in a family business.</p>	<ul style="list-style-type: none"> • Core principles and ethical standards guiding family members. • Mandate, composition, frequency, and proceedings of family governing bodies. • Strategies and plans for education, and preparation of the next generation within the family. • Conflict of interest, confidentiality and code of conduct requirements.
 <p>Shareholders Agreement</p>	<p>A Shareholders Agreement is a legally binding document that outlines the rights, responsibilities, and relationships among shareholders in a company.</p>	<ul style="list-style-type: none"> • Qualifications, family and business involvement, age considerations for prospective shareholders. • Protocols for share transfers, restrictions, approval processes, and pre-emption rights. • Details on voting rights, methods for valuing shares, and exit strategies.
 <p>Articles of Association</p>	<p>Articles of Association are legal documents that define the internal rules and regulations governing the operations and management of a family business.</p> <p>The provisions of the Articles of Association and the Family Constitution should be aligned.</p>	<ul style="list-style-type: none"> • Business name, registered office location, and key objectives. • Details on issued capital, share types, characteristics, and shareholder liability. • Board member selection, composition, term, authority, responsibilities, and meeting procedures. • Fiscal year, balance sheet, and procedures for annual profit distribution.




The primary emphasis of this document lies in outlining the corporate governance protocols specific to family businesses such as the mandate, composition, and functioning of the Board and Board Committees. The following pages offer a comprehensive breakdown of corporate governance considerations essential for family businesses.



Nomination, Size, Frequency, and Composition of Board and Board Committees




Board and Board Committees

Board	
Area	Leading Practices
 <p>Nomination and Selection of Board Members</p>	<ul style="list-style-type: none"> • Board Members are nominated by the Family Assembly. • Terms of nomination and selection are generally articulated in the Articles of Association and the Family Constitution.
 <p>Size of the Board and Frequency of Meeting</p>	<ul style="list-style-type: none"> • The Board size is contingent upon the nature, size, and complexity of the family business. Generally, Board size varies from 3 - 11 members. • The frequency of Board meetings is similarly contingent upon the scale of the family business, with the recommended frequency being a minimum of four times in a year, ideally conducted on a quarterly basis.
 <p>Composition of the Board</p>	<p>The Board composition in a family business depends on its size and complexity. In general, Boards should have an appropriate balance of skills, knowledge, and experience. Models for family business Boards include:</p> <ul style="list-style-type: none"> • Balanced Composition: Executive family members, non-family executives, and at least one-third completely independent members. • Complete External Composition: External Board members unaffiliated with the family. • Predominantly Independent Composition: Family members who are not working as executives in the business and independent Board members (majority of the members should be independent). <p>(Refer to Appendix 2 for an illustrative Board Skillset Matrix)</p>



Nomination, Size, Frequency, and Composition of Board and Board Committees (Cont.)

Board Committees	
Area	Leading Practices
 <p>Number and type of Board Committees</p>	<ul style="list-style-type: none"> • The Board has the power to form Board Committees and special working groups/task forces as and when required. • General Board Committees include the Audit, Risk, Nomination, and Remuneration Committees. • Based on the size, complexity, and the industry of the family business, the Board may form additional committees such as an Investment Committee, Technology Committee, etc. • Board Committee composition shall depend on the nature, complexity, and size of the family business. Generally, Board Committees have a minimum of 3 members. • Generally, the Audit and Risk Committees have a majority of independent members and meet at least quarterly.



Elements of Board and Board Committee Charters



Board and Board Committee Charters

The Board and Board Committee Charters serve as crucial governing documents for both the Board and its committees. They are essential documents that underpin the size, composition and frequency of Board and Board Committee meetings and their procedures.

Depicted below are the essential elements of Board and Board Committee Charters.

Board and Board Committee Charters		
S.no	Topics	Description
1	Purpose and Objective	<ul style="list-style-type: none"> • Introductory section determining the overall objectives and scope of the Board and Board Committees • Overall role of the Board and Board Committees in supporting the family business
2	Composition	<ul style="list-style-type: none"> • Criteria for Board and Board Committees membership (e.g. independence requirements, family membership, level of involvement in the business etc.) • Composition of the Board and Board Committees (number of members, type of members, split between family / non-family members, etc.)
3	Quorum	<ul style="list-style-type: none"> • Minimum attendance required for Board and Board Committee meetings • Composition of the quorum, emphasising the inclusion of specific categories of members. It is common for the quorum to be set at a simple majority of the total number of board members. If a board has 10 members, the quorum might be set at six members. Quorum requirements could also include the compulsory inclusion of the chairperson. • Conditions under which a Board and Board Committee member is considered 'present'
4	Meetings	<ul style="list-style-type: none"> • Frequency and scheduling of committee meetings (Board meets quarterly and at least one annual meeting is scheduled, while Board committees generally meet quarterly or more frequently if needed)



Elements of Board and Board Committee Charters (Cont.)

Board and Board Committee Charters		
S.no	Topics	Description
	Meetings	Board Committee Meetings: <ul style="list-style-type: none"> • Protocols of sending meeting invitation • Timelines for setting and sharing meeting agenda items and information packs • Process for distribution of meeting minutes
5	Secretariat Responsibilities	<ul style="list-style-type: none"> • Conditions for selection, appointment and removal of Board and Board Committee secretary • Key roles and responsibilities of the secretary
6	Mandate and Authority	<ul style="list-style-type: none"> • Key roles and responsibilities of the Board and Board Committee
7	Role of the Chairperson	<ul style="list-style-type: none"> • Responsibilities and leadership role of the Board and Board Committee Chairpersons • Chairperson's role in facilitating committee meetings and communication
8	Voting, Resolutions and Decisions by Circulation	<ul style="list-style-type: none"> • Process for voting on committee decisions • Procedures for making decisions outside of formal meetings
9	Independent Advisors and Reporting Obligations	<ul style="list-style-type: none"> • Process for engaging independent advisors, if necessary • Reporting obligations to external stakeholders or to the Board (in the case of Board Committees)
10	Conflict of Interest	<ul style="list-style-type: none"> • Process for disclosure of Board and Board Committee member conflict of interest • Actions taken to address potential conflict of interests
11	Evaluation	<ul style="list-style-type: none"> • Responsible parties for evaluation of the Board and Board Committees (e.g. Chairperson, Board Nomination Committee, etc.) • Frequency of evaluation • Evaluation framework covering key areas of evaluation for Board and Board Committees
12	Review of Charter	<ul style="list-style-type: none"> • Process for review and potential updates to the Charter • Frequency of review and updates to the Charter

Standing Agenda Items for Board and Board Committee Meetings



Standing Agenda Items for Board and Board Committee Meetings

Standing agenda items for the Board consist of recurring topics included in meeting agendas throughout the year. These items, predetermined and distributed at the beginning of the year along with meeting invitations, serve as a structured framework for Board discussions. Having standing agenda items is crucial for several reasons. Firstly, they ensure consistency in Board meetings, providing a predictable rhythm and allowing Board members to prepare adequately. Secondly, these items address fundamental aspects of the business, fostering continuous oversight and alignment with strategic objectives. Lastly, standing agenda items contribute to effective time management during Board meetings, allowing for in-depth discussions on critical matters while ensuring comprehensive coverage of essential topics.

Prior to every Board and Board Committee meeting, secretaries are advised to perform the following tasks:

- **Obtain approval on previous meeting minutes**
- **Obtain conflict of interest declarations / confirmations from Board members**
- **Review any outstanding action plans originated during previous meetings**

Presented below are standing agenda items that can be valuable for organising and structuring Board and Board Committee meetings effectively.

Standing Agenda Items for Board and Board Committee Meetings (Cont.)

Standing Agenda Items for the Board

The recommended meeting frequency for the Board is quarterly. Depicted below are general standing agenda items for the Board in line with leading practices.

S.no	Area	Standing Agenda Items
1	Strategy, Budget, and Performance	Business update including performance, key initiatives, challenges etc. by Senior Management
2		Development and monitoring of strategy for the business
3		Approval and monitoring of annual budget
4		Review and approval of operating model for the business
5	Financial Review	Review and approval of interim and annual financial results including review of performance for each segment
6	Risk, Internal Audit, and Compliance	Approval of risk appetite statement
7		Update on key / emerging risks and identified gaps (if any) in mitigating risks
8		Update on Risk, Internal Audit, and Compliance activities conducted during the year
9	Others	Senior management performance reviews
10		Review and approval of policies and procedures
11		Review of external reports and press releases
12		Other matters such as: <ul style="list-style-type: none"> • Capital expenditure, investments, and financing decisions • Litigations, settlements, and other legal matters • Information Technology (IT) projects/infrastructure requirements and other IT related matters • Significant internal control failures • Significant regulatory breaches • Related party transactions



Standing Agenda Items for Board and Board Committee Meetings (Cont.)



Board and Board Committees

Standing Agenda Items for the Board Audit Committee

The recommended meeting frequency for the Board Audit Committee is quarterly. Depicted below are general standing agenda items for the Board Audit Committee in line with leading practices.

S.no	Area	Standing Agenda Items
1	Internal Audit	Approval and monitoring of the Internal Audit Plan and budget for the year
2		Review of internal audit policies and procedures
3		Summary of internal audit observations and management action plans
4		Progress on management actions
5		Annual performance assessment of internal audit function and head of internal audit
6	External Audit	Review of external auditor terms of engagement (as and when required)
7		Review of external auditors' feedback on financial statements
8	Compliance	Approval and monitoring of the Compliance Monitoring Plan for the year
9		Review of compliance policies and procedures
10		Summary of compliance breaches (if any) and management action plans
11		Investigation reports relating to any misconduct, conflict of interest, and fraud
12		Annual performance assessment of the compliance function and programme (KPIs)

Standing Agenda Items for Board and Board Committee Meetings (Cont.)

S.no	Area	Standing Agenda Items
13	Others	Review of interim and annual financial statements
14		Review of related party transactions
15		Other matters such as: <ul style="list-style-type: none"> Review of business continuity and disaster recovery plans Policy for provision of non-audit related services by the external auditor Response to the External Auditor's findings and recommendations Review of profiles of candidates for the roles of Head of Internal Audit and Head of Compliance

Standing Agenda Items for the Board Risk Committee

The recommended meeting frequency for the Board Risk Committee is quarterly. Depicted below are general standing agenda items for the Board Risk Committee in line with leading practices.

S.no	Area	Standing Agenda Items
1	Risk Programme	Approval and review of risk management framework (including aspects related to identification, assessment, monitoring, reporting, etc.)
2		Review of risk profile of the family business (including credit, market, liquidity, operational risks, etc.)
3		Review of risk appetite and tolerance
4		Periodic update on the risk assessment performed by the risk management function
5		Review of business continuity planning, data contingency, and information technology disaster recovery plans

Standing Agenda Items for Board and Board Committee Meetings (Cont.)

Standing Agenda Items for the Board Nomination and Remuneration Committee

The recommended meeting frequency for the Board Nomination and Remuneration Committee is bi-annual. Depicted below are general standing agenda items for the Board Nomination and Remuneration Committee in line with leading practices.

S.no	Area	Standing Agenda Items
1	Board Matters	Board and Board committee self evaluation framework
2		Review of Board and Board Committee structure, size, and composition
3		Review of candidate profiles for Board membership (as and when required)
4		Nomination and evaluation of external board candidates (if any)
5		Induction programmes and trainings for the Board
6		Development of Board Remuneration Framework
7	Employee Matters	People, culture, and performance framework and policies for Senior Management and Employees
8		Compensation Framework and bonus payouts for Senior Management and Employees
9		Update on staffing and recruitment plan for the year

It is vital to periodically evaluate the structure and proceedings of both the Board and its Committees. This ensures the seamless operation and continuous improvement of their proceedings.

Refer to Appendix 1 for a guide on conducting an evaluation of Board and Board Committees.



Internal Audit, Risk, and Compliance



Internal Audit, Risk, and Compliance

Within a family business, the Internal Audit, Risk, and Compliance departments play pivotal roles in the three lines of defense model. Operating as guardians, they uphold transparency, mitigate risks, and ensure regulatory compliance. These functions are indispensable, safeguarding the business longevity, resilience, and adherence to ethical and legal standards. Depicted below are the key roles, responsibilities and reporting obligations of the three functions.

Role	Key Responsibilities	Reporting
<h3>Internal Audit</h3>		
Provides independent and objective assurance and consulting services by ensuring thorough evaluation of family business operations to achieve the overall objectives of the business.	<ul style="list-style-type: none"> Oversight of financial, operational, and risk management controls. Conduct an internal audit review and submit an internal audit report to the Board Audit Committee on a periodic basis. Monitor and assess management actions against identified observations. 	Administrative reporting to the CEO and functional reporting to the Board Audit Committee.
<h3>Risk</h3>		
Identifies, assesses, and mitigates potential risks to the family business, ensuring proactive measures for sustainable success and resilience.	<ul style="list-style-type: none"> Develop and implement a detailed risk management framework. Assess, identify, monitor, and reduce related risks. Outline key risks and controls for senior management and the Board. Embed a risk management culture. 	Administrative reporting to the CEO and functional reporting to the Board Risk Committee.
<h3>Compliance</h3>		
Ensures adherence to legal and regulatory requirements, industry standards, and internal policies, fostering ethical conduct and mitigating risks of non-compliance and reputational loss.	<ul style="list-style-type: none"> Identify compliance requirements and communicate to the business units. Develop an annual compliance monitoring plan. Prepare and submit compliance reports to the Board Audit Committee. Communicate with regulatory bodies on compliance matters. 	Administrative reporting to the CEO and functional reporting to the Board Audit Committee.

03

KEY CORPORATE GOVERNANCE REGULATORY GUIDELINES FOR FAMILY BUSINESSES





Key Corporate Governance Regulatory Guidelines for Family Businesses

A recent development in the UAE is the introduction of Federal Decree-Law No. 37 of 2022 in relation to Family Companies. Although not mandatory, this law establishes a legal framework that encourages family businesses to voluntarily adopt corporate governance principles. The aim is to motivate family businesses to embrace effective governance practices, contributing to their sustainability and long-term success. Depicted below are key corporate governance elements family businesses are encouraged to incorporate:



A clear separation of ownership and management



A Board of directors that is independent and competent



A transparent and accountable management process



A strong control framework



A commitment to ethical conduct



As per Federal Decree-Law No. 32 of 2021 on Commercial Companies, a Limited Liability Company is managed by one general manager or a board of directors, as stipulated in the memorandum / articles of association. If not specified in memorandum / articles of association, the general assembly appoints a general manager / board of directors with defined duties and powers.

The Securities and Commodities Authority (SCA) has also issued corporate governance guidelines for listed entities, which define the proceedings, authorities and responsibilities of the Board, Board Committees, and Senior Management. These requirements are not compulsory for family businesses. However, they are widely regarded as best practices within the industry.



04

APPENDICES





Appendix 1 - Board and Board Committee Evaluation

Periodic evaluation is integral for assessing the performance of the Board and its Committees in a structured manner. Board evaluation helps in recognising strengths, weaknesses, and areas for improvement, thus facilitating continuous development and effective governance.

Board and Board Committee evaluations are conducted either by external parties or internally. Generally, self evaluation of the Board and Board Committee is performed on an annual basis internally and external evaluation is performed once every 3 – 5 years.

Self evaluation is generally facilitated by the Chairperson of the Board or the Board Nomination and Remuneration Committee through the Board Secretary.

Depicted below is a step-by-step process for conducting a self evaluation of your Board and Board Committees:



- Designate the key individual(s) responsible for overseeing the self-evaluation process (e.g. Board Secretary or the Chairperson of the Board Nomination and Remuneration Committee).



- Designated individual(s) formulate a comprehensive survey for assessing key aspects of Board and Board Committee proceedings (including structure, composition, communication, meeting operations, and other responsibilities [if any]).

(Refer Page 27 for illustrative evaluation survey)



- Designated individual(s) distribute the survey to Board members and relevant stakeholders while ensuring that responses are anonymised and accessible only to the designated individual(s) to uphold the integrity of the evaluation process.



- Designated individual(s) analyse the survey responses to generate scores for each assessed area.

(Refer Page 30 for scoring methodology)





- Designated individual(s) provide a report on the anonymised survey results and improvement opportunities identified (if any) to the Board for its review and development of action plans to improve performance, where required.



Appendix 1 – Illustrative Evaluation Form




Board Evaluation Form

S.no	Statement	Strongly Agree	Agree	Disagree	Strongly Disagree
 Structure, Knowledge, and Experience					
1	The governance structure of the Board and Board Committees aligns with the size and complexity of the family business.				
2	The Board has an appropriate and diverse mix of skills, experience, and perspectives relevant to the industry and the family business.				
3	The Board remains up to date on their role, regulatory and market developments, and other key areas.				
 Oversight and Communication					
4	The Board meets regularly with the Family Council (or any other relevant family committee) to coordinate and ensure consistent alignment of values and vision.				
5	The Board effectively oversees the strategy, business plans, and corporate culture of the family business.				
6	The Board consistently and actively oversees the Risk Management Framework, risk appetite, policies, and internal control systems.				



Appendix 1 – Illustrative Evaluation Form (Cont.)

S.no	Statement	Strongly Agree	Agree	Disagree	Strongly Disagree
7	The Board maintains a collaborative dynamic among its members, Board Committees, and Senior Management to ensure effective communication and coordination.				
8	The Board members are encouraged to express dissenting opinions and actively engage in discussions during Board meetings.				
 Board Administration Process					
9	The Board is provided with the agenda and pertinent information packs ahead of the scheduled Board meeting.				
10	The information presented to the Board before and during the meeting is adequately detailed.				
11	The frequency and duration of Board meetings are adequate to cover agenda items in detail.				
12	Board meeting minutes sufficiently capture discussions, including any dissenting views or votes.				
13	Outstanding actions from prior Board meetings are tracked, and status updates are presented in subsequent meetings.				
14	Board members declare related party transactions and/or conflict of interest on a timely basis, where required.				



Appendix 1 – Illustrative Evaluation Form (Cont.)



Relevant Board Committee Evaluation

S.no	Statement	Strongly Agree	Agree	Disagree	Strongly Disagree
1	The Board Committee collectively possesses the requisite skills, knowledge, and experience for its mandate.				
2	The Board Committee Chairperson ensures meeting agendas align with the committee's overall mandate and promotes active participation among committee members.				
3	The frequency and duration of Board Committee meetings are adequate to cover each agenda item in detail.				
4	The information presented to the Board Committee before and during the meeting is adequately detailed.				
5	The Board Committee effectively challenges and questions information presented by Senior Management and other stakeholders.				
6	Overall, the Board Committee has successfully fulfilled all responsibilities assigned by the Board.				



Appendix 1 – Scoring Methodology

The questions in the self-evaluation survey are phrased as statements requiring Board / Board Committee members to provide their responses on a 4-point rating scale as depicted below:

Strongly Agree	Score
Strongly Agree	4
Agree	3
Disagree	2
Strongly Disagree	1

Average score*	Area	Definition
4	Satisfactory	Relevant area(s) of Board / Board Committees operating effectively and aligned with applicable regulatory requirements and leading governance practices.
3	Needs Improvement	Relevant area(s) of Board / Board Committees in a phase of advancement but require further alignment with regulatory requirements and leading governance practices.
2	Unsatisfactory	Relevant area(s) of Board / Board Committees in the phase of development and require significant improvements to align with regulatory requirements and leading governance practices.
1	Ineffective	Relevant area(s) of Board / Board Committees in the early stages and require substantial enhancements to align with regulatory requirements and leading governance practices.

* Refers to the rounded average of responses received from all Board members for each statement in the evaluation form

Appendix 2 - Board Skillset Matrix

Establishing a balanced and proficient Board is crucial for any organisation, particularly in the case of a family business. Evaluating current and prospective Board members can pose challenges in the absence of a predefined framework that aligns with the expectations a family business has for its Board and leading practices.

Depicted below is a step-by-step process for conducting a skillset gap analysis.



The Chairperson of the Board Nomination and Remuneration Committee (along with the Board Secretary or any other designated individuals) assesses the current and future needs of the business and the skillsets of the existing Board and Board Committee members and prepares a skillset matrix.

(Refer to Page 32 for illustrative skillset matrix)



Based on the skillset matrix, the designated individuals conduct a gap analysis on the skillsets of the current Board and Board Committees.



Based on the results of the gap analysis, the designated individuals develop candidate profiles that include essential and desirable skillsets.






During the reappointment / selection of Board and Board Committee members, the skillset matrix, gap analysis and candidate profiles are utilised to identify the relevant candidates. The Board candidates are then shortlisted for election.





Appendix 2 – Illustrative Skillset Matrix

Illustrative Skillset Matrix				
S.no	Description	Board Candidate / Member 1	Board Candidate / Member 2	Board Candidate / Member 3
 Technical Skills and Industry Knowledge				
1	Local, regional, and global market and industry trends			
2	Risk management and compliance frameworks			
3	Family business dynamics and leading practices			
4	UAE regulatory environment			
5	Audit and accounting standards and principles			
6	IT and emerging technologies			
7	Corporate governance standards and leading practices			
 Experience				
1	Experience in demonstrating robust strategic decision making skills			
2	Long-term C-suite level experience in a family business			
3	Successful track record of managing complex shareholder expectations and relationships			
4	Expertise in conflict resolution and mediation skills			
5	Industry-specific experience			
 Soft Skills				
1	High level of ethical standards			
2	Robust interpersonal skills			
3	Ability to work in a team			
4	Good listening and communication skills			
5	Strong leadership skills			

05

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