



Board Evaluation: Strengthening governance through effective performance review

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In brief

Board evaluation is a cornerstone of sound corporate governance. It is the process by which Boards assess their effectiveness, identify gaps, and align with the company's strategic direction. Under the UAE Capital Market Authority (CMA) Corporate Governance Code, board evaluation is no longer merely best practice, it is a regulatory requirement. UAE-listed Public Joint Stock Companies (PJSCs) must conduct annual board evaluations, with an external independent evaluation at least every three years. Findings must be disclosed in the company's annual governance reporting and should inform board composition, training, and succession planning. Companies that fail to maintain a credible evaluation process risk regulatory scrutiny, weakened governance, and diminished stakeholder confidence. This note sets out the key requirements, the evaluation process, and how the Board and the Nomination and Remuneration Committee should approach implementation.

In detail

1. The Purpose of Board Evaluation

The overarching purpose of a board evaluation extends beyond assessing current performance, it is a key mechanism for strengthening the board's long-term effectiveness and accountability. At its core, the evaluation promotes a culture of continuous improvement by identifying both strengths to build upon and areas requiring development.

A well-structured board evaluation serves several additional purposes:

Enhancing Board Effectiveness and Decision-Making

It helps ensure that the board operates efficiently, with clear roles, constructive challenge, and high-quality discussions that lead to sound and timely decisions

Supporting Board Composition and Succession Planning

By identifying skill gaps, experience deficiencies, or over-reliance on certain individuals, evaluations inform board refreshment strategies, succession planning, and director nominations.

Strengthening Accountability and Individual Performance

Evaluations create a formal mechanism to assess the contribution of individual directors, the Chair, and committee members reinforcing accountability and clarifying expectations.

Improving Board Dynamics and Culture

They provide insight into interpersonal dynamics, levels of engagement, independence of thought, and the ability to foster open and constructive debate elements that are often not visible through formal reporting.

Aligning the Board with Strategic Priorities

Evaluations help determine whether the board is sufficiently focused on long-term strategy, value creation, and emerging risks, rather than being overly absorbed in operational or compliance matters.

Enhancing Oversight of Risk and Governance Frameworks

They assess how effectively the board oversees risk management, internal controls, compliance, and ethical standards, ensuring these areas receive appropriate attention.

Improving Information Flow and Board Support

Evaluations examine whether board materials are relevant, timely, and insightful, and whether management provides the right level of transparency and challenge.

Meeting Regulatory and Governance Expectations

In many jurisdictions, regular board evaluations are a regulatory requirement or a key expectation under corporate governance codes.

2. Designing an Effective Board Evaluation

An effective evaluation process is usually built around a structured scope (board, committees, and individual directors) and an agreed set of criteria that reflect the company's governance priorities. While UAE listed-company requirements are set through the applicable governance resolutions issued by the regulator under the Commercial Companies framework, a helpful reference point for "*what good looks like*" in a formal evaluation design can be seen in the UAE's public-sector board governance framework, which expressly contemplates evaluation of:

- **Board Composition & Structure:** The evaluation assesses whether the Board has an appropriate composition in terms of independence, skills, experience, and diversity, as well as the effectiveness of its committee structure in supporting robust governance.
- **Board & Committee Effectiveness:** The evaluation examines the performance of the Board and its Committees, including the quality of oversight over financial reporting, risk management, and internal control frameworks.
- **Individual Director Performance:** The evaluation reviews each Director's contribution, including their attendance, level of engagement in discussions, exercise of independent judgement, and ability to appropriately manage conflicts of interest.

In practice, leading listed companies adopt a hybrid evaluation approach that combines confidential scoring with targeted qualitative insights, including interviews and focused reviews of key Board material. When an external facilitator is engaged, their independence and scope must be clearly defined, with evaluation concluding in a brief, priorities action plan with clear ownership and timeline, rather than a standalone report.

3. Disclosure of Board Evaluation Outcomes

Disclosure of board evaluation outcomes plays an important role in strengthening transparency and accountability in corporate governance. While board evaluations are inherently internal processes, stakeholders increasingly expect businesses to provide meaningful insight into how boards assess and enhance their effectiveness.

Effective disclosure should go beyond a simple confirmation that an evaluation has been conducted. It should offer a clear and balanced view of the process, including the approach taken, the areas assessed, and the key themes identified. At the same time, a careful balance must be maintained to ensure that confidential and sensitive information particularly individual director assessments remains protected.

High-quality disclosure typically focuses on:

- The evaluation approach (e.g., internal assessment or externally facilitated)
- The scope of the review, including board and committee performance
- Key strengths and areas for improvement, presented in an aggregated manner
- Actions taken or planned in response to the findings

In practice, many businesses fall into the pattern of providing standardized or repetitive disclosures, which offer limited value to stakeholders. More effective disclosures are forward-looking and dynamic, demonstrating how evaluation outcomes contribute to continuous improvement in board performance and governance practices.

Ultimately, the disclosure of board evaluation outcomes serves as an indicator of governance maturity.

Businesses that provide clear, thoughtful, and action-oriented disclosures are better positioned to build trust with stakeholders and reinforce confidence in their board's effectiveness.

Key takeaways

Board evaluation is a critical governance tool that goes beyond assessing performance to driving continuous improvement, strengthening accountability, and enhancing decision-making. Its effectiveness depends on a structured, holistic approach that evaluates the board, its committees, and individual directors, while translating findings into clear, actionable outcomes. Equally important is the disclosure of evaluation results, which should provide meaningful insight into the process and key improvements without compromising confidentiality.

We support businesses in designing and delivering board evaluation frameworks aligned with UAE regulatory requirements and international leading practices. Our services include board and committee evaluations, independent external assessments, governance benchmarking, facilitation of stakeholder interviews and surveys, reporting of key findings, and development of practical action plans to support continuous board improvement.

Contact us



Greg Hastings

Senior Manager
Entity Governance & Compliance - EGC
PwC Legal Middle East LLP
greg.hastings@pwc.com



Sadia Ghauri-Malik

Manager
Governance & Board Advisory
PwC Legal Middle East LLP
sadia.ghauri-malik@pwc.com



Areej Sawalmeh

Senior Associate
Corporate Governance
PwC Legal Middle East LLP
Areej.Sawalmeh@pwc.com

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