



NON-EXECUTIVES DIRECTORS (NEDs)

Non-executive (or independent) directors play a key-role in the proper running of operating companies at all stages of their commercial development.

By providing in-depth knowledge and a sounding board to both management and principal(s), they help companies to improve their corporate credibility and governance standards, and by doing so, to accelerate their growth and value creation process.

What NEDs focus on, what they contribute?

NEDs are not expected to stray into ‘executive direction’. Rather, they should focus on board matters, providing an independent and impartial view of the company that is removed from the day-to-day running.

NEDs’ responsibilities should notably include:

Strategic direction

As an outsider, a NED will have a clearer or broader view of external factors affecting the company and its business environment than both management and principal(s).

Performance monitoring

NEDs should take responsibility for monitoring the performance of executive management. They have a prime role in appointing as well as removing executive directors and be involved in succession planning.

Remuneration

NEDs can be responsible for determining appropriate levels of remuneration of executive directors.

Risk

NEDs should satisfy themselves on the integrity of financial information and ensure that financial controls are robust and defensible.

From a legal standpoint, there is no distinction between executive and non-executive directors. NEDs have the same legal duties, responsibilities and potential liabilities as their executive counterparts.

Prior to accepting a non-executive appointment, a prospective appointee must ensure he/she has a comprehensive understanding of the company he/she is about to join.

NEDS & Economic Substance Rules

In April 2019, the United Arab Emirates (UAE) introduced an Economic Substance Law (“ESL”) – see “[Economic Substance Law Briefing](#)”.

Pursuant to the ESL, certain companies deploying any “relevant activity” will have to demonstrate that they have effective substance in the UAE by satisfying a so-called “economic substance test”. A company meets the test if it is directed and managed in the UAE and has adequate people, premises and expenditure in the country.

In this context, the **composition and competence of the board of directors and the proper recording of minutes of all board meetings are key factors when assessing whether a company is compliant or not.**

How can we help you?

M/HQ provides independent director services for both operational and holding companies. Thanks to our team’s relevant industry experience, we are able to provide our clients with independent directors that take a skilled, proactive approach to meeting the specialised needs of business structures. Our NEDs work for only a select number of companies at any given time. This ensures that our clients receive the resources and personal attention their individual situations require.

M/HQ’s team is also qualified to provide a full range of CSS for all types of UAE establishments (see our fact sheet “[Corporate Secretarial Services – Available Packages](#)”).

Whether start-up, high growth or blue-chip company, we have the right offering at the right value point for your organisation. We are happy to discuss your company’s specific needs in depth, helping you find the most cost and time effective solution to meet your administrative and statutory compliance responsibilities.

Who we are

M/HQ is a multi-service platform catering to a broad spectrum of clients, from individual entrepreneurs, family run SMEs to multinational corporations.

Our one-stop-shop offering is unique in the Middle East: a holistic and cross-disciplinary combination of a market-leading corporate services firm with a law firm’s specialist structuring expertise all on one single platform.

We have a substantial track-record delivering creative and results-oriented advice and support on a wide range of UAE structuring and re-structuring issues. Headquartered in the UAE, we are an entrepreneurial firm for entrepreneurial clients.

Who will assist you



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