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BUSINESS ADVISORY & SETUP · 13 JULY 2026 · 10 MIN READ

Governance for UAE Founder-Led Companies: Authority, Reserved Matters and Board Reporting

Scalable governance preserves founder speed by making authority, conflicts, information and accountability visible before the company outgrows individual memory.

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EDITORIAL GUIDE

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Scalable governance preserves founder speed by making authority, conflicts, information and accountability visible before the company outgrows individual memory.

> Founder-led companies often move faster because authority is concentrated. The same strength becomes a risk when ownership, management and approval are treated as interchangeable. Scalable governance preserves speed by making decisions, evidence and accountability clear.

Governance should match the company's legal form, constitutional documents and shareholder arrangements. It should define who may commit the company, which decisions require owner or board approval, how conflicts are handled and what information reaches decision-makers.

The founder-governance foundation

AUTHORITY	Document who can contract, hire, borrow, pay, litigate and represent the company.
RESERVED MATTERS	Protect structural and high-impact decisions through shareholder or board approval.
CONFLICTS	Identify, disclose, record and manage personal or related-party interests.
INFORMATION	Give the board timely financial, risk and operational reporting tied to decisions.

Separate owner, board and manager roles

Shareholders own the company and exercise rights under law and constitutional documents. Directors or managers owe duties connected with the company's management. Executives operate within delegated authority. One person may hold all three positions, but the legal and governance capacities remain different.

Create a responsibility map. Shareholders may approve constitutional changes, capital, ownership transfers or other reserved matters. The board sets strategy, risk appetite, budgets and oversight. Management executes plans and reports performance. The map should reflect Federal Decree-Law

No. 32 of 2021 and the entity’s specific documents.

Minutes and written resolutions should identify the capacity in which a person acts. A founder’s email is not automatically a valid shareholder resolution, board decision and management instruction at the same time.

Build a delegation of authority around risk

The delegation matrix should cover contracts, procurement, payments, banking, credit, hiring, compensation, capital expenditure, litigation, write-offs, tax positions and related parties. Set thresholds by value and risk, not value alone. A low-value data-processing contract may carry more risk than a routine inventory purchase.

Separate request, review, approval and execution where practical. Where the team is small, introduce independent founder or board review supported by records. Bank mandates, system permissions and contract-signing tools must match the approved delegation.

Delegation does not remove oversight. Require periodic reports on commitments, exceptions and approvals near thresholds. Prohibit deliberate splitting of transactions to avoid approval levels.

Define reserved matters before disagreement

Reserved matters typically include new shares, ownership transfers, major borrowing, guarantees, acquisitions, disposal of material assets, new countries or business lines, related-party transactions, dividends, senior appointments and changes to the approved budget.

Multiple shareholders should agree voting thresholds, quorum, information rights, deadlock and emergency decisions before capital is committed. Align the shareholders’ agreement with the memorandum, articles and mandatory law. A contractual veto that is not reflected in corporate process can create uncertainty.

Review reserved matters as the business scales. A fixed AED threshold may become too low after growth, while an undefined phrase such as “material contract” creates argument. Use quantitative and qualitative tests.

> *“Good governance does not slow founders down; it prevents the company from having to reconstruct why an important decision was made.”*

Manage conflicts and related parties visibly

Maintain a register of directors, managers, owners, related entities and disclosed interests. Require annual declarations and event-driven updates. Before a related-party transaction, identify the interest, commercial rationale, pricing, approval route and whether the interested person should abstain.

Federal company law contains duties and conflict provisions for managers and directors. Corporate-tax rules also apply the arm’s-length principle to related-party transactions. Governance records and tax support should be consistent.

Do not leave founder expenses, company assets or intercompany services undocumented. Use agreements, invoices, approval and settlement terms. Personal convenience is not a control rationale.

Make board reporting decision-ready

A board pack should arrive early enough to be read and should distinguish information, discussion and approval items. Include financial statements, cash forecast, budget variance, sales and pipeline quality, operations, people, legal, tax, cyber, compliance and strategic projects.

Metrics need definitions, trends, targets and owners. Highlight exceptions and forecast effects rather than presenting a large data dump. Papers seeking approval should state the decision, alternatives, financial impact, risk, conflicts and proposed resolution.

Minutes should record attendance, declarations, information considered, challenge, decisions, abstentions and actions. They need not be transcripts, but they should demonstrate a rational process based on information available at the time.

Connect governance to ownership transparency

Cabinet Resolution No. 109 of 2023 requires in-scope legal persons to determine their real beneficiaries through ownership, voting rights or other control tests and maintain relevant registers. Nominee directors and complex structures require transparency.

Changes in shares, voting arrangements or control should trigger updates to corporate registers, licensing records, banking, tax and contracts. Use a single change checklist so one transaction does not leave conflicting official records.

Prepare for absence, emergency and succession

A company should not become unable to pay employees or sign an essential contract because one founder is travelling or incapacitated. Establish alternate signatories, emergency payment authority, access recovery and a documented route for urgent decisions. Keep powers of attorney specific, current and revocable.

Succession is both a family and corporate issue. Review what happens to shares, voting, board seats, guarantees and management responsibility on death, incapacity or departure. Coordinate wills, shareholder documents, insurance and applicable inheritance advice rather than assuming the company memorandum resolves every outcome.

Test continuity annually. Use a scenario in which the founder is unavailable for two weeks and confirm that banking, payroll, customer delivery, cyber access and regulatory communication continue under approved authority.

Create an annual board rhythm

Set a calendar before the year begins. Typical meetings cover strategy and budget, quarterly performance and risk, annual accounts and audit, tax, insurance, remuneration, conflicts, succession and licence renewals. Event-driven meetings remain available for acquisitions, financing or material incidents.

Track actions from one meeting to the next with owner, deadline and evidence. A board that repeatedly discusses the same unresolved control weakness without closure is not providing effective oversight. Conduct an annual review of meeting quality, information, composition and skills needed for the next stage.

A 90-day governance build

01	**Map roles:** Separate shareholder, board, manager and executive authority.
02	**Approve delegation:** Align thresholds with bank and system permissions.
03	**Set reserved matters:** Define voting, quorum, information and deadlock.
04	**Register interests:** Control conflicts and related-party transactions.
05	**Improve reporting:** Build a concise board calendar and decision pack.
06	**Test evidence:** Sample contracts, payments and decisions against authority.

The goal is not corporate formality for its own sake. It is a company that can demonstrate who decided, under what authority, with which information and how execution was monitored. That capability protects founders and gives employees, investors and lenders confidence that the business can scale beyond individual memory.

Official sources

1. **Federal Decree-Law No. 32 of 2021 on Commercial Companies**
2. **Cabinet Resolution No. 109 of 2023 on real beneficiaries**
3. **Federal Tax Authority: General Corporate Tax Guide**

Online edition: **https://iraaglobal.com/insights/uae-founder-governance-delegations-reserved-matters-board-reporting/**

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