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Transforming board performance disclosure

'Investors, regulators, employees, and wider stakeholders now expect more than a perfunctory statement that "the board considers itself effective". They want insight. They want evidence. They want to understand how the board works, how it thinks, and how it is improving. In short, they want communication, not compliance.'

Sean O'Hare

Compliance as competitive edge

'Predictive resilience, or the ability to use real-time data and technology to identify risks and take timely preventative action, is about transforming how we think about risk. It's also about transforming defensive box-checking into an offensive capability. This transition from traditional GRC to predictive resilience represents a fundamental shift in how organisations think about competitive advantage.'

Girish Redekar

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Companies reporting departures from Code provisions are increasingly providing clear, meaningful and context-specific explanations for their approach, according to the FRC's *Annual Review of Corporate Governance Reporting*.

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The GC100 (the industry association of FTSE 100 general counsel and company secretaries) has published its *Guidance: Virtual Meetings of Shareholders* which addresses practical concerns around virtual meetings, focusing on shareholder engagement, transparency and board accountability.

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The Investment Association has published its annual letter to remuneration committee Chairs on key remuneration issues ahead of the 2026 AGM season.

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According to new research by Board Intelligence, directors in neither the UK and North America nor the Middle East are fully confident in their board's ability to oversee and respond effectively to a major cyber-security incident or data breach.

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Transforming board performance disclosure



Sean O'Hare argues that the introduction of Provision 29 of the UK Corporate Governance Code means board performance disclosure must now move from compliance to strategic communication.

For many companies with December year-ends, February marks the moment when governance reporting moves from draft towards publication. It is a familiar ritual: annual reports are being finalised, board evaluations are summarised, and performance disclosures are prepared for stakeholders. Historically, this part of the reporting cycle has been treated as a compliance obligation – a necessary but uninspiring exercise in meeting the requirements of the UK Corporate Governance Code (the Code).

But the expectations surrounding board performance disclosure have changed dramatically. Provision 29 of the 2024 Code – the requirement for an annual declaration of the effectiveness of material controls – which applies to financial years beginning on or after 1 January 2026, is fundamentally altering the benchmarks for high-quality disclosure. Early adopters, therefore, face a rigorous challenge: moving beyond a compliance exercise to a comprehensive demonstration of control and oversight. Investors, regulators, employees, and wider stakeholders now expect more than a perfunctory statement that 'the board considers itself effective'. They want insight. They want evidence. They want to understand how the board works, how it thinks, and how it is improving. In short, they want communication, not compliance.

This shift presents a significant opportunity. Companies that embrace a more transparent, narrative-driven approach to board performance disclosure can strengthen trust, enhance credibility, and demonstrate leadership in a governance environment that is becoming more demanding and more sophisticated.

The shift in stakeholder expectations

The days when governance disclosures were written solely with regulators in mind are long gone. Today's stakeholders – particularly institutional investors – are far more discerning. They benchmark disclosures across sectors, compare board structures, and look for evidence of genuine effectiveness rather than boilerplate assurances.

Several forces are driving this evolution. Stewardship codes have raised expectations for transparency and accountability. ESG integration has placed governance quality under a brighter spotlight. Proxy advisors now scrutinise the substance of narrative reporting, not just the presence of required statements. And the rise of activist investors has made governance quality a strategic issue, not a procedural one.

As a result, stakeholders increasingly expect disclosures that are:

- specific rather than generic;
- evidence-based rather than assertion-based;
- balanced rather than uniformly positive; and
- forward-looking rather than purely retrospective.

This shift has exposed a credibility gap in many companies' reporting. Too often, disclosures present an overly positive picture that bears little resemblance to the challenges the board has faced. Rarely do they acknowledge developmental areas or lessons learned. Yet research consistently shows that stakeholders view honest, balanced reporting as a sign of maturity and strength.

Boards that acknowledge areas for improvement – and articulate how they are addressing them – build credibility. Those that rely on vague, uninformative statements risk eroding trust.

Why February matters for December year-end companies

For companies with December year-ends, February is more than a reporting deadline. It is a strategic moment to reflect on the previous year, incorporate the latest governance developments, and communicate a forward-looking narrative.

The past year has brought new pressures relating to internal controls, cyber resilience, AI oversight, climate-related governance, director capability, and stakeholder engagement. February reporting allows companies to reflect on these challenges in their disclosures, while they are still fresh and relevant.

Stakeholders notice when companies update their reporting to reflect new standards or emerging risks. It signals attentiveness, agility, and a commitment to good governance. Conversely, static or outdated disclosures suggest complacency.

Board performance disclosure should also shape expectations for the year ahead. A well-crafted narrative can articulate the board's priorities, demonstrate alignment with strategy, and reinforce the board's commitment to transparency. In this sense, February becomes a moment of strategic communication – an opportunity to influence how the board is perceived for the next 12 months.

What high-quality disclosure looks like

Transforming board performance disclosure requires rethinking both the content and the tone of reporting. The most effective disclosures share several characteristics.

They are evidence-based

Stakeholders want to understand how the board has assessed its performance. Strong disclosures explain the methodology used, the scope of the evaluation, the criteria applied, the role and name of any external reviewers. They move beyond assertions to demonstrate rigour.

Continued on next page.

They are balanced and honest

High-quality disclosures acknowledge both strengths and areas for development. This balance enhances credibility and signals a culture of continuous improvement. Boards that openly discuss developmental areas – such as improving succession planning or strengthening digital literacy – are viewed as more trustworthy and self-aware.

They articulate outcomes, not just processes

Stakeholders want to understand the impact of the evaluation. Effective disclosures explain what the board learned, what actions were taken, what improvements were made, and what changes are planned for the coming year.

They look forward, not just back

Boards should articulate how they intend to evolve. This could include new skills required, changes to committee structures, enhanced oversight of emerging risks, or priorities for the next evaluation cycle.

They are integrated with broader governance reporting

Board performance disclosure should connect with risk management, internal controls, culture reporting, ESG oversight, succession planning, and stakeholder engagement. Integrated reporting provides a more coherent and compelling narrative.

The role of external evaluation

External board evaluations are increasingly recognised as a hallmark of good governance. They bring independence, objectivity, and expertise – and they can significantly enhance the quality of disclosures.

Independence strengthens credibility. Expertise ensures a more rigorous assessment. Benchmarking provides valuable context. Confidentiality encourages more candid feedback from directors. And external reviewers can help boards articulate themes, findings, developmental areas, and priorities in a way that is transparent without compromising confidentiality.

External evaluation also helps boards move beyond process-driven reporting to outcome-driven reporting. It enables companies to demonstrate not only that an evaluation took place, but that it led to meaningful insights and tangible improvements.

The strategic value of high-quality disclosure

Transforming board performance disclosure is not just about meeting expectations. It creates tangible strategic benefits.

High-quality disclosures strengthen investor confidence by demonstrating that the board is effective, engaged, and aligned with the company's strategic direction. They enhance corporate reputation by signalling that the company values transparency and accountability. They support director recruitment and retention by demonstrating a board culture that values development and continuous improvement. And they improve internal alignment by reinforcing expectations and strengthening committee effectiveness.

Boards that embrace transparency set the standard for their peers. They influence market expectations and contribute to raising the overall quality of governance reporting.

Practical steps for boards preparing February disclosures

Boards preparing their disclosures can take several practical steps to elevate the quality of their reporting.

A critical review of last year's disclosure is a good starting point. Boards should ask whether it provides insight or merely information, whether it is specific or generic, whether it demonstrates progress, and whether it reflects the board's actual work.

Engaging early with external evaluators ensures that the evaluation process supports high-quality reporting. Focusing on narrative quality helps create a coherent story that explains the board's journey, highlights progress, acknowledges challenges, and sets out future priorities.

Integrating insights from across the governance ecosystem – including risk reviews, internal control assessments, culture surveys, stakeholder engagement feedback, and committee evaluations – creates a more holistic narrative. Ensuring alignment with the Chair's statement reinforces the overall message.

Conclusion: a moment of opportunity

Board performance disclosure is undergoing a transformation. What was once a compliance exercise is becoming a strategic communication tool – one that can strengthen trust, enhance credibility, and demonstrate leadership.

For December year-end companies preparing February disclosures, this is a moment of opportunity. By embracing transparency, evidence-based reporting, and forward-looking narrative, boards can elevate their governance reporting and position themselves at the forefront of best practice.

The shift from compliance to communication is not merely a stylistic change. It reflects a deeper evolution in governance – one where accountability, insight, and continuous improvement are central to how boards operate and how they communicate with the world.

Boards that seize this moment will not only meet the expectations of today but also shape the standards of tomorrow.

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Sean O'Hare is the founder of Boardroom Dialogue, a specialist consultancy transforming governance from a compliance burden into a strategic asset. Through Board Effectiveness Reviews, tailored coaching, and succession advice, he helps boards bridge the gap between 'meeting the Code' and driving performance. A seasoned non-exec and Governance Advisory Board Member, Sean brings a practitioner's perspective to modern board dynamics. <https://boardroomdialogue.com/>

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