EXECUTIVE SCHOOL OF
GOVERNANCE & MANAGEMENT

BOARD & TRUSTEE DEVELOPMENT

EXECUTIVE GOVERNANCE MASTERCLASS

Risk Culture, Communication & Board Governance

A practical governance masterclass for pension scheme boards and trustees

Strategy Oversight Escalation Trust

Executive School of Governance & Management (ESGM)

PERSPECTIVE

Why risk culture belongs on the board agenda

THE STRATEGIC QUESTION

“How can an organisation pursue growth and investment opportunities while remaining conscious of—not paralysed by—risk?”

EMERGING BOARD PRIORITIES

- Governance as a source of credibility
- IT and technology governance
- CEO appointment and accountability
- Risk appetite and investment guardrails
- Business continuity and independent challenge

Boardroom prompt: Does the agenda make it easy to spot emerging risks before they become crises?

GOVERNANCE ROLES

Board oversight is not day-to-day risk management

MANAGEMENT OWNS EXECUTION

Design and implement risk policies, procedures and controls.

Manage operational risks, monitor exposures and report material exceptions.

BOARD OWNS OVERSIGHT

Approve risk appetite and strategic guardrails.

Challenge management, test effectiveness, oversee escalation and hold leadership accountable.

A good board asks for evidence that the risk framework is functioning—not simply that a policy exists.

CULTURE FRAMEWORK

Four foundations of a healthy risk culture

01

TONE FROM THE TOP

Leaders model the values and behaviours expected across the organisation.

02

RISK APPETITE

Define acceptable risk-taking and clear limits for escalation.

03

INDEPENDENT CHALLENGE

Make room for sceptical, evidence-based voices.

04

ACCOUNTABILITY

Make ownership, reporting and corrective action visible.

REVIEW AREAS

What should the board review?

RISK APPETITE & RESIDUAL RISK

Risk appetite, tolerance and the organisation’s residual risk position.

PRINCIPAL RISKS & IMPACT

Principal risk categories, concentrations, interdependencies and impact.

ASSUMPTIONS & STRATEGY

Assumptions supporting risk assessments and strategic decisions.

POLICY EFFECTIVENESS

Effectiveness of policies, procedures and risk escalation channels.

FUNCTIONAL INDEPENDENCE

Independence between risk management and business functions.

PROCESS

Turn oversight into a repeatable governance cycle

01 SET

Approve appetite and expectations

02 MONITOR

Receive concise, relevant risk information

03 CHALLENGE

Test assumptions and seek independent views

04 ESCALATE

Address breaches and emerging exposures

05 LEARN

Review actions, incentives and culture

Risk reporting should show trend, owner, threshold, response and deadline—not just a red/amber/green status.

COMMUNICATION

Risk communication: the board’s information system

WHAT BOARD COMMUNICATION INCLUDES

Induction, chair–director interactions, board papers, meeting discussions, minutes and follow-up on action items.

It must connect governance decisions to timely action.

THE QUALITY STANDARD

- Clear and concise
- Accurate and appropriately confidential
- Tailored to the audience
- Timely, actionable and consistent
- Open to feedback and challenge

CASE STUDIES

Communication failures: four learning scenarios

WRONG RECIPIENT

An email reaches an unintended party.

Lesson: Check recipient and sensitivity before sending.

PRIVILEGED INFORMATION

Confidential advice is accidentally disclosed.

Lesson: Apply classification, access and review controls.

NON-INCLUSIVE LANGUAGE

A message undermines stakeholder confidence.

Lesson: Review tone, inclusion and approval processes.

PERSONAL DATA EXPOSURE

Sensitive records are shared improperly.

Lesson: Verify attachments, access rights and privacy safeguards.

PRINCIPLES

The big five of board communication

01

PURPOSE

Define objectives, outcomes and key messages.

02

AUDIENCE

Identify who needs to know and why.

03

PLAN

Set channels, frequency, ownership and feedback.

04

ENGAGE

Share context, challenges and progress proactively.

05

MEASURE

Track milestones, understanding and effectiveness.

MATRIX

A practical board communication matrix

AUDIENCE	INFORMATION	CHANNEL	FREQUENCY / OWNER
Full board	Principal risks, exceptions, decisions	Board pack	Each meeting / CEO & risk lead
Risk / audit committee	KRIs, control gaps, audit actions	Dashboard + deep dive	Quarterly / risk & audit leads
Members	Benefits, service changes, updates	Statements + notices	Scheduled / administrator
Regulator / stakeholders	Required disclosures and material issues	Formal submissions	As required / authorised officer

APPLICATION

Pension scheme application: committee priorities

INVESTMENT & RISK

Review appetite, portfolio concentration, liquidity and manager performance.

Escalate breaches and document the board's response.

AUDIT & GOVERNANCE

Review controls, fraud exposure, conflicts, audit findings and overdue remediation.

Seek independent assurance.

MEMBER SERVICES

Monitor benefit-payment accuracy, contribution records, complaints and data confidentiality.

Communicate clearly.

Adapt committee names and delegated mandates to each scheme's trust deed, rules and applicable Kenyan requirements.

WORKSHOP EXERCISE

Trustee exercise: make it real for your organisation

Aristo Pack • PFS • Egerton • KTDA • NTSA • KPRL

GROUP TASK

Identify one material pension-scheme risk and one communication failure scenario relevant to your organisation.

Specify the responsible committee and required board decision.

REPORT BACK

Present a measurable indicator, reporting frequency, escalation trigger, action owner and deadline.

Agree how the board will know the action worked.

Illustrative training scenarios only; validate actual risks, structures and scheme arrangements with each participant.

EXECUTIVE SCHOOL OF GOVERNANCE & MANAGEMENT

BOARD & TRUSTEE DEVELOPMENT

Better risk culture. Better board decisions.

The Role of Board Committees in Promoting Pension Governance

Risk oversight and communication are not separate from strategy—they are how strategy becomes responsible action.

Kenya | Accountability • Prudent oversight • Member protection

KENYA GOVERNANCE

Board committees: governance in action

Committees deepen scrutiny—but the full board remains accountable.

FIDUCIARY DUTY

Keep members' interests and retirement outcomes at the centre of decisions.

TRANSPARENCY

Improve the quality of reporting, disclosure and documented decisions.

CONTROL & COMPLIANCE

Monitor risks, internal controls and compliance with applicable requirements.

EFFECTIVE OVERSIGHT

Bring specialist focus, challenge assumptions and escalate material issues.

Governance test: Can the board show what was reviewed, what was decided, who owns the action and whether it worked?

COMMITTEE FOCUS

Investment & risk committee

CORE PURPOSE

Protect and grow members' savings through prudent, risk-aware investment oversight.

KEY OVERSIGHT RESPONSIBILITIES

- Review investment policy and strategic asset allocation.
- Monitor managers, custodians and performance against benchmarks.
- Track liquidity, concentration, market and counterparty risks.
- Escalate breaches, conflicts and persistent underperformance.

BOARD DASHBOARD

Return vs approved benchmark

Asset allocation and limit breaches

Liquidity and concentration exposure

Open risk actions and accountable owners

PRACTICAL QUESTION: Are returns being achieved within approved risk appetite and policy?

ASSURANCE & SERVICE

Assurance, administration & member outcomes

AUDIT, RISK & GOVERNANCE

- Oversee internal and external audit follow-up.
- Review financial reporting and internal controls.
- Monitor compliance, fraud risks and conflicts of interest.
- Track governance actions and risk-register items.

BENEFITS, ADMINISTRATION & COMMUNICATION

- Monitor benefit-payment accuracy and timeliness.
- Review contribution remittances and member records.
- Oversee administrator service standards.
- Ensure clear member information and effective complaints handling.

EXAMPLE MEASURES: **Audit:** Open findings & overdue actions **Compliance:** Breaches & remediation time **Benefits:** Payment turnaround & errors **Members:** Complaint resolution

EFFECTIVENESS

Make committees effective: close the accountability loop

1

CLEAR MANDATE

Terms of reference, authority and reporting lines.

2

RIGHT CAPABILITY

Relevant skills, independence and ongoing training.

3

DISCIPLINED REVIEW

Annual work plan, quality papers, minutes and challenge.

4

ACTION TRACKING

Named owner, deadline, escalation and evidence of closure.

5

EVALUATE IMPACT

Assess committee performance and outcomes for members.

THE GOVERNANCE STANDARD

Not more committees—better decisions, stronger controls and demonstrable protection of members' benefits.

BEST PRACTICES

Best practices from strong pension governance systems

Use these as practical tests for committee effectiveness—not simply as a compliance checklist.

1. CLEAR ACCOUNTABILITY

Approve committee terms of reference; define what is delegated, what must return to the board and how decisions are recorded.

2. INDEPENDENT CHALLENGE

Declare conflicts early, record recusals and challenge advice from sponsors, managers and service providers.

3. RISK-BASED OVERSIGHT

Use a live risk register, agreed risk appetite, escalation thresholds and scenario testing.

4. EVIDENCE-LED DECISIONS

Use dashboards, benchmarks, service-level measures and written options—not assurances alone.

5. CLOSE THE ACTION LOOP

Assign each action an owner and due date; track overdue items and verify that remediation worked.

6. MEMBER-CENTRED GOVERNANCE

Test whether decisions improve benefit security, communication, fairness and member confidence.

ORGANISATIONAL CONTEXT

Apply the governance lessons to the organisations in the room

ARISTO PACK
Manufacturing / packaging context

Are your employer contribution remittance, payroll-to-member reconciliation, administrator performance and continuity risks addressed?

PFS
Specific entity / business model

What are the sponsor, trustee and service-provider roles? Do they prioritise member data, service standards, conflicts and operational risks.

EGERTON
University / institutional workforce

How well is member representation handled? Is there clear communication across staff groups, retirement planning and benefit accuracy.

KTDA
Tea-sector / multi-stakeholder

Given geographically dispersed members, do you have clear communication, consistent records, and provider oversight.

NTSA
Public transport-sector institution

It is key to emphasise controls, transparent procurement, data protection, documented decisions and strong audit-action follow-up.

KPRL
Oil storage / industrial operations

How do you manage business continuity, health-and-safety-related workforce risks, investment diversification and long-term liabilities.

INSTITUTIONAL PROFILE

Executive School of Governance & Management (ESGM)

ESGM delivers premier executive education, board development, and governance masterclasses for institutional leaders, pension trustees, and public-private sector boards across East Africa.

Excellence in Governance East Africa

Core Focus: Board Effectiveness, Risk Culture & Fiduciary Stewardship

Target Audience: Pension Trustees, C-Suite Executives & Directors

“Building robust risk culture, transparent communication, and exceptional board governance for sustainable long-term value.”

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THANK YOU.

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