

**EXPRESS KENYA PLC.**

**BOARD EVALUATION MANUAL**

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## 1. INTRODUCTION

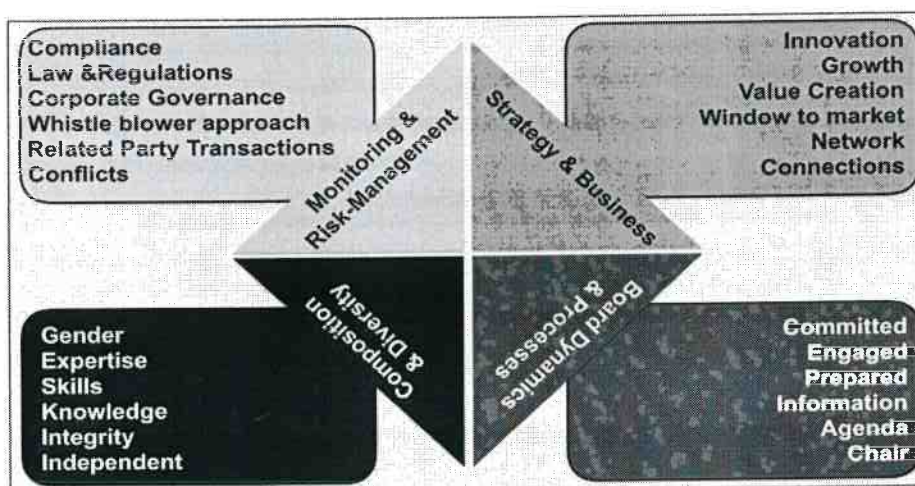
A well-functioning board provides companies with a clear competitive advantage and can help build connections with government, society and other stakeholders. It assists company leaders in making better decisions and avoiding tunnel vision by providing relevant information on the current state of the business environment in which they operate.

Boards can also help identify new business opportunities and provide a more coherent sense of their peers and competitors. Finally, pro-active board members with relevant expertise can help business leaders to identify “expertise gaps” in their executive teams. It is in this collaborative context that boards can have the most impact on a company’s business strategy and capacity for innovation.

The dynamics and functioning of the board are key in this regard. For a company to grow, thrive and reach its full potential, corporate boards are expected to be committed, alert and inquisitive. More importantly, they should be pro-actively engaged in the company’s business and affairs. Only those board members who prepare for meetings and frequently attend them will add value to the discussions. Board members also need to ask hard questions and challenge the strategic assumptions of management. And they can only do this effectively when they possess relevant capacities and a willingness to devote energy to the tasks of both monitoring and strategy building

The performance and effectiveness of the board can be measured by the following “four dimensions”

1. Quality of the monitoring and risk-management role.
2. Quality of strategic and other business-related advice.
3. Board dynamics and board members’ pro-active participation.
4. Board composition and diversity



## **2. IMPORTANCE OF CONDUCTING A BOARD EVALUATION**

- Review the existing Governance framework in place and assess its effectiveness on the operation of the company.
- Review the existing board charters and assess if the members have a clear board job description
- Review the effectiveness of board meetings.
- Review board documentation and assess whether the directors are implementing their mandate in line with the organization's strategic plan.
- Review whether the company has met its objectives from the impact of the current board and make recommendations to enhance the board's effectiveness
- Review the overall engagement of the board in the company.
- Review the level of adoption of accepted governance structures that fit with the culture of the organization.

## **3. PROCESS OF CONDUCTING A BOARD EVALUATION**

- Carrying out a preliminary inquiry prior to the development of a detailed plan of action. This is implemented by obtaining relevant evidence documents to be reviewed include:
  1. The Memorandum and Articles of Association/Constitution.
  2. Board Charter/Policies.
  3. Board/Committee Minute Book.
  4. Past Board Evaluation reports.
  5. Board Attendance Book.
  6. Board Work Plans.
  7. Board Training Schedule.
  8. Directors Files/Appointment Letters
- Developing the director's self and peer review questionnaires which shall be used during the board evaluation process.
- Assessing whether the board, its committees understand and have performed their duties and responsibilities
- Assessing the effectiveness of the board composition and structure
- Making observations relevant to board dynamics, operations, structures, and performance.
- Analysing board structure and committee meeting materials.
- Assessing board governance documents i.e. the board charter, code of conduct, director qualification standards, and company documents like the code of conduct and ethics.
- Reviewing the company culture, performance, and strategy.
- Reviewing the level of stakeholder engagement
- Assessing the board's mandate in management performance and succession planning.

#### **4. MEETING WITH THE CEO**

The induction process will include an initial meeting which can be conducted by any current director and the CEO. The purpose of this meeting is to familiarise the new Director with the staff's operational role, to tour the facility and to meet staff.

The meeting should be undertaken prior to the new Director's first Board meeting.

#### **5. DOCUMENTS TO BE PROVIDED TO THE NEW DIRECTOR**

Prior to the first meeting, the new director will be given a bound reference document including the following documents:

- Strategic Plan and mission statement, vision and values
- Up to date copies of the governing documents
- A copy of the Business plan
- A brief history of the organisation
- The annual report and accounts for the past three years, current annual budget and the most recent management accounts
- Details of any significant contractual obligations
- Details of any ongoing litigation presently being undertaken either by or against the organisation.
- Details of the Company's professional advisors e.g. Accountants, Auditors, Advocates and Corporate Secretaries and their contacts.
- Board structure and schedule of meetings
- The list and contact details of other board members and key employees
- Agenda and Minutes of the last six board meetings
- Conflict of interest policy and register of interest
- Board members code of conduct
- Board charter
- Corporate calendar which details important dates for the Company
- An organisational chart
- Internal telephone directory, email and web addresses
  
- Copies of insurance cover relating to their position (Professional Indemnity, Directors and Officers Liability etc.);

The new director will also be given a recent set of the Board Papers.

## 6. THE INDUCTION PROCESS

The first meeting will address the following areas:

### a) Meeting the new director

- Discuss the director's prior experience on Boards to identify skills, experience and learning needs
- Discuss what the director hopes to gain from their time on the Board
- Discuss any training/ information needs the Director identifies to support their role.

### b) Introduction to the Board

- Current Board members
- Role of the CEO and other Board members
- Board Charter – highlight the principles and values that guide the operation of the Board
- Decision making process

### c) Board issues

- Board support framework: Chair, Secretary etc
- Board and committee structure
- Board committee membership and board composition, succession plans for executive and non executive directors and policy on directors' re-election.

### d) Board meetings

- Minutes of the previous six board meetings
- Board calendar
- Board procedures e.g. when board papers are sent out, location of meetings, how long meetings last etc

### e) Boardroom behaviours

- Explanation by the Chair of his expectations of the Board in terms of its output and behaviours
- Culture, values and code of conduct and ethics

### f) Rules and regulations and guidelines

- Relevant legislations as applicable to the Company
- Code of Corporate Governance

### g) Board procedures

- Board, committees and individual director evaluation process
- Board training and development programme
- Special procedures (accounts sign-off, company disclosures)
- Procedure for obtaining independent professional advice

### h) Current issues:

- Key governance issues affecting the Company
- Remuneration policy, trends and issues affecting the Company

- Voting and members/shareholders feedback from the last AGM
- Most recent Board evaluation report

**i) The nature of the Company, its business, activities in which it is engaged and its sector broadly:**

- Corporate history with a summary of significant events (incorporation, acquisition and divestments, restructuring etc.)
- Organisational chart indicating any major subsidiaries, associated companies, charitable bodies and joint ventures
- Business model
- Product and services
- Local, regional and global operations
- Strategy
- Key performance indicators, including KPIs on which incentive plans are measured
- Market analysis, recent operational and financial performance and current challenges
- Risk management and internal control procedures
- Financial and treasury issues e.g. accounts, audit, budgets, funding sources, credit rating metrics etc.
- Significant contracts
- Insurance policies
- Marketing and branding
- Details of any major litigation, either current or potential

**j) Building a link with the people:**

- Meetings with senior management
- Offices and Company facilities visits
- Internal organisation contact list

**k) The organisation's main relationships:**

- Key customers
- Key suppliers
- Key stakeholders
- Professional advisors

**l) Other useful documents:**

- Press cuttings, reports and articles about the Company
- Recent broker and analyst notes
- Notices of General Meetings held in the past three years

## 7. OTHER INDUCTION REQUIREMENTS

New Board members should be supported throughout the first six months of their appointment by members of the Board and the Chair.

New Board members will be required to sign a letter of agreement indicating that they are fully aware of their role and its implications and accept this position.

Whilst the induction process is designed to assist new Board members with their understanding of the Company, it should be anticipated that further training may need to be provided to assist the Board member to understand the financial and operational aspects of the Company. These could include some financial skills training or other appropriate training.

## 8. APPROVAL

Approved by a Board Resolution dated: 15<sup>th</sup> MARCH 2024

  
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BOARD CHAIRMAN