



**Creating World Class African Brands**

# **Board Charter**

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## 1 Definition of Terms<sup>1</sup>

**‘Ad Hoc Committees’** means "for this purpose". These are committees typically used in terms of establishing a temporary committee to address a certain issue at the Company.

**‘Board Member’/ ‘Director’** A member of a governing board that has overall responsibility for the management of an organization. A Board member oversees and advises management on issues facing the organization

**‘Board Policy’** means policy that guides a governing board's decision-making and sets a framework for operations.

**‘Capital Markets’** Financial markets for the buying and selling of long-term debt or equity-backed securities. These markets channel the wealth of savers to those who can put it to long-term productive use, such as companies or governments making long-term investments.

**‘Disclosures’** means the act of releasing all relevant information pertaining to a Company that may influence an investment decision of current and potential investors as part of the ongoing listing requirements for being listed at the Nairobi Securities Exchange.

**‘Ex-Officio’/ ‘Non-voting member’** means the ex-officio member of the board that does not have the power to vote in board decisions. Also referred to as a non-voting member.

**‘FTG Holdings Limited’/ ‘Flametree Group’** shall have the same meaning as used in this document

**‘Group’** means FTG Holdings Limited, its subsidiaries and associated Companies.

**‘Independent Advice’** means any form of advice that is given by someone who does not have any present dealings with the Company, its Directors, majority shareholders or its senior employees and would therefore not be pursuing to further his or her interests with the advice he / she would offer to the Company.

**‘Internal Control’** Internal control is the process, effected by the Company's board of Directors, management and other personnel, designed to provide reasonable assurance regarding the achievement of effectiveness and efficiency of operations, reliability of financial reporting, and compliance with applicable laws and regulations.

**‘Insider’** means any person who, is or was connected with a Company or is deemed to have been connected with a Company, and who is reasonably expected to have access, by virtue of such connection to unpublished information which if made generally available would be likely to materially affect the price or value of the securities of the Company, or who has received or has had access to such unpublished information.

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<sup>1</sup>Words and expressions defined in this Charter shall have the same meaning as contained in in the Capital Markets Act (Cap 485A), the Capital Markets (securities) (Public Offers, Listing and Disclosures) Regulations, the Central Depositories Act, the Code of Corporate Governance Practices for Public Listed Companies and the Nairobi Securities Exchange Listing Manual.

**‘Material Matters’** include all transactions in the financial statements if their omission would otherwise influence the decisions of a person relying the financial statements.

**‘Mission Statement’** means a short and concise statement that defines the purpose of the Company.

**‘Non-Executive Director’** means any member of the board who is not involved in the administrative operations of the Company.

**‘Quorum’** means the minimum number needed for the board of an organization to conduct business. This number is defined in the Company’s Articles of Association.

**‘Regulator’** means the Governmental agency or department that ensures compliance with laws, regulations and established rules.

**‘Related Party Transaction’** means a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged or not.

**‘Risk Management’** means the process of understanding what the opportunities are and how best to optimize them as well as identifying, controlling and managing threats. This is to provide assurance that the organization is meeting its governance requirements as well as assisting in the delivery of expected outcomes and returns for shareholders and stakeholders.

**‘Standing Committees’** means the board committees established by an express decision of the Board or pursuant to any existing laws and regulation or by policy, and therefore permanent committees of the Board.

**‘Shareholder Rights’** refer to the rights which a shareholder possesses when (s)he purchases the share of the Company. Shareholders have three groups of rights: information rights, voting rights and financial rights.

**‘Stakeholder’** means a party that has an interest in an enterprise or project. The primary stakeholders in a typical corporation are its investors, employees, customers and suppliers.

**‘Stakeholder Relations’** involve development, coordination and implementation of marketing, communications, community relations, advocacy and stakeholder relations programs and strategic plans.

**‘Term’** means a fixed or limited period for which a Director or a senior Company official would be permitted to hold his or her office in the Company.

**‘Vision’** means what the Company intends to be and what the impact will be on its stakeholders. It expresses the ideal, long-term impact, scope and scale of the Company. The vision articulates "what" the Company hopes to be, but not "how" the Company will reach that vision.

## 2 Overview

### 2.1 Background

FTG Holdings Limited is a leading regional manufacturing Group of companies listed on Nairobi Securities Exchange. It has operations in Mauritius, Kenya, Rwanda, Ethiopia, Dubai and Mozambique. It operates in FMCG, plastics and trading, with a brand portfolio that includes Roto Tanks, Jojo Plastics, Zoe, Cerro, Alana Skin, Chigs, SuzieBeauty, Polyplay, Nature's Own, HoneyComb, Happy's, and Buildmart.

It was founded in 1989 and now employs over 1,000 people, who are focused on quality, value and innovation to improve their customer's lives.

Our **Vision** "Creating World Class African Brands" guides the Company's future growth towards a portfolio of diversified value-added products in Eastern Africa and beyond.

Our **Mission** is to "Spread the Flame Tree Spirit of building Africa through our brands".

Our **Core Values** seek to deliver on the expectations of our customers and other stakeholders by living the following core values:-

1. Commitment
2. Integrity
3. Respect and Humility
4. Team-work
5. Continuous Improvement

### 2.2 Statement of Purpose

- 1 This charter sets out the key values and principles of the Board of Directors of FTG Holdings Limited ("the Company").
- 2 It provides a concise overview of: the role and responsibilities of the Board of Directors; powers of the board and board committees; separation of roles between the Board and Management; and the practice of the board in respect of corporate governance matters.
- 3 This Board Charter is subject to the provisions of the Companies Act, 2015, the Company's Constitution and any applicable law or regulatory provisions.

## 3 Roles & Responsibilities

### 3.1 Duties and Responsibilities of the Board

The Board shall:

- Provide effective leadership in collaboration with the executive management team;
- Facilitate set up of appropriate corporate governance structures for the management of the business operations;
- Establish Board Committees, policies and procedures that shall facilitate the most effective discharge of the Board's and responsibilities;
- Review and approve the Company's annual budget proposed by the Executive management team including the Company's financial objectives, plans, and actions.
- Facilitate Board accountability through effective Board evaluation
- Select, monitor, evaluate, compensate the Group Chief Executive Officer
- Review and approve management's strategic and business plans, including developing a depth of knowledge of the Flametree Group's business, understanding and questioning the assumptions upon which such plans are based, and reaching an independent judgment as to the probability that the plans can be realized;
- Ensure that the key strategic risks of Flametree Group are identified, evaluated and mitigation plans set up, and their on-going status and management effectively monitored;
- Ensure that appropriate and effective risk management and internal control processes operate in the Company;
- Monitor corporate performance against the strategic and business plans, including overseeing the operating results on a regular basis to evaluate whether the Company is being properly managed;
- Ensure ethical behavior and compliance with laws and regulations, auditing and accounting principles;
- Assess its own effectiveness in fulfilling these and other Board responsibilities; and;
- Perform such other functions as are prescribed by law or assigned to the Board in the Company's Constitution.

In essence therefore, it is the Board's role to "govern" Flametree Group (as opposed to being responsible for the "execution and management" of activities), thereby giving effect to transparent accountability for the well-being and performance of Flametree Group to the shareholders and stakeholders.

## 4 Board Structure & Constitution

### 4.1 Board Composition

#### 4.1.1 Board structure

There are three types of Directors within Flametree Group structure: executive Directors, non-executive Directors and independent non-executive Directors.

- **Executive Director** – refers to a Director who has definable management responsibilities in addition to their functions as Directors and is a full-time salaried employee of Flametree Group.
- **Non-executive Director** – refers to any Director who is not involved in the day-to-day management of the business and is not a full-time salaried employee of Flametree Group.
- **Independent non-executive Director** – refers to a Director who is not involved in the day-to-day management of Flametree Group, does not represent any shareholder's interest and has no material financial interest/relationship with the Company.

#### 4.1.2 Board Size

The Board composition enables effective oversight over the Executive Management. The number of Directors allows the Board to have fruitful discussions and to make appropriate, swift and prudent decisions.

The current size of the Board is defined by the Company's Constitution.

Independent / Non-Executive Directors should be at least one-third of the total number of Board members.



## 5 Officers of the Board

### 5.1 The Role of the Board Chair

The Chairman of the Board shall be elected by the full Board in accordance with Clause 12.6.1 of the Company's Constitution.

The Board Chair shall be a Non-Executive Director, elected by the full Board.

#### **Specific responsibilities of the Chairman:**

- Providing leadership to the Board;
- Chairing Board Meetings, which involves ensuring that the Directors receive accurate, timely and clear information, and ensuring that the Board has an effective decision-making framework;
- Chairing meetings of members, including the annual general meeting;
- Keeping track of the contribution of individual Directors and ensuring visible participation;
- Monitoring the activities of Board Committees;
- Engaging the Board in assessing and improving its performance and that of the Group Chief Executive Officer.
- In consultation with the Group Chief Executive Officer, approve or delegate authority for the approval of all material releases to be submitted to the Capital Markets Authority and other investor releases;
- Acting as the primary channel of communication and point of contact between the Board and the Group Chief Executive Officer; and to provide guidance and mentoring to the Group Chief Executive Officer;

### 5.2 The Role of the Group Chief Executive Officer (GCEO)

The Group Chief Executive Officer (GCEO) is appointed by the Board which sets the terms and conditions of his employment contract.

The GCEO's primary role is to manage the day to day operations of the Company and ensure that it meets and achieves its strategic, business, operating and financial objectives; an "execution and management" role.

The GCEO and the Executive Management team are accountable to the Board of Directors, who act on behalf of the shareholders and other stakeholders, for the effective achievement of the Company's business plans and objectives.

### **Specific roles and responsibilities of the GCEO**

- Developing and recommending to the Board annual business plans and budgets that support the Company's long-term strategy;
- Fostering a corporate culture that promotes ethical practices, encourages individual integrity, and fulfils social responsibility;
- Maintaining a positive and ethical work climate that is conducive to attracting, retaining, and motivating a diverse group of top-quality employees at all levels;
- Developing and recommending to the Board a long-term strategy and vision for the Company that leads to the creation of shareholder value;
- Ensuring that the day-to-day business affairs of the Company are appropriately managed;
- Consistently striving to achieve the Company's financial and operating goals and objectives;
- Ensuring continuous improvement in the quality and value of the products and services provided by the Company;
- Ensuring that the Company achieves and maintains a satisfactory competitive position within the industry locally, regionally and internationally;
- Ensuring that the Company has an effective executive management team below the level of the Group Chief Executive Officer, and has an active plan for its development and succession;
- Formulating and overseeing the implementation of fundamental corporate policies;
- Serving as the official spokesperson for the Company; and
- Overseeing the induction of new board members;

### **5.3 The Role of the Company Secretary**

The Board shall appoint the Company Secretary who will be accountable to the Board on all Corporate Governance matters. He/she is responsible for ensuring that the Board Charter is duly followed. The Company Secretary's roles and responsibilities will include the following:

- Providing guidance and advice to the Board on matters of ethics, statutory compliance, compliance with the regulators and good governance;
- Advise the Board as a whole and Directors individually with comprehensive direction as to how their duties should be properly discharged in the best interests of the Company;
- Ensure effective information flows within the board and its committees and between senior management and non- executive Directors. This includes setting the timeliness of compilation and distribution of Board papers and minutes and communication of resolutions from Board meetings;
- Seeing to the proper development of Board meetings and providing Directors with clear advice and information.

- Guiding the Company in taking the initiative to not only disclose corporate governance matters as required by law and Codes of Corporate Governance, but also those of material importance to the decision-making of institutional investors, shareholders, customers and other stakeholders.

## 5.4 Liabilities of Directors

The Directors' Liabilities are as follows: -

a) **Liability to the Company** - The Directors shall be liable to the Company in the following cases: -

- Where they have acted *ultra vires* the Company
- Where there is a breach of trust resulting in a loss to the Company
- Misfeasance - Willful misconduct or willful negligence.

b) **Liability to Outsiders** - Directors are not personally liable to outsiders if they act within the scope and powers vested in them. The general rule is that wherever an agent is liable, those Directors would be liable, but where liability would attach to the principal only, the liability is the liability of the Company. The Directors would be personally liable to third parties in the following cases: -

- They contract with outsiders in their own personal capacity.
- They contract as agents of undisclosed principal.
- When they act *ultra vires* to the Company's governing documents.

## 5.5 Directors' Liability Insurance (Professional Indemnity)

The Company should have in place a Professional Indemnity cover to protect Directors/professionals carrying out the Company business in the event of claims made by clients or third parties.

## 6 Board Operations

### 6.1 Board Membership

There is a formal and transparent procedure established in the appointment of Directors to the Board and all persons offering themselves for appointment as Directors should disclose any potential area of conflict that may undermine their position or service or impair their independence as Director.

The Nominations and Remuneration Committee is responsible for reviewing with the Board, the appropriate skills and characteristics required of Board members in the context of the current make-up of the Board. Final approval of a candidate as a Director of the Company is determined by the Board.

#### 6.1.1 Limits on Outside Board Membership

Subject to the requirements under the Kenya Capital Markets (Securities) (Public Offers, Listing and Disclosures) Regulations 2002;

- The Chairman of the Company shall not hold such a position in more than two (2) public listed companies at any one time.
- Except as may be otherwise permitted by the major shareholders, no Director of the Company other than a corporate Director is allowed to hold the position of a Director in more than three public listed companies licensed under the Capital Markets Authority (CMA) Act unless the said institutions are subsidiaries or holding companies of FTG Holdings Limited.
- Where a corporate Director has appointed an alternate Director, the appointment of such alternates shall be restricted to two public listed companies at any one time.
- An Executive or Managing Director of the Company shall be restricted to one other Directorship of another listed Company.
- No Director shall be permitted to hold the position of a Director in a competing entity with the Company.
- Before accepting an additional Board position in any other organization, a Director shall consider whether the acceptance of the new Directorship will compromise his/her ability to perform present responsibilities at Flametree Group.

It is expected that Directors will inform the Chairman of the Board prior to accepting a seat on the Board of another entity.

### 6.1.2 Age and Term Limits

No person shall be capable of being appointed a Director of a company unless he has not attained the age of Eighteen (18 years).

Non-executive & independent Directors (including the Chairman) shall have a fixed tenure of office and shall be required to retire from the Board at regular intervals, with a provision that they could offer themselves for re-election based on a pre-determined policy and criteria.

In special circumstances, an independent Director may be requested to serve for more than nine (9) years in the event that his/her exit may create a vacuum. Any Director who serves in the position of a Director for over nine (9) years shall not qualify to be considered as an independent Director.<sup>2</sup>

Certain Executive Directors, including the Group Chief Executive Officer, are engaged in fixed-period service/employment contracts that are approved by the Board and are not subject to rotation in accordance with the Constitution.

### 6.1.3 Director Induction and Continuing Education

The Board through the offices of the GCEO and Company Secretary and management shall conduct a comprehensive induction and orientation process for new Directors to acquaint them with the Company's vision, core values, strategy, financial matters, corporate governance practices.

The Board also recognizes the importance of continuing education for its Directors and is committed to provide such education in order to improve both Board and Committee performance.

The Chairman with the GCEO, shall regularly include items to the Board meeting agendas that support the familiarization of the Board members with current developments in the industry.

## 6.2 Board Meetings

### Frequency of Board meetings:

- The Board shall meet at least four times in a year, or more frequently as it deems necessary to carry out its responsibilities. The meetings shall be held in person, by video conference and/or other remote meeting technologies agreeable to all Board members.

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<sup>2</sup> Terms Limits prescribed for Independent Directors are consistent with the provisions cited in Recommendation 1.4.2 of the Code

### **Notification of Meetings and Agenda Items**

- The Board has the sole authority over its agenda and exercises this through the Chairman. Any member may, through the Chairman, request the addition of an item to the agenda. The Chairman in consultation with the Group Chief Executive Officer and the Company Secretary will set the Agenda.
- The Company Secretary shall be responsible for issuance of proper notices of meetings, preparation of agenda and circulation of relevant papers. Such notification will be sent at least ten days in advance; however, should there be urgent matters to be discussed the ten days' notice requirement may be waived with the prior approval of the Chairman.

### **Attendance at Meetings and Minutes**

- Every Director has a duty to attend Board meetings regularly and to effectively participate in the conduct of the business of the Board.
- The quorum necessary for the transaction of business of the Board shall be majority of the entire Board of Directors present either personally or by proxy.
- Video conferencing or such other remote conference solution will be used to hold meetings where to do so would not jeopardize or prejudice the agenda of the meeting or expected deliberations.
- The Company Secretary shall be responsible for keeping minutes, which provide an accurate record of the names of all persons present, deliberations and resolutions of all

Board and Committee Meetings. The minutes of the Meetings shall be considered at the next meeting, approved and signed by the Chairman of the meeting.

### **Attendance of Senior Management Personnel at Board Meetings**

- The Board allows attendance, at each of its meetings, of non-Board members who are in the most senior management positions of the Company. Where the GCEO intends to invite additional people as attendees on a regular basis, it is expected that this suggestion shall be made to the Board for its concurrence.

## 6.3 Conduct of Meetings

The Board shall conduct its Board, Committee and any other ad hoc and special meetings, together with any matters ancillary thereto in accordance with the provisions of the Company's Constitution and Code of Corporate Governance.

## 6.4 Board Committees

The Board shall establish committees to enable it carry out its governance roles and responsibilities effectively and efficiently. The Committees shall have terms of reference which shall be consistent with this Charter. The Board currently has three Committees as follows:

- a) Audit Committee
- b) Finance Committee
- c) Nomination & Remuneration Committee

Ad-Hoc Committees shall be allowed from time to time as need arises.

The board remain collectively responsible for the decisions and actions taken by the committees.

## 6.5 Board Development

### 6.5.1 Management Development and Succession Planning

Working with the GCEO, the Board should ensure that plans are in place for contingencies or unexpected vacancies in the board or senior management offices.

## 6.6 Board interactions

The Company shall keep separate the role of the Chairman and Group Chief Executive Officer to ensure a balance of power and authority and provide for checks and balances.

### 6.6.1 Board Relationship with Senior Management

From time to time, the Board may encourage the Group Chief Executive Officer to bring senior management into Board meetings. Selection of such managers shall include those who:

- are in a position to provide additional insight into the matters before the Board because of personal involvement in these areas, and/or
- have future potential and, in the opinion of Senior Management, should be given exposure to the Board.

Directors have full and free access to the books and records of the Company.

Non-executive Directors have access to management and may even meet separately with management, with the permission (but not the attendance) of the Executive Director. It is assumed that Board members will use their discretion to ensure that such contact does not interfere with the prudential and objective operations of management.

#### **6.6.2 Board's Interaction with Stakeholders**

The Board believes that as a general matter, management speaks for the Company.

The Board as a whole has the responsibility for ensuring satisfactory communication with stakeholders.

### **6.7 Directors' Confidentiality**

Information concerning the Company, which is communicated to the Directors in confidence in connection with their functions, is provided in consideration of the person as a Director. Directors must personally take the necessary precautions to preserve the confidentiality of such information and not divulge it.

### **6.8 Conflict of Interest**

The Directors of the Company are under a fiduciary duty to act honestly and in the best interest of the Company.

When a conflict arises, a Director should clearly disclose such interests and related important information to the Board, and should excuse himself/herself from any discussion or decision affecting his business or personal interests.

### **6.9 Code of Conduct and Ethics**

The Board expects all Directors to act ethically at all times and to adhere to the policies set forth in the Company's Code of Conduct and Ethics.

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<sup>3</sup> Recommendation 1.7.1 of the Code of Corporate Governance Practices for Public Listed Companies in Kenya



## 6.10 Directors' Remuneration and Expense Policy

Compensation and incentives for Executive Directors shall be competitive and is intended to encourage positive engagement with the Company.

For non-executive Directors and Directors, the Nominations and Remuneration committee will propose the system of remuneration to the Board and review the remuneration programmes from time to time.

## 6.11 Corporate Governance Disclosures

- The Company shall disclose material information through its Annual Report and financial statements to shareholders and the relevant government authorities in accordance with the prevailing laws and regulations in a timely, accurate, understandable and objective manner. The Company shall disclose all matters required under the laws and regulations and those of material importance to the decision-making of institutional investors, shareholders, customers and other stakeholders with respect to such matters.
- Each shareholder shall be provided with accurate information about the Company unless there is a justifiable reason not to do so.
- The Company shall be impartial in disclosing or providing information to all shareholders.
- The Company Secretary shall ensure that the Company complies with prevailing regulations having the force of law in respect of disclosure requirements.

## 6.12 Delegation of Authority

Management of Flametree Group's day to day operations will be undertaken by the GCEO, subject to specified delegations of authority approved by the Board and consistent with other Board delegations from time to time.

Any key strategic matters or transactions outside the delegations of authority must be referred to Flametree Group Board for approval.

## 6.13 Insider Trading

The Board expects all Directors, as well as officers and employees, to at all times and to adhere to the policies set forth in the Company's Ethics Policy and Declaration of confidentiality.

#### **6.14 Whistleblowing Policy**

The Board shall establish a whistle blowing mechanism that will encourage stakeholders to bring out information helpful in enforcing good corporate governance and ethics practices.

#### **6.15 Review of Charter**

This Board Charter sets out a framework of corporate governance structures and principles for the Board of Flametree Group and may be reviewed by the Board at such time as may be deemed necessary to ensure it remains relevant, objective and practical.

#### **6.16 Access to Board Charter**

This Board Charter shall be made available to each Director of the Company and shall form part of the documents readily available for shareholders and stakeholders.

**Adopted by the Board of FTG Holdings Limited**

Signed:  \_\_\_\_\_

**Chairman**