



ESG REPORT 2022

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1.0 Introduction

Our focus on ESG issues has only grown as our business also continues to grow. We are pleased to present our efforts in our first ESG report this year. Even though the nature of our business speaks for itself, we are extremely passionate about sustainability. We are aware of how crucial it is to highlight all of our efforts to create a more promising future for our business, its employees, customers, communities, and the world as a whole. We have established tracking mechanisms to collect additional metrics for future reports and identify areas where additional data collection is required throughout the process of creating this report. In the interim, we hope you enjoy this first look at the numerous ways FTG empowers our workforce, safeguards the environment, upholds its integrity, and has an impact on our community.



“
The environment and the economy are really both two sides of the same coin. If we cannot sustain the environment, we cannot sustain ourselves.
Wangari Maathai



2.0 Comment from our Chairman



There is a demand for ESG data investors can trust and also strong ESG strategies are linked to better outcomes like:

- Increased trust - good governance, transparency and future-readiness to investors;
- Stronger Reputation and improving overall market perception; and
- Better Performance and Employee Retention - ESG performance has been linked to happier staff and happy employees work harder, stay longer, and attract more high-quality talent.

The purpose of this statement is to outline our commitment to incorporating ESG considerations throughout our business. It recognizes the importance of managing risk as well as identifying opportunities to deliver value through taking a proactive approach to ESG management. We are committed to providing information to our stakeholders about how we manage our business. This includes how we utilise our resources and capabilities to contribute positively to environmental, social and governance (ESG) challenges;

Wishing you all a bright year ahead,

A handwritten signature in black ink, appearing to read 'G. Theobald', written over a light grey background.

George Theobald – Chairman, Flame Tree Group Holdings

3.0 Comment from our C.E.O



Our strategy is a reflection of our purpose: we aspire to create World Class African Brands for our customers. Africa is our home. Flame Tree Group’s initiatives to incorporate environmental, social, and governance criteria into our operating framework reflects our commitment to our customers, partners, shareholders, and employees and the communities in which we operate. Our view on ESG is that it is a continuous process of aligning our operations and controls with our values as a company. Our ESG commitments are structured around four key areas relevant to our business: Our Production Process, Our People and Communities, Our Environment, and Our Corporate Governance.

We present you our first ESG report, which reflects the above commitments and what we have achieved in 2022 through many different initiatives (trainings to our staff, raw material recycling efforts, water tank donations, tree planting campaigns, solar energy project, the internationally awarded Lesso Lessons project.

We have put in place a monthly data collection process, assigned ESG officers in all our companies and appointed an ESG consultant to help us navigate through this journey. We look forward to improving our KPI’s every year, and adding new ones, as we contribute to deliver positive impacts to all our stakeholders and strive to be recognized as a Champion of ESG in our markets.

Warm regards,



Heril Bangera – CEO, Flame Tree Group Holdings



Flame Tree Group (FTG) is a world class corporation in the heart of Africa developing and providing quality and affordable brands. We are a customer centric, results driven and forward thinking company. We build long-term relationships with our customers, our people and our shareholders.



Our Vision

Creating world class African brands.



Our Mission

Spreading the Flame Tree Group spirit of building Africa through our brands.



Our Core Values

- Commitment
- Integrity
- Respect and humility
- Teamwork
- Continuous improvement



Our Strategic Goals

- Grow business lines
- Diversify product portfolio
- Maintain higher levels of efficiency
- Secure new sources of funding



Our Company Strategy

- Maximize efficiency and productivity in our manufacturing processes.
- Continuous innovation to deliver new products to the market at competitive prices.
- Quality, professionalism and risk management.
- Deliver brand promise.
- Sustain growth & development.
- Maintain key personnel and train second level management to ensure a strong team aligned to company's values.
- Consider long term financial sustainability in the company's future.

Our Strategic Goals

- Grow business lines
- Diversify product portfolio
- Maintain higher levels of efficiency
- Secure new sources of funding

Our Company Structure



Our Brands

Enriching Lives Through our Brands

The name 'Flame Tree' was chosen for its inherent significance in Africa and the world itself. Flame Tree is a common type of tree found often in various parts of Africa and the rest of the world. It is probably the most spectacular of forest trees. When in bloom, the trees stand out like candles of red throughout the forest providing magnificent bursts of color. The Flame Tree is also known as the "Flame of Africa," and gives the image of stability and from nature. As Flame Tree Group, through our wide variety of products, we connect with the African people. We offer world class quality products made in Africa for Africa. Our brands enrich their lives everyday.



Accolades 2022

Our Lesso Lessons CSI project won world acclaim in 2022. Roto Tanks' Lesso Lessons project has bagged many prestigious awards. In Kenya, more than one in four children suffer from chronic malnutrition. Young mothers living in disconnected regions are unaware of the importance of breastmilk and complementary feeding practices.

Traditionally, these women carry their babies on their backs in vividly patterned cloth wraps called 'lessos', which are passed down to convey wisdom through generations, the aim is to use traditional patterned cloth wraps known as lessos to educate young Kenyan mothers in rural areas on proper postnatal nutritional care. Ogilvy Africa & Roto Tanks saw the opportunity to turn these lessos into three instructive and illustrative guides to post-natal nutrition, one for each of the three stages which are crucial in the first 24 months.

The initiative has bagged a Cannes Gold Lion, two golds and a silver medal in Loeries Africa and Middle East Grand Prix as well as a LIA (London International Awards) bronze. We also won the Yellow Pencil Award for Graphic Design and Applied Print Graphics / 2022 at D&AD Awards and a ward: Shortlist in the Product Design / Everyday Consumer Products Category. Each of these are a first for any CSI Project in East, Central and West Africa.

Cannes Lions
Gold - Design / Special Editions & Bespoke Items

D&AD
Yellow Pencil - Graphic Design / Applied Print Graphics

Loeries
Gold - Out of Home Ambient

Loeries
Gold - Out of Home Craft, Art Direction

LIAS (London International Awards)
Bronze - Health & Wellness

Childcare Initiatives -
CSR 100 Awards

Loeries
Silver - Media Innovation

One Show
Silver - Design/Illustration
Merit - Out of home series
Merit - Health & Wellness/Art Direction

Clio Health
Gold - Image Creation
Silver - Guerilla

ESG Team



Beatriz Meijide,

Group Financial Officer- Flame Tree Group Holdings

Beatriz joined FTG in January 2019. She has a unique mix of commercial, financial, cultural and political acumen with an interest in aid development and agriculture. Beatriz is a highly skilled CFO. She holds a Master’s in Business Administration (IESE Business School in Madrid, Spain) Master’s in Business Law (University of Navarra in Pamplona, Spain) and a Bachelor’s in Economics and Business Administration from University of San Pablo CEU, Madrid. Beatriz has been in the financial industry for over 20 years. She has worked as the Chief financial Officer for Africa and Indian Ocean for CAMUSAT International. Her previous roles also include Finance Director position in IBERDROLA Engineering (Kenya), Group CFO and Corporate Business Transformation Director in ADVEO Group International (Spain), a listed company, with a total turnover of Euro 1300 million and operations in six European countries. She has also contributed and project managed several initiatives in Kenya related to education, hospital management and agribusiness.



Christine Gatakaa

Sustainability/ ESG consultant

Christine Gatakaa is a Sustainability/ ESG consultant with a passion for driving positive change and helping organizations become more sustainable and socially responsible. With over 10 years of experience working in different sectors spanning the Tea sector, Investment banking, and FMCG, Christine has a deep understanding of the complex challenges and opportunities associated with sustainability and ESG integration across various industries. Christine’s areas of expertise encompass the full spectrum of sustainability and ESG consulting services. She has a proven track record in conducting comprehensive sustainability assessments, developing sustainability strategies and roadmaps, and implementing ESG frameworks specializing in Sustainability/ESG. Christine holds a Master’s degree in Sustainability Accounting.



Edna Maina
Group ESG Coordinator



Jerin John
ESG Champion - Flame Tree Africa



Peninah Nyirandegeya
ESG Champion - Rwanda



Samuel Muriki
ESG Champion - Polyplay



Elizabeth Nato
ESG Champion - Jojo Plastics



Simon Njoroge
ESG Champion - Chirag Africa



Susan Mutuku
ESG Champion - Roto Moulders



Avinash Champa Poojary
ESG Champion - Roto PLC



Venkatesh GR
ESG Champion - Rino Tanques - Mozambique



Raymond Bett
ESG Champion - Roto Moulders



5.0
Our
ESG
Journey

As a responsible corporate citizen, FTG is committed to improving our sustainability practices beyond the minimum regulatory requirements. This includes investing in and implementing management systems that safeguard our employees' health and safety. We want to become more competitive, more resilient to disruptions, more adaptable to change, more united in our core values, and more accountable for how we treat people and the environment through our sustainability agenda Corporate Social Initiatives (CSI). Our far-reaching objectives are built around the following global sustainability pillars that are aligned with the UNSDGs:

- Being a trusted corporate leader through the developing of trust as a corporate leader, providing ethical value chains, and improving accountability to the communities.
- Thriving communities and levels of employment.
- Healthy environment by tracking our carbon emissions, contributing to reforestation, and delivering on other positive biodiversity outcomes.

By following the NSE ESG Disclosures Guidance Manual, we have specified our direction as a Group that aims to take up the revolution of Social Value Creation, and have been making progress with carrying out business activities that originate from social issues. On the other hand, there is now a trend of using non-financial information to evaluate corporate activities.

It is on this note that we embed our ESG perspective in light of the needs of society including the SDGs, to connect our CSI initiatives more closely with our business strategies so that they can be translated into growth not only for FTG but for society.

We have gone ahead to establish a ESG team with ESG champions in each company and an ESG coordinator to streamline and support comprehensive ESG data collection and documentation efforts. We have also contracted an ESG consultant to guide us on the ESG compliance measures and enhance coherence between our ESG and other corporate information.

These efforts will:

- Ensure that we implement comprehensive risk management across all of our Group's businesses and meet the requirements of our stakeholders and maintain our place in society essentially improving risk management and enforcing compliance
- Help solve social problems while maximizing both economic and social value through our operations.
- Facilitate improved communication and engagement with our stakeholders to identify the fundamental concerns of customers and society.

5.1 Steps we have Taken to Implement ESG in our Business

We understand that the manufacturing sector is part of the climate change equation, we have worked towards identifying our impact through the following processes, and based on being strongly aware of the need to have an internal and external dialogue with experts is essential.

STEP 1

Defining ESG and its impact on FTG business

By referring to NSE ESG Disclosures Guidance Manual, CMA guide on Corporate Governance and other Sustainability standards, we distinguished some of the fundamental priorities for generating social value lies in the boundary of Climate Change, Human Resources development, and training, Engaged Stakeholder Management, Governance and Compliance, Data Privacy, and Security, Processes connected with maximizing economic value and social value as well as Innovation Management.

STEP 2

Setting up ESG indicators

When setting the non-financial indicators used for measuring the progress of ESG, FTG aimed as far as possible to quantify outcomes in terms of what level of positive value was provided to the environment and society.

STEP 3

Reporting on ESG indicators to the Board of Directors

By incorporating the opinions of the management and industry experts, FTG has worked out the basic approaches for non-financial indicators positioned within the foundation of management as a whole. The reporting of ESG performance will be done annually through our Stand-alone Sustainability report and will follow a due process of information discernment to limit risks and errors.

5.2 ESG Risks and Opportunities

We recognize that sustainability is not only good for business but is integral to the way we manufacture and distribute our products. This understanding provides insights on how to improve our engineering, operations, health, and safety management processes as well as the approach to ESG risks management and opportunity identification.

Our Existing ESG Risks and Opportunities

 <p>Risk</p>	 <p>Importance</p>	 <p>Issues we consider</p>	 <p>Our Approach</p>	 <p>Our Opportunities</p>
 <p>Environment</p>	 <p>High</p>	<p>The global transition to green energy. Stricter environmental regulations. Carbon & GHG. Biodiversity conservation & Land use.</p>	<p>Switch to solar power Installation of power factor correction equipment Investment in recycling machinery in all our sites Recycled material as part of our production inputs</p>	<p>Better access to financing, Improved customer satisfaction, and loyalty, Better employee relations. Improved return on sales, Sales growth, Return on assets Return on equity.</p>
 <p>Social</p>	 <p>Medium to high</p>	<p>Strained community relations Shifting consumer attitudes Data Security and Protection Human capital and rights. Occupational health and safety</p>	<p>Invested in Corporate Social Investments to support communities in countries of operation. Continuously work towards innovations to meet our customers' needs. Development of human capital through training and an effective appraisal system. Data protection policy implementation</p>	
 <p>Governance</p>	 <p>High</p>	<p>Shareholder transparency Risk management structure. Bribery, Corruption, & Political Risk</p>	<p>Whistleblowing policy Insider trading policy Corporate governance Audit</p>	

5.3 Our ESG Targets

Environmental



- Development of an Environment and Social policy
- Carry out annual carbon reporting
- Reducing our carbon footprint by sourcing renewable energy
- Promoting circular solutions and minimizing waste to landfill
- The reduction rate of water usage through water harvesting and recycling efforts
- Reduction of paper use across all our offices
- Deploying a plan for a responsible procurement approach

Social



- 100% of our employees receive training to acquire technical skills essential to their performance
- Zero accidents: 100% adoption of continuous improvement approach to health and safety at work.
- Strive for a 50:50 gender balance in our workforce.
- Strong community engagement through our Corporate Social Investments
- Customer and consumer health and safety: 100% quality assessment of our products to uphold the safety of our brands
- Human resources development and alignment to company needs.

Governance

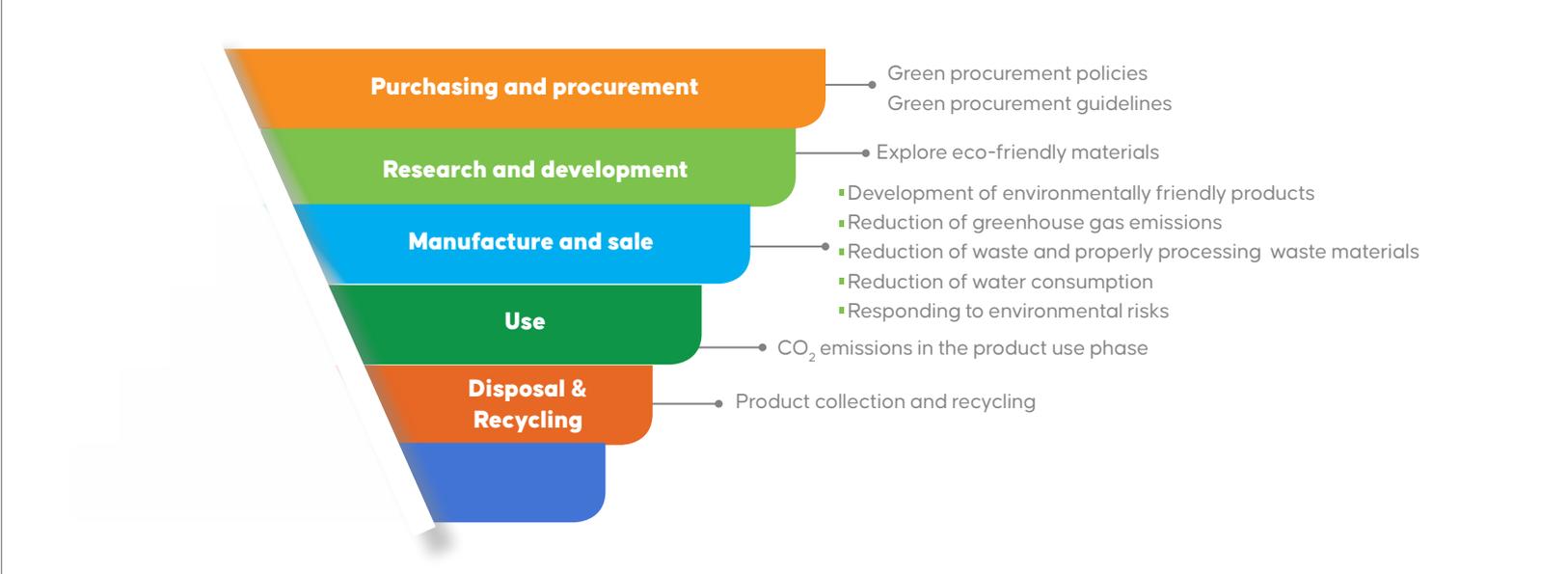


- Promote a sustainable development mind-set by making the ESG agenda a part of the Board of Directors and Management discussions.
- Adherence to the FTG Code of conduct, laws, and policies in place. Annually review and strengthen the Code of conduct to ensure compliance.
- Diversity in leadership

5.4 Environmental and Social performance

At FTG we continue to explore areas and measures that can reduce our carbon emissions and environmental impacts along the entire value chain, from purchasing to product manufacture, usage, disposal, and recycling. Moving forward, we have automated our ESG data collection and this will assist in monitoring and evaluating our ESG performance every month. The system will assist in measuring the environmental burden in each company regularly. Additionally, setting targets for reducing the various environmental burdens for each company, and systematically conducting measures to minimize them.

Environmental Consideration in the Value Chain



Our Environmental Performance

Flame Tree Group is committed to environmental, social, and governance development and started this initiative from the inception under the broad spectrum of Corporate Social responsibility. As far as environmental conservation is concerned, we are consistently finding ways to reduce energy consumption by using energy-efficient equipment and reducing unnecessary wastage. The initiatives also include recycling plastic waste materials, energy conservation, and environmental conservation.

Our Carbon Footprint

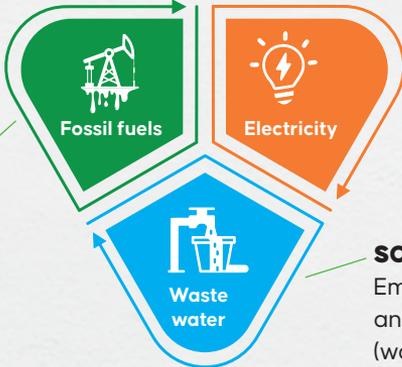
To contribute to lowering greenhouse gas emissions, we replace used motor vehicles with upgraded technology engines, thereby reducing CO2 emissions. The year 2022 forms our first year in carbon footprint reporting and we have calculated our emissions using the Greenhouse Gas Protocol.

We have calculated our emissions estimates as follows:

Emission Boundary	Emission(tCO2e)
Scope 1	4373.55
Scope 2	1700.61
Scope 3	9.7
Total	6083.86

SCOPE 1:

GHG emissions as a result of direct emissions arising from owned or controlled stationary sources or controlled stationary sources that use fossil fuels and/ or emit fugitive emissions which include: Fuels: 4,373.55 tCO2e



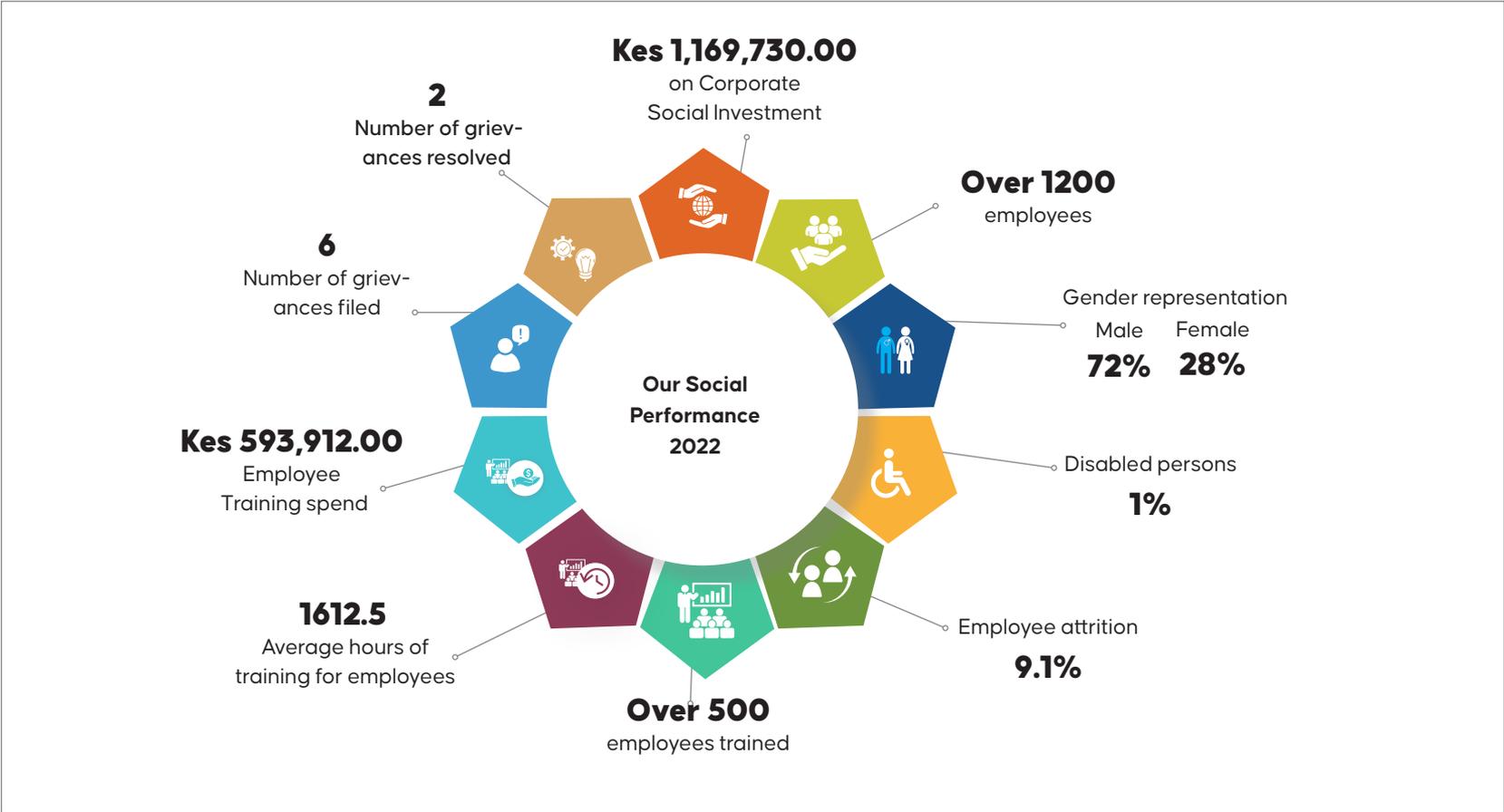
SCOPE 2:

Emissions from location-based emissions from the generation of purchased electricity, heat, steam, or cooling. Electricity: 1700.61 tCO2e

SCOPE 3:

Emissions arising from waste generated (waste: commercial and industrial - 7.51 tCO2e) and purchased goods (water supplied 2.19 tCO2e)

Social Performance



5.5 Our Contribution to the Sustainable Development Goals

SDG Goal 07



**AFFORDABLE
AND CLEAN ENERGY**

Ensure access to affordable, reliable, sustainable, and modern energy for all

Targets:

7.1 By 2030, ensure universal access to affordable, reliable, and modern energy services

7.2 By 2030, increase substantially the share of renewable energy in the global energy mix

Our Contribution

FTG is taking steps to prevent global warming by targeting year-on-year reductions in energy consumption intensity. A plan is also on the pipeline to switch to solar power to reduce dependency on electric and fossil fuels. We have installed power factor correction equipment, which significantly reduces energy consumption and distributes power efficiently.



SDG Goal 12

RESPONSIBLE CONSUMPTION AND PRODUCTION



Ensure sustainable consumption and production patterns

Targets:

12.2 By 2030, achieve the sustainable management and efficient use of natural resources

12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling, and reuse

12.6 Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle.

Our Contribution

This ESG report forms the baseline of the reporting cycle of our sustainability efforts.

Resource Recycling: Continuous Kaizen application is also a Key Goal for all managers ensuring every company takes a driving role to keep Kaizen goals at the forefront. In 2021 alone we improved our recycling machinery output by 30% as well as added 140-tonne capacity to ensure that we can effectively recycle all our waste plastics. To realize a sustainable society, FTG is conducting initiatives towards comprehensive resource recycling, from production to use and recycling. Across FTG we reduce and recycle. All our sites have recycling machinery in place, we buy back our plastic and integrate it as recycled material in every possible way.

Biodiversity: Biodiversity is an important foundation for a sustainable society. At Flame Tree Group, our CSR policy stipulate that individual employees should increase their environmental awareness and contribute to preserving biodiversity. We strive to minimize the impact of business activities and employees' lives on living organisms and to actively encourage employees' activities that contribute to biodiversity.

- This year we took part in the reforestation of Mau Forest and Nairobi National park.
- We conserve stationery in all possible ways and have improved our facilities making them greener.
- Participation in Stanchart marathon - tree planting drive
- Sponsored sports day at the University of Nairobi

Water Management and Efficient Use of Water Resources: We ascertain water consumption and wastewater amounts at all of our bases and business sites. At Flame Tree Group we save water in all possible ways. Installed cooling towers, and rainwater harvesting systems.

SDG Goal 09

INDUSTRY, INNOVATION AND INFRASTRUCTURE



Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation.

Targets:

9.2 Promote inclusive and sustainable industrialization and, by 2030, significantly raise the industry's share of employment and gross domestic product, in line with national circumstances, and double its share in the least developed countries.

9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities

Our Contribution

Innovation management: We aim to improve our environment while growing our business. Educating future generations on healthier practices strengthening our in-house management of recycling and reduction by implementing Kaizen through all our sites and investing in machinery, technology, and culture change to effectively reduce and work towards recycling 100% of all plastic waste generated and towards zero environmental impact in our operations.



SDG Goal 08

DECENT WORK AND ECONOMIC GROWTH



Decent work and economic growth: Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all.

Targets:

8.2 Achieve higher levels of economic productivity through diversification, technological upgrading, and innovation, including through a focus on high-value-added and labor-intensive sectors

8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value



Our Contribution

We are constantly working to develop human resources and an organizational culture that can continuously create value for society, constantly acting from a customer-oriented perspective with a high sense of ethical value and a deep understanding of the essential issues faced by our customers and society. We have employed over 1200 employees and impacted a number through our distribution channel.

Human Resource Development

We are focused on developing our human capital through continuous training on an annual basis. We have an effective appraisal system in place, with each employee having individual KPIs that are evaluated bi-annually. As well as utilize local labor to the fullest possible. Our group is known for gender equality, fair wages, and better treatment of its employees which results in lower employee turnover. The leadership and governance of Flame Tree Group embrace diversity concerning gender, knowledge, experience, and nationality.

Training and development

Recognizing that people are our greatest resource, FTG believes it is important to develop highly specialized professionals who can deliver true value to customers. As our business operations run across various functions, we ensure that our staff are up to speed and receive necessary training so that they can be agile.

This year we have had comprehensive training on Customer Service, Kaizen Basic, Change Management, Effective Discipline Management, House Keeping, Food safety and Hygiene, Office Suite, Talent vs attitude training, Health Safety and First Aid training, Communication, Planning & Its Importance, Merchandising in Modern Trade, Leadership, Cash flow Management among others.

Employee Benefits

FTG has established a system that evaluates employees based on their contribution to the business. We pay appropriate wages and bonuses according to employees' roles and results based on various laws and regulations, labor contracts, and internal regulations.

Health and Safety Performance

Safety at work is a fundamental requirement for any position. FTG is committed to fostering a safety culture shift, investing in, and putting into place management systems that safeguard the health and safety of our employees and others on the job. Training employees, raising awareness, and our commitment and involvement all contribute to this.

We are committed, as stated in our policy on health, safety, and the environment, to continuously improving our health, safety, and environmental management systems following legal requirements. This will include providing safe working environments and involving workers and their representatives in the process of improving HSE performance and keeping HSE risk levels as low as is reasonably possible.

- 0 fatalities
- 26 Number of injuries
- 2.17 Accident frequency rate

Ensuring Product Quality and Safety

At FTG, Innovation is a vital KPI and a key pillar to our growth. We continuously work towards innovations in all aspects be it new product lines or in-house operational processes. Our marketing campaigns in TV, newspapers & social media help our brand visibility and brand recall to ensure the sustainability of the business.

Since our inception, we strive to provide quality products we carry out health and safety impacts assessments for quality assurance. We promise our customers access to world-class African brands. Our founding spirit is to provide safe, secure products to our customers. Our quality performance is guided by our quality management driven by rigorous product innovations, Maintenance of our brand, Sensitization of our staff on the importance of quality, and genuine efforts to address product safety.

Our Products Portfolio



SDG Goal 03

GOOD HEALTH
AND WELL-BEING



Good health and well-being:
Ensure healthy lives and promote well-being
for all at all ages

Targets:

3.1 : By 2030, reduce the global maternal mortality ratio to less than 70 per 100,000 live births



Lesso Lessons by TANKS

We are thrilled to announce our latest Corporate Social Responsibility (CSR) project, Lesso Lessons, created in collaboration with Ogilvy, Roto Tanks, The Ministry of Health Kenya, and produced by Fluid Films. The aim of this project is to blend modern post-natal nutritional guidance with traditional everyday garments to assist new and expecting mothers in raising healthier children.

Chronic malnutrition affects more than 1 in 4 children in Kenya, and young mothers residing in media-dark regions are unaware of the significance of breastmilk and complementary feeding practices. These women traditionally carry their babies on their backs in vibrantly patterned cloth wraps called “lessos,” which have been passed down through generations to convey wisdom. We identified an opportunity to transform these lessos into 3 informative and illustrative guides on postnatal nutrition, one for each of the 3 essential stages in the first 24 months of a child’s life. These guides serve as daily reminders for mothers on how to raise a healthy child. Lesso is an African term for a fabric used by women to tie children on their backs while working.

The Lesso Lessons initiative handcrafts educational content onto lessos, providing nutritional guidance for young mothers. The content is crafted by hand and adheres to traditional values. The lessons educate mothers on optimal feeding, the introduction of supplementary foods, and a balanced diet to reduce malnutrition. By doing good while doing good business, we hope to make a positive impact in our community. Join us in our efforts to do good while doing good business with #LessoLessons, #RotoTanks, and #JisortNaRoto.



Doing Good while doing Good Business
#LessoLessons #RotoTanks #JisortNaRoto

Local Community Engagements

AT Flame Tree Group we are cognizant of the importance of sustainability and continuously work on building strong partnerships and relationships with our stakeholders and our community through engaging in sustainable business activities and various CSR projects.

Our CSR Projects 2022



On 5th March 2022, we gave 1 tank of 1,000 liters to the International Youth Fellowship (Workshop for Mint Education), Mozambique.



We donated sanitizers to nearby primary school and hospital, Mozambique.



Roto Moulders Ltd., at the Wezesha Charity for the Blind Walk in Nyayo Stadium on 15th October 2022



Jojo Plastics Ltd. donated a tank to Litein Day Secondary School, Kenya.



Flame Tree Africa sponsored sports day at the University of Nairobi, Kenya.



Roto Moulders Ltd., tree planting at the Mau forest, Kenya.

5.6 Our Stakeholders

As a provider of consumer products, we have strong ties to the communities we serve and the environment in which we operate. Our activities, relationships, and contributions to our stakeholders (communities, governments/ regulators, employees, customers, business partners, industry peers, and suppliers) all play a role in our capacity to generate and safeguard value. We create and preserve value for Flame Tree Group and our various stakeholders by satisfying their needs and expectations while trying to minimize value erosion.

As a result, we actively engage and interact with a variety of our stakeholder groups to gain a deeper comprehension of their shifting expectations and meet them. We hold meaningful discussions that shape the direction of our business strategy through both internal and external platforms. This enables us to deliver solutions that enhance the lives of stakeholders for a long time to come.



Engaging our Stakeholders

 <p>Stakeholder group</p>	 <p>Stakeholder interest</p>	 <p>Value is created and preserved through...</p>	 <p>Engagement platforms</p>
<p>Employees Metrics and key objectives that we monitor</p> <ul style="list-style-type: none"> ■ A culture that is client-centered and innovative. ■ A diverse and inclusive employee profile. ■ Employee attrition. ■ Employee satisfaction metrics. 	<p>A working environment that encourages professional growth and high performance.</p> <p>Motivated and skilled employees, together with efficient, innovative, and value-creating solutions, services, and operations, offer value to our customers.</p>	<ul style="list-style-type: none"> ■ Employment opportunities in the countries in which we operate; ■ Rewarding employees for the value they add; ■ Embracing flexible working practices; ■ Encouraging our employees to embrace technological changes, further their careers, and improve our services and products; and ■ Contributing to the transformation towards a more inclusive society through employment equity and gender equality. 	<p>Learning & Development Programmes (through annual training);</p> <p>Senior Management visits to touchpoints</p> <p>Email engagements</p> <p>KPIs appraisal and performance Review and Development Cycle)</p> <p>Department Meetings, Senior Management Quarterly Engagements, Team Groups, Senior Management Offsite, and Department Offsite</p>
<p>Customers Metrics and key objectives that we monitor</p> <ul style="list-style-type: none"> ■ Brand value. ■ Customer satisfaction. ■ Client complaints. ■ Impactful solutions that make a difference (e.g. aligned to UN SDGs). 	<p>Unique and quality products to meet their needs.</p> <p>Our customers remain key in driving up our sales, allowing us to fund our activities. Revenue rises as a result of acquiring more customers and strengthening existing relationships, while responsible business practices and world-class risk management prevent value loss.</p>	<ul style="list-style-type: none"> ■ Developing innovative products that meet our customers' specific needs; ■ Understanding our customers' pain points; ■ Value-for-money products that are competitive and transparent in the pricing 	<p>Marketing campaigns in TV, newspapers, and social media; Customer satisfaction survey;</p> <p>In-shop promotions;</p> <p>Product workshops and events;</p> <p>Digital and online marketing platforms</p>

<p>Shareholders/ Investors</p> <ul style="list-style-type: none"> ■ Metrics and key objectives that we monitor ■ Net Asset Value per share growth. ■ ROE and cost-to-income ratios. ■ Price-to-book ratios. Dividends paid ■ Relative share price performance. ■ AGM voting outcomes. 	<p>Business continuity and expansion, including strategic investments, are made possible by the financial capital we obtain from equity and debt investors and retained earnings.</p> <p>Enhanced corporate reporting to inform the assessment of risks and returns; and improved performance of the Group.</p>	<ul style="list-style-type: none"> ■ Boosting the Net asset value, dividends, returns, and share price; ■ Preserving a healthy balance sheet to guard against downside risk (such as the Covid-19 pandemic, and Ukraine-Russia War); ■ Sustainably investing in and expanding our operations; and ■ Adhering to good ESG practices that guarantee the long-term viability of the Group. 	<p>Annual General Meeting,</p> <p>Financial statements; Media releases; Investor Presentations. Rolled out Oracle Net suite for financial & analytical reporting</p>
<p>Regulators/ Government Metrics and key objectives that we monitor</p> <ul style="list-style-type: none"> ■ Effective delivery of compliance with regulatory change (meeting minimum regulatory requirements) ■ Monitoring payment of corporate taxes. 	<p>Tax Compliance</p> <p>The economic and social development of the countries in which we operate depends on the tax we pay. Good governance and compliance. Reduction of systemic risks</p> <p>We have to fully comply with the laws of the countries in which we operate.</p>	<ul style="list-style-type: none"> ■ Embracing sustainable business practices and regulatory compliance; and ■ Working closely with regulators in times of crisis. ■ Contributing to government accounts through our corporate taxes and employees' taxes. 	<p>Annual audits, Timely reports Corporate policies</p>

<p>Society Metrics and key objectives that we monitor</p> <ul style="list-style-type: none"> ■ We continuously work on building strong partnerships and relationships with our community through engaging in sustainable business activities and various CSR projects. 	<p>A business that serves the community better.</p> <p>We embrace our role in society as active builders of a thriving society.</p>	<ul style="list-style-type: none"> ■ Achieving positive economic, environmental, and social change through our SDG-aligned business activities; ■ Being a valuable member of society as a consumer and supplier of goods and services; ■ Making a difference through our CSR activities and partnerships. 	<p>CSI investment programs; Volunteering programs</p>
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An infographic titled '6.0 Corporate Governance' is centered on a white background. The infographic itself is a colorful illustration with a purple background and a white dotted pattern. It features a central tree-like structure with three branches. The top branch is labeled 'BREASTFEED ON DEMAND' and includes a circular icon with the text 'FROM 1-3 MONTHS NURSE 8-10 TIMES DAILY'. The middle branch is labeled 'START NURSING IMMEDIATELY WITHIN 1 HR OF BIRTH'. The bottom branch is labeled 'FINISH MILK FROM ONE BREAST BEFORE MOVING ON TO THE NEXT'. There are also two circular icons on the sides, one on the left and one on the right, both labeled 'FROM 1 MONTH NURSE 8-10 TIMES DAILY'. The infographic is surrounded by a decorative border with various breastfeeding holds and tips. The top border shows 'CRADLE HOLD', 'TANDEM HOLD', and 'SIDE LYING HOLD'. The bottom border shows 'FOOTBALL HOLD' and 'CROSS CRADLE HOLD'. The left and right borders show 'BREAST SUPPORT' and 'CORRECT LATCH'. The central text '6.0 Corporate Governance' is written in a green, sans-serif font.

6.0 Corporate Governance

CRADLE HOLD

TANDEM HOLD

SIDE LYING HOLD

START NURSING IMMEDIATELY WITHIN 1 HR OF BIRTH

BREASTFEED ON DEMAND

FROM 1 MONTH NURSE 8-10 TIMES DAILY

FROM 1 MONTH NURSE 8-10 TIMES DAILY

CORRECT LATCH
MAMMILLA IS VISIBLE
ONLY NIPPLE IS IN
BABY'S MOUTH

CORRECT LATCH
ALMOST ENTIRE
MAMMILLA IS IN
BABY'S MOUTH

FINISH MILK FROM ONE BREAST BEFORE MOVING ON TO THE NEXT

FOOTBALL HOLD

CROSS CRADLE HOLD

BREAST SUPPORT

BREAST SUPPORT

BREAST SUPPORT

Governance is the means by which the affairs of an institution are directed and managed thereby promoting corporate accountability and business aptness to achieve an optimal shareholder value, whilst simultaneously taking into consideration the interests of other stakeholders. It is premised on the principles of integrity, accountability, prudence and openness.

The Board of directors of FTG Holdings Limited is at the core of the Group's system of corporate governance and is ultimately accountable and responsible for the performance and affairs of the Group. We also conducted our Corporate Governance Audit as mandated by the CMA, where we successfully scored 87.83/100, improving on our previous' year mark.

Good corporate governance is regarded as critical to the success of the business of the Group and the board is unreservedly committed to applying the fundamental principles of good governance – transparency, integrity, accountability and responsibility - in all dealings by, in respect of and on behalf of the Group. The Board accordingly embraces the principles of good governance as set out in a number of governance frameworks including the Principles for Corporate Governance in Kenya.

The board develops and maintains reporting and meeting procedures for itself and its committees. Regular board meetings are held once per quarter. Board meetings take place at the Group's offices unless otherwise decided by the board. The Board may form committees of its members and may delegate any of its powers to any such committee.

The frequency of the committee meetings are determined by the individual committee, as stated in the terms of reference for each committee. The quorum necessary for the transaction of the business of the board is at least three executive directors present either personally or by alternate. The Annual General Meeting of members elects directors on the basis of their professional competencies, personal qualities and the contribution they can make to the governance of the organization.

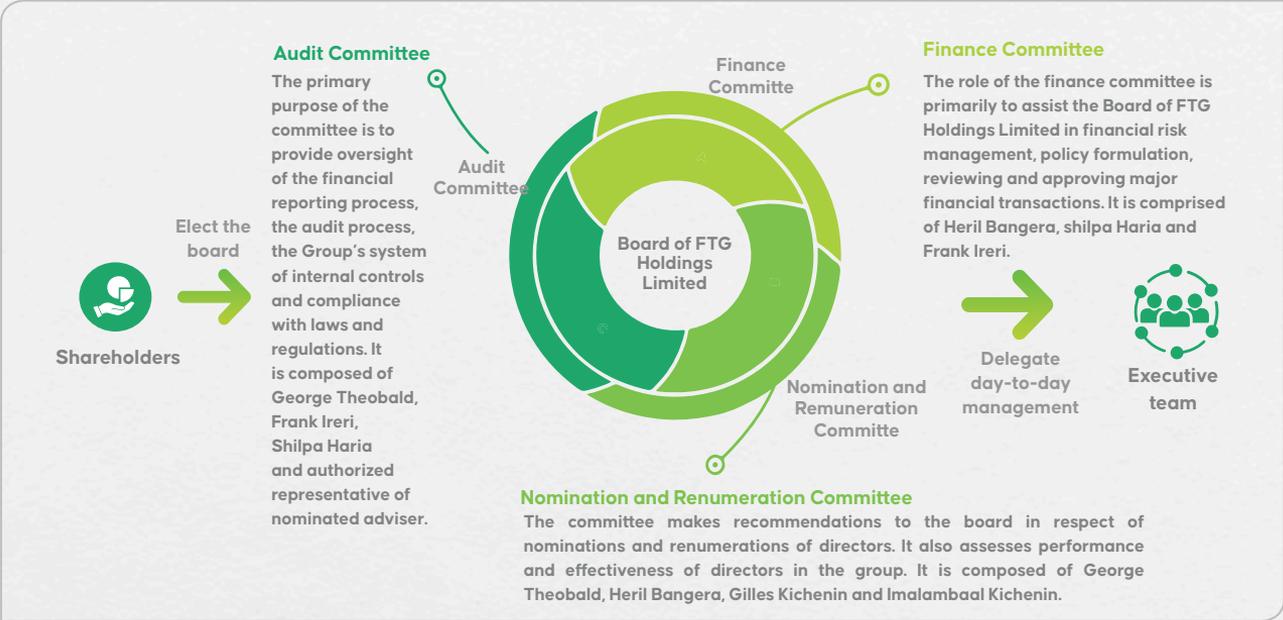
In accordance with the principles of good corporate governance, each director undertakes:

- To act first, foremost and always in the best interest of the Company and not for any other collateral purpose;
- To exercise his/her power in the executive duties in good faith; and
- To act with the care a prudent person would take when acting on their own behalf.

Each director undertakes that, in arriving at a decision on any issue, he or she shall strive to ensure that the decision is in the best interest of the Company and is not driven by any other interests. Each director is fully aware of the importance of regular attendance and effective participation at meetings.

Each director undertakes to do everything with their power to attend all meetings. Board deliberations give rise to consensus or formal votes covering matters of importance to the organization. Each director shall be attentive to and respectful of the delineation and exercise of powers and responsibilities attributed to the Company's respective decision-making organs. Directors shall however ensure that no single person can exercise uncontrolled discretionary powers.

The Corporate Governance Framework



They shall support the proper functioning of Board Committees and pay particular attention to ensure that the Company's internal controls are effective and that its auditors perform their mission in a satisfactory manner. All the directors of FTG Holdings Limited have completed the Directors Induction Programme as at the date of the Listing.

Composition of the Board of Directors

The Board includes a fair balance between Executive and Non-Executive Directors so that no individual or company of individuals' interests will dominate the Board's decision making process.

The following issues are considered in determining the Board's composition:

- Attaining a desirable ratio of and balance between the number of executive and non-executive directors.
- Ensuring that the board collectively contains the skills, experience and mix of personalities appropriate to the strategic direction of the Group and necessary to secure its sound performance.
- Experience, knowledge, skills and personal attributes of current and prospective Directors in relation to the needs of the Board as a whole.
- Irrespective of a Director's special expertise or knowledge and regardless of whether a Director is an Executive or Non-Executive Director, all members of the Board recognize that they are collectively responsible to Shareholders for the performance of the Group.

Board Effectiveness and Evaluation

Each director further undertakes to prepare sufficiently for meetings by carefully considering board papers and attachments thereto, and where necessary seeking clarifications. Where a director is unable to attend a meeting, each director undertakes to communicate through the Chairman or the Chief Executive Officer any concerns or issues they would wish considered. At regular intervals, not exceeding twelve months, the Board of Directors shall undertake an evaluation of its functioning as a collective agency and as individual directors. Where necessary, the Board may obtain the services of an external facilitator to guide the evaluation.

There are also no arrangements or understandings with the majority shareholder, customers, suppliers or others, pursuant to which any person was selected as a Director or member of senior management.

Remuneration of the Directors

The Nomination and Human Resource Committee is responsible for reviewing Non-Executive Directors' remuneration and recommending the necessary changes from time to time. In making these recommendations, due consideration must be given to the Board's expectations from Directors in terms of time commitments, degree of responsibility and financial condition of the Group. The Committee may request management

or external consultants to provide necessary information upon which the Board may make its determination. Directors' remuneration is presented for approval at the Annual General Meeting.

In determining the compensation for Non-Executive Directors, the Nomination and Human Resource Committee shall consider the following:

- The level of fees currently earned by Directors in their professional capacity.
- The number of hours spent by Directors in preparing for and attending meetings, as well as travel to meeting venues. Current market rates applicable to organizations of similar size and in the same industry.
- The complexity of the Group's operations and the extent to which directors have to incur additional cost in research on industry developments and other Group related matters. The number of meetings in a year.
- The remuneration recommended by the Nomination and Human Resource Committee shall apply to all Directors and no Director should be involved in fixing their own individual remuneration.

Responsibilities of the Board

The Board should specifically exercise leadership, enterprise, integrity and judgment in directing the affairs of the Group in order to achieve continuing prosperity for the Group and its Shareholders, and shall at all times act in the best interests of the Group in a manner based on transparency, integrity, accountability and responsibility.

The Board must specifically:

- Define and chart out the Group's vision, mission and values and has ultimate responsibility for the attainment of the Group's values.
- Determine the business strategies and plans that underpin the corporate strategy.

- Discuss and approve strategic plans and annual budgets.
- Retain full and effective control over the Group, and monitor Management's implementation of the strategic plans and financial objectives as defined by the Board.
- Define levels of materiality, reserving specific powers to itself and delegating other matters with the necessary written authority to management.
- Continually monitor the exercise of delegated power by Management.
- Ensure that a comprehensive system of policies and procedures is in place, and that appropriate governance structures exist to ensure the smooth, efficient and prudent stewardship of the Group.
- Ensure that the business of the Group is managed with a view to ensuring that the Group is ethical in all its dealings and exercises corporate social responsibility.
- Ensure compliance by the Group with all relevant laws and regulations, audit and accounting principles and such other principles as may be established by the Board from time to time.
- Identify key risks, opportunities and strengths relating to the Group. Ensure that the Group's organizational structure and capability are appropriate for implementing the chosen strategies.
- Determine monitoring criteria to be used by the Board. Set policies on internal control and obtain regular assurance that the system is functioning effectively and is effective in managing risks.
- Nominate board members who will add value to the board processes and arrange for their induction.

- Appoint the Managing Director, senior staff, external auditors and other consultants.
- Discuss, agree and approve annual accounts and reports
Communicate key policies and strategy issues to senior management.
Identify all stakeholders and ensure effective communication with Shareholders and stakeholders.

Board Committees

The Board has established the following three (3) committees, whose mandates and terms of reference are spelt out as follows:

■ **Audit Committee**

The Audit Committee is a standing Committee of the Board and its purpose is to assist the Board in assessing the integrity of financial statements and the effectiveness of financial reporting, and to conduct risk management assessment.

The composition of the committee is as follows:

- George Theobald
- Frank Ileri
- Shilpa Haria
- Authorized Representative of the Nominated Adviser

■ **Finance Committee**

The Finance and Audit Committee is a standing Committee of the Board and its purpose is to assist the Board of FTG Holdings Limited in financial risk management, policy formulation, reviewing and approving major financial transactions.

The composition of the committee is as follows:

- Heril Bangera
- Shilpa Haria
- Frank Ileri

■ **Nomination and Remuneration Committee**

The Nomination and Remuneration Committee is a standing Committee of the Board. Its purpose is to assist the Board of FTG Holdings Limited to propose new nominees for the board when required and to assess the performance and effectiveness of Directors in the Group. The Nomination and Remuneration Committee is responsible for reviewing Non-Executive Directors' remuneration and recommending the necessary changes from time to time.

The composition of the committee is as follows:

- George Theobald
- Heril Bangera
- Gilles Kichenin
- Imalambaal Kichenin

7.0 Conclusion

The ESG report showcases our efforts on environmental, social, and governance performance. Through diligent data collection and analysis, this report highlights our progress and ESG targets concerning sustainability and responsible business practices. In terms of environmental performance, we have made significant strides in managing our resource consumption. Initiatives such as energy efficiency programs, renewable energy adoption, and waste reduction strategies have resulted in emissions reductions and improved waste management practices.

In the social dimension, FTG has prioritized stakeholder engagement, employee well-being, and community development. The organization has implemented health and safety measures and community outreach initiatives. Moreover, FTG has actively contributed to the well-being of its employees and the communities in which it operates.

Regarding governance, FTG has demonstrated a strong commitment to transparent and ethical business practices. The organization has established effective corporate governance structures. Regular audits and compliance reviews ensure adherence to applicable laws, regulations, and industry standards.

While FTG has made notable progress, areas such as supply chain sustainability, product lifecycle assessments, and social impact measurement require further attention and improvement. We are cognizant of continuous improvement and we are committed to achieving our sustainability objectives.

In conclusion, FTG is dedicated to being a responsible corporate citizen and recognizes the significance of integrating ESG practices into its business operations. By addressing challenges, setting ambitious goals, and collaborating with stakeholders, we aim to contribute to a sustainable future while generating long-term value for our shareholders and broader society.

FTG Holdings LTD.

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