
**GOVERNANCE AUDIT REPORT FTG HOLDINGS LIMITED
KNM LAW ASSOCIATES LLP**



GOVERNANCE AUDIT REPORT OF THE FTG HOLDINGS LIMITED

PRESENTED TO FTG HOLDINGS LIMITED



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GOVERNANCE AUDIT REPORT FTG HOLDINGS LIMITED

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LIST OF ABBREVIATIONS

CEO	-	Chief Executive Officer
CMA	-	Capital Markets Authority
CS	-	Corporation Secretary
CSR	-	Corporate Social Responsibility
FTG	-	Flame Tree Group Holdings Limited
HR	-	Human Resource
HOD	-	Heads of Departments
ICPSK	-	Institute of Certified Public Secretaries Kenya
ICT	-	Information and Communication Technology
NSE	-	Nairobi Securities Exchange
SP	-	Strategic Plan
TORs	-	Terms of Reference

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EXECUTIVE SUMMARY

FTG Holdings Limited (FTG) is a leading regional manufacturing group listed on the Nairobi Securities Exchange. FTG has operations in Mauritius, Kenya, Rwanda, Ethiopia, Dubai and Mozambique. FTG is registered in Kenya as a foreign company and has a Certificate of Compliance issued by the Registrar of Companies confirming that the same is in compliance with Section 974 of the Companies Act 2015. FTG operates in the manufacture and sale of plastic and allied products, fibre, glass, iron, cosmetics and synthetic hair products for clients based in Kenya and regionally.

This report is a summary of a high-level governance audit carried out on FTG for the year ended 31st December 2022. The objective of the audit was to establish if FTG was operating on sound governance practices and complied with the Code of Corporate Governance Practices for Issuers of Securities to the Public, 2015 during the year ending 31st December 2022. The governance audit covered the following parameters:

- a) Leadership and Strategic Management
- b) Transparency and disclosure
- c) Compliance with laws and regulations
- d) Communication with stakeholders
- e) Board independence and governance
- f) Board policies, systems, practices and procedures
- g) Consistency shareholder and stakeholder value enhancement
- h) Corporate social responsibility and investment
- i) Sustainability

An engagement letter was issued on 16th November 2023. FTG was issued with a Governance Audit Self-Assessment tool on 28th November 2023. FTG submitted the self-assessment tool to the GA on 10th January 2024. Subsequently an inception meeting was held with the Financial controller on 15th January 2024 to agree on submission of documents required for the audit; get understanding on the business of FTG and agree on the modalities of the audit. Data was collected using a Governance audit tool; interviews and desk review of documents.

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Randomly sampled documents were used to verify the information obtained through oral interviews. The auditor conducted an interview with the Financial Controller and examined randomly sampled documents. The Chairman, Chief Executive Officer and other heads of departments were not audited.

A draft report was prepared and shared with management who had a chance to comment, point out any omissions or factually inaccurate information. Focus discussions were held to verify information collected during the initial interviews and to correct any factual inaccuracies.

A governance audit tool was prepared indicating the governance parameter, governance practice, supporting documents to be reviewed, total score and evidence provided. The governance audit tools are attached as annexures to this audit report. The governance audit tool had six columns. In column 1 you will find the serial number. In column 2, you will find the governance practice, Column 3 has the supporting documents to be reviewed. Column 4 has the rating scale. Column 5 has the total score and column 6 the evidence provided.

Compliance are categorized as follows:

- 1 - Very Poor
- 2 - Poor
- 3 - Fair
- 4 - Good
- 5 - Very good

The governance auditor came up with the following recommendations arising from observations made from information and data collected which the company could consider and implement: -

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1. Leadership and Strategic Management

The operations of FTG were directed by seven strategic objectives in the year 2022. These included become a lean/mean machine for procedural excellence; research and development to gain competitive advantage; quality, professionalism and risk management; delivering on brand promise; sustain growth and development; maintain key personnel and long term financial investment.

The Board of directors provided overall direction and management to FTG and ensured that its decisions are consistent with the vision, mission, values and strategic goals. The performance of FTG was reviewed on a quarterly basis against the strategic objectives and goals. The Board approves the budget of FTG and monitors the implementation of the procurement plan against the budget

The Board has an approved organization structure. The recruitment of the CEO and Senior managers is done by the Board. The board delegates responsibilities to the CEO, defines authority levels, sets performance targets for the CEO and reviews his performance.

The Board provides ethical leadership in management of FTG and has established core values and ensured that they are aligned to the Constitution and underpin sustainable practices.

Our recommendations on this parameter are:

1. The Board to introduce a conflict of interest register.
2. Introduce quarterly reports on adherence to the code of conduct and have one of the board committees consider the same
3. Fill the position of internal auditor
4. Consider introducing a succession plan for the board and having an agenda on succession in at least one meeting per year.

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Transparency & Disclosure

The Board has broadly complied with this parameter. The mission, vision and core values of FTG are included in the annual report, policies and website. A detailed corporate governance statement; particulars of board members, chairman's and CEO's statements; committees of the board; senior management corporate social responsibility activities; sustainability; factors that have affected the company's financial conditions and results of operations are disclosed in the Annual Report. The procurement policy, key stakeholders and governance report were not disclosed in the Annual report There is no portal for reporting corruption and lodging complaints on the website. The Whistle Blowing Policy is disclosed on the website

Recommendations for consideration by the board include: -

1. Disclose the number of meetings held by the Board and its Committees in the Annual Report.
2. Conduct and disclose the results of the Board Evaluation in the Annual report
3. Develop and disclose conflict of interest policy, ICT policy, Stakeholder Engagement Policy, Investor relations policy recommended in the Governance Audit report for 2021 and disclose the same on the website

Compliance with Laws and Regulations

The Board has identified the laws, rules, regulations, codes and standards that are applicable to FTG, documented them and ensures that they are observed. The policies, institutional frameworks and administrative procedures of FTG effectively support implementation of the Constitution. There exists internal procedures and monitoring systems to promote compliance with applicable laws, regulations and standards.

Where required by law or regulations, the Board has filed compliance reports on all statutory obligations as required. A high level compliance review was undertaken in 2021.

Recommendation for consideration by the board include

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- i. The Board to ensure that FTG undertakes an internal legal compliance audit annually and an external independent legal audit every two years.
- ii. The Board to develop a legal compliance strategy comprising of internal procedures and monitoring systems that promote and enhance compliance with relevant laws and regulations and assign responsibility for compliance to specific functional units
- iii. The Board to monitor implementation of the recommendations in the Legal Audit report.
- iv. Introduce a compliance register
- v. Introduce a board resolution matrix for tracking implementation of board resolutions.

Communication with Stakeholders

The Board has mapped the company's stakeholders, stakeholder interests, ways of creating and preserving value and identified engagement platforms to ensure effective communication. The key stakeholders include employees, customers, shareholders/investors, regulators/government and society. Engagement platforms include trainings, KPI appraisal departmental meetings, quarterly meetings, AGM, financial statements, media releases, investor presentations, annual reports, corporate policies, CSI investment programs and volunteering programs.

The website provides stakeholders with information of the FTG's products, subsidiaries, regulatory reports and policies.

Recommendations for consideration by the board include:

1. Introduce a complaint reporting portal on the website
2. Develop and Corporate Communication policy which includes a policy on media relations
3. Develop a media engagement strategy and a stakeholder relationship management strategy
4. Establish a committee to handle stakeholder engagement and table a report to the Board
5. Develop a system of monitoring resolution of complaints

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Board Independence and Governance

The board of FTG conforms to the legal and regulatory framework and is properly constituted.

The board exercises independent judgement in exercising its duties. The Chairman and Board members were formally appointed. Declaration of conflict of interest is not a standing board agenda item and there is no conflict of interest register.

Recommendations for consideration by the board include:

1. The tenures of board members need to be staggered to ensure phased transition.
2. Consider introducing a Conflict of Interest Register and including declaration for conflict of interest in the agenda for board and committee meetings.
3. The Board to develop a transparent and documented procedure on appointment of board members
4. Board members to be increased to provide for inclusion of wider expertise and skill, to improve effectiveness of the board and formation of board committees.to have

Board Policies, Systems, Practices and Procedures

The Board is in compliance with this parameter. The Board includes a statement on the going concern of the company in the financial statements and ensures timely preparation of the annual report and accounts as per the IFRS standards.

FTG does not have an approved Risk Management Policy. The risks and uncertainties faced are disclosed in the Annual Report. There is an internal audit management function to monitor implementation of the risk management framework. Reports on risk management are tabled to an independent Audit Committee which subsequently submits a report to the board. The position of Internal Audit needs to be filled. The head of the internal audit function should report to the Audit Committee.

The Board has established a procurement function managed by qualified staff. A procurement plan aligned to the budget is in place. Quarterly report on procurement are

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tabled to the Board. The Board has also established an ICT function, approved ICT policies, integrated ICT in operations of the company and uses ICT in monitoring performance.

The Chairman is a non-executive director; he provides overall leadership to the board and chairs all board meetings. The Chairman is not a chairman of any committee but is a member of the Audit Committee. The meetings were quorate and chaired by the Chairman. The members dedicate adequate time and effort to meetings and the CS attends all board meetings. We were not able to establish when notices of board and committee meetings are sent and when the board papers are sent to directors. The CS ensures preparation and circulation of board and committee papers and minutes. The CS is not the custodian of the Company seal. The board does not have a conflict of interest register and declaration of conflict of interest is not part of the agenda for board and committee meetings. Reports on use of the Company seal are not tabled to the board every quarter.

It was noted that two combined Audit and Finance Committee meetings were held in 2022 and the Nomination and Remuneration Committee did not hold any meeting.

The board did not undertake an annual evaluation of its performance, its committees, individual members, the chairman, CEO and CS either by itself or facilitated by an independent consultant.

The board has a board charter but it does not contain the TORs for the board committees.

Our recommendations for consideration by the board include: -

1. Board to have new members sign a declaration on other directorships during induction and limit other directorships in listed companies to three.
2. A conflict of interest to be introduced and declaration of conflict of interest be an agenda item in every board and committee meeting
3. Succession plan for the board to be introduced and succession be an agenda in at least one board meeting annually.

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4. Board to conduct an evaluation of its performance, chairman, CEO, CS and Committees annually and disclose the results in the Annual Report
5. The Board to consider increasing the number of independent members
6. The Board to implement the recommendations of the CMA Corporate Governance Assessment report for the year ended 31st December 2022.
7. The Board to fill the position of Internal Auditor
8. The Board to develop a Business Continuity and Disaster Recovery Plan
9. Audit and Finance Committee to hold separate meetings
10. The Board to ensure that it meets at least quarterly
11. Reports on the use of the company seal to be tabled to the Board.

2.7 Consistent Shareholder and Stakeholder Value Enhancement

The board has broadly complied with this parameter as it safeguards the rights of shareholders; facilitates consultations amongst shareholders on key issues, facilitates shareholders' education on their rights and obligations and ensures that they receive adequate and timely information to enable them make appropriate decisions.

It was observed that the board ensures that a comprehensive annual report is presented to the shareholders during the AGM.

Our recommendations for consideration by the board include: -

1. The Board to consider having an annual engagement with stakeholders
2. Provide an interactive portal on the website for reporting complaints
3. Develop a Stakeholder engagement policy
4. Introduce a compliment and complaint register
5. Conduct a shareholder and stakeholder satisfaction baseline survey

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6. Establish a formal process of dealing with internal and external disputes.

Corporate Social Responsibility and Investment

The Board is committed to ensure that FTG is a responsible corporate citizen in all its operations and activities. To this end the Board has a Corporate Social Responsibility policy aimed at ensuring that FTG consistently operates in a manner that minimizes detrimental effects on the environment and the society.

During the period under review FTG and its subsidiaries donated water tanks, conducted eye screening for staff, donated sanitizers to a primary school, participated in a charity walk for the blind, planted trees and took part in a Lesso Lessons project in collaboration with Ogilvy and the Ministry of Health Kenya.

Sustainability

The board has complied with this parameter by integrating sustainability into the strategy and management practices; adoption of a holistic approach to economic, social and environmental issues in the business strategy and considering the impact of FTG's operations on the community and environment in its decisions and by working closely with the management to ensure long term goals are well formulated and subsequently met. The Board ensures continuous innovation of its processes and products, focuses on long term talent development.

Recommendations for consideration by the Board:

1. Prepare a Succession Planning Policy and present annual reports to the Board on actions taken.
2. Annual reports on the appraisal of staff to be presented to the Board.

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REPORT OF THE INDEPENDENT GOVERNANCE AUDITOR TO THE BOARD OF DIRECTORS OF FTG

Introduction

We have performed Governance Audit for FTG for the period ended 31st December 2022 which comprised assessment of Governance Practices, Structures and Systems put in place by the Board.

Board Responsibility

The Board is responsible for putting in place governance structures and systems that support the practice of good governance in the organization. The responsibility includes planning, designing and maintaining governance structures through policy formulation necessary for efficient and effective management of the organization. The Board is responsible for ensuring its proper constitution and composition; ethical leadership and corporate citizenship; accountability, risk management and internal control; transparency and disclosure; shareholder and stakeholder value enhancement; compliance with laws and regulations; sustainability and performance management.

Governance Auditor's Responsibility

Our responsibility is to express an opinion on the existence, effectiveness and implementation of good corporate governance consistent with the Board's policies, structures, systems and practices and the applicable legal and regulatory framework requirements

We conducted our audit in accordance with ICPSK Governance Audit Standards and Guidelines which conform to global Standards. These standards require that we plan and perform the governance audit to obtain reasonable assurance on the adequacy and effectiveness of the organizations policies, systems, practices and processes. We believe that our governance audit provides a reasonable basis for our opinion.

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Opinion

In our opinion, the Board has put in place effective, appropriate and adequate governance structures in the company which are in compliance with the legal and regulatory framework and in line with global best governance practices for the interest of stakeholders. In this regard, the governance auditor issued an unqualified opinion.



.....
CS. Helen K. Mungania - Muriuki,

ICPSK GA. No 0027

For KNM Law Associates LLP

January 30th, 2024

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1 INTRODUCTION

1.1 Background

FTG is a leading regional manufacturing group listed on the Nairobi Securities Exchange. FTG has operations in Mauritius, Kenya, Rwanda, Ethiopia, Dubai and Mozambique. FTG is registered in Kenya as a foreign company and has a Certificate of Compliance issued by the Registrar of Companies confirming that the same is in compliance with Section 974 of the Companies Act 2015. FTG operates in the manufacture and sale of plastic and allied products, fibre, glass, iron, cosmetics and synthetic hair products for clients based in Kenya and regionally.

In accordance with Section 2.11 of the CMA Code Practices for Issuers of Securities to the public, 2015 (hereinafter referred to as 'the Corporate Governance Code'), the governance audit was conducted cutting across both structural and functional areas of FTG. The audit examined the existence and effectiveness of governance instruments, policies, structures, systems and practices within the legal and regulatory framework.

Vision

Creating World Class Africa Brands

Mission

Spreading the Flame Tree Spirit of Building Africa through our brands

Core Values

- Commitment
- Integrity
- Team work
- Respect
- Humility
- Continuous Improvement

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1.2 About this Audit

Governance audit is an independent assessment aimed at expressing an opinion on the adequacy and effectiveness of an organization's policies, systems, procedures and processes within the legal and regulatory framework and in line with best practices in corporate governance meant to give stakeholders and shareholders assurance on the governance standing of the organization.

Where significant departures are detected, the audit will generate recommendations on necessary interventions to remedy current non-compliance, avoid future non-compliance and encourage compliance.

1.3 Scope of the Review

i. Introduction

In accordance with Section 2.11 of the CMA Code Practices for Issuers of Securities to the Public, 2015 (Corporate Governance Code) requires the Board to subject the company to an annual governance audit by a competent and recognized professional, accredited by the Institute of Certified Public Secretaries (ICPSK), in order to check on the level of compliance with governance practices and: -

- a) Review the Self-Assessment Report duly completed by Management;
- b) Develop and submit to the Board of Directors the Governance Audit Report; and
- c) Populate and submit to the Capital Markets Authority, the Corporate Governance Reporting Template in line with the Corporate Governance Code.

1.4 The Objective of this Audit

FTG Holdings sought a high-level Governance Audit Report aimed at ensuring compliance with the Corporate Governance Code. The audit focused on examining the following parameters:

- a) Ethical Leadership and Strategic Management

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- b) Transparency and disclosure
- c) Compliance with laws and regulations
- d) Financial Reporting
- e) Board independence and governance
- f) Board policies, systems, practices and procedures
- g) Consistence shareholder and stakeholder value enhancement
- h) Corporate social responsibility and investment
- i) Sustainability

1.5 Governance Audit Cycle



The governance audit process involves the steps in the diagram above. A Governance Audit self-assessment tool was shared with management and the auditor interviewed the Financial Controller.

Randomly sampled documents were used to verify the information obtained through oral interviews. A draft report was prepared and shared with management of FTG who had a chance to comment, point out any omissions or factually inaccurate information. Focus discussions were held to verify information collected during the initial interviews and to correct any factual inaccuracies and a final report prepared.

1.6 Our understanding of the Terms of Reference

The terms of reference required that we evaluate the following areas;

1. FTG Constitution
2. Strategic plans and objectives
3. Organizational structure and performance management tools
4. Minutes of the Board of Directors and Board Committees
5. Notices of Board meetings and agenda
6. Board Evaluation Reports
7. Board governance tools
8. Board Charter, Board Almanac, Board induction plans and Board Training calendar
9. Human resource documents
10. ISO procedures
11. Job descriptions for the CEO and Company Secretary
12. Policies
13. Web site

Consistent with what is ordinarily covered in a Governance audit for an issuer of securities to the public we understood the terms of reference are as requiring of us the following:

1. To review the legal instruments and policy instruments, reports or other administrative guidelines governing, touching on or ancillary to the operations of the FTG;
2. To analyse the operations of the FTG in relation to its mandate as a body corporate and an issuer of securities to the public;
3. To identify and report on specific parameters of governance as required by the Corporate Governance Code;
4. To examine and report on the FTG's adherence to the Corporate Governance Code;
5. To identify and report on any significant non-compliance; and
6. To provide appropriate recommendations for necessary interventions where there is a finding of non-compliance.

1.7 Audit Methodology

1.7.1 Inception meeting

The auditors held an inception meeting with Financial Controller on 15th January 2024 in order to gain understanding of the FTG's business and to agree on modalities of the audit.

1.7.2 Applicable Laws

The laws applicable to the Audit were among others, the Companies Act, 2015, Capital Markets Authority Act, Cap 485A, Capital Markets (Securities, Public Offers, Listing and Disclosures) Regulations 2002.

1.7.3 Data collection instruments

The data collection instrument used was the Governance audit Self-assessment tool. The auditor also reviewed the documents sent by e-mail and interviewed the Finance Controller.

1.7.4 Compliance Criteria

The auditor developed a compliance criteria and analyzed the information obtained against the compliance criteria.

1.7.5 Data analysis

Compliance was assessed qualitatively. Compliance levels were categorized as 'Very Good', 'Good', 'Fair' and 'Poor' and 'Very Poor' in that order of merit.

1.7.6 The Governance Audit Report

This report was generated from the compliance criteria. The auditor collected data from the Financial Controller of FTG, the website and sample documents and arrived at findings herein submitted as the governance audit report.

Preliminary findings were captured in a first draft of this report which was submitted to management. A semi-formal meeting with management and focus groups was used to discuss the findings on the first draft of this report during which many of the findings were corrected, fine-tuned and verified. The object of the first draft of the report was to formally present the findings and observations of the audit and to elicit further reactions from the management of the FTG on the factual findings of and conclusions arrived at by the auditor.

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In the event that at the exit meeting certain matters arise which may call for further investigation or verification of factual findings, it will be done.

1.7.7 Exit Meeting

There was an exit meeting for the purpose of discussing key findings in the interim report and clarifying any issues before a final report was prepared and submitted.

1.7.8 Deliverables

The expected deliverables of the audit were: -

1. Work Plan.
2. The Interim Report.
3. Final Report.

1.7.9 Duration

The audit was undertaken within a period of one hundred and sixty (160) days from the date of signing the consultancy contract.

1.7.10 Confidentiality

The governance auditor undertook to observe and at all times observed confidentiality in respect of any communication received from the FTG or its authorised agents and any information that came into the possession of the auditor in the course of the consultancy.

1.7.11 Operating Environment

This audit covers the period Financial Year 2022 when the country and the whole world was recovering from the unprecedented challenges caused Covid19 pandemic. The operations were affected by the geopolitical tensions arising from the Russian-Ukraine crisis and shifts in monetary policy that led to volatile global environment and a dramatic pickup in global inflation at the end of 2022.

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1.7.12 Assumptions

The auditors made the following assumptions in order to form an opinion and in preparing this report:

1. Accuracy of the information provided.
2. All written information contained in documents and records provided by the Board through its officers is truthful, accurate, and current.
3. Authenticity of records and documents, i.e. that the records and papers provided as originals or otherwise are exactly what they claim to be.
4. Facts are important.

1.7.13 Limitations

The scope of the governance audit conducted on the FTG was carefully circumscribed by the parameters provided by the Code of Corporate Governance Practices for Issuers of Securities to the Public, 2015. The governance position given in this report constitutes the considered opinion of the auditor. The auditor has taken efforts to ensure that the opinion is correct and accurate.

1.7.14 The Auditor

The audit was carried out by Helen Kiende Mungania who holds an LLM in Corporate Law from the University of South Africa, an LLB from the University of Nairobi. She was admitted as an Advocate of the High Court of Kenya on the 29th December 1998 and has extensive experience in legal and corporate governance practice. She is presently the Managing Partner at KNM Law Associates LLP.

The auditor is a Certified Governance Auditor and her accreditation number is GA/00027.

2 FINDINGS ON THE AREAS OF ASSESSMENT

The findings are reported for all the governance parameters set out in in the CMA

Code:

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2.1 Ethical Leadership and Strategic Management

Leadership of the company should rest with the Board as per the CMA Code. The board should provide overall leadership and be responsible for the strategic direction of the company; ensure that there is a mission, vision and values that guide and shape the company; ensure that the company has adequate resources to fulfill its mandate; ensures separation of the roles of the Board, Chairman, CEO and management and ensures that a succession plan and work plan for the board are in place. The board should exercise control and remain accountable to shareholders and relevant stakeholders. The Board should have appropriate autonomy and authority to exercise its functions and offer effective leadership. We sought to understand whether the board understood and implemented their roles as stipulated hereinabove and the process of appointment of board members and the mix of skills, competencies, and experiences to ensure that there is diversity. Further, we sought to establish if there was an effective mechanism of monitoring implementation of board resolutions and policies by management.

2.1.1 Findings

- i. FTG's operations during the period under review were directed by strategic objectives, strategic goals and annual work plans.
- ii. There was a constitution in place and a Board Charter had been approved by the Board. The vision, mission and core values as well as the organogram were clearly communicated in the website and the annual report
- iii. The Board ensures that the performance of FTG is reviewed on a quarterly basis against the objectives and the work plans.
- iv. The Board ensures that its decisions are consistent with the work plan and the FTG's vision, mission and values.
- v. The Chairman provides overall leadership to the Board and plays a key role in setting the agenda for board meetings, encourages directors to participate in board deliberations and conducts efficient board meetings.

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- vi. The Board has an approved organogram which forms the basis of implementation of the work plans. The position of Internal Auditor was vacant.
- vii. The board delegates responsibilities to the CEO, defines authority levels, sets performance targets for the CEO and reviews his performance.
- viii. The Board provides ethical leadership in management of FTG and has established core values and ensured that they are aligned to the Constitution and underpin sustainable practices.
- ix. the Board has put in place a HR Policies and Procedure Manual which contains a code of conduct and disciplinary procedure.
- x. The Board does not have a Conflict of Interest register and Declaration of Conflict of Interest is not included in agenda for meetings.
- xi. There is no succession plan for the board, CEO and senior management and succession is not a board agenda item in at least one board meeting per year. There was also no evidence of FTG undertaking professional development of its directors. However, it was noted that FTG successfully facilitated 71 trainings in 2022 to inculcate new skills in employees.
- xii. The Board has an annual work plan for FTG and ensures adherence to the timeframes and performance goals/targets stipulated in the workplan.
- xiii. The Board utilizes ICT in monitoring performance through automated project completion and has in place an automated dashboard to monitor performance.
- xiv. A communication policy exists to drive corporate image and reputation, and has incorporated the use of media briefings, documentaries, newsletters, corporate colors & CSR activities.
- xv. FTG has a specific branding strategy on corporate reputation and image.
- xvi. The board promotes a positive image of the FTG
- xvii. Internal audit is responsible for receiving and investigating any issues reported through whistle blowing.
- xviii. No evidence was presented on procedure on handling of Complaints.
- xix. The recommendation in the Governance Audit report for 2021 have not been implemented.

2.1.2 Recommendations

Recommendation	Management Response
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The Board should introduce a Declaration of Interest register and explore ways of having it circulated and signed by Members after every virtual meeting.	
Introduce quarterly reports on adherence to the code of conduct and have one of the board committees consider the same	
The Board to develop a strategic plan for FTG and include monitoring of implementation of the same in the annual Board work plan.	
Fill the position of Internal Auditor	
Consider introducing a succession plan for the board and senior management and having an agenda on succession in at least one meeting per year.	
Board to ensure that recommendation of the regulator and Governance Auditor are implemented.	

2.2 Transparency & Disclosure

Disclosure creates and sustains confidence of investors, stakeholders and the wider society while providing opportunities for continuous improvement of business structures and processes. It also allows stakeholders to understand a company's activities, policies and performance concerning environmental and ethical standards as well as relationship with the communities where it operates. On the other hand, transparency refers to the degree to which information flows freely within an organization, among managers and employees and outward to stakeholders.

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The CMA Code requires issuers of securities to disclose their dealings both internally and externally. These include amongst others the number and names of directors, board committees and membership, the board charter, policy on procurement, vision, mission and values, corporate governance policy, key stakeholders, board performance, remuneration policy, whistle Blowing policy, sustainability reporting, corporate citizenship and compliance with laws and regulations.

2.2.1 Findings

- i. FTG displays its mission, vision and core value statements around its premises and are clearly stated in the Annual Reports, website, policies and manuals.
- ii. A detailed corporate governance statement, listing of all board members by name and qualifications form part of the Annual reports together with Chairman's and CEO's statements. Equally disclosed board committees and members of senior management by name, qualification and designation.
- iii. FTG filed the reporting template to the Capital Markets Authority as part of Corporate Governance compliance requirements on the
- iv. It was noted that FTG had neither undertaken evaluation of the performance of the board and its' committees nor included the Board Evaluation report in the Annual Report for the year 2022.
 - i. Key stakeholders and shareholders are disclosed in the annual report
 - ii. The remuneration of directors individually and collectively and salaries of the CEO and senior management are disclosed in the Annual Report.
 - iii. There is no whistle blowing portal on the website. The Code of Ethics and Conduct policy and Whistle blowing policy are disclosed on the website.
 - iv. Conflict of interest policy is not disclosed on the website.
 - v. The extent to which the Code of Conduct and Ethics and Whistle blowing policy have been effective in tackling unethical behaviour in FTG has not been disclosed on the website
 - vi. The policy on risk management and key risks FTG is exposed to have not been disclosed in the annual report and reports presented to the board.
 - vii. The Board ensures complete, timely, relevant, accurate and accessible risk disclosure to stakeholders
 - viii. The factors that affected FTG's financial condition and results of operation for the year 2022 and known trends likely to have material effect on the financial condition are disclosed in the Annual report

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- ix. The board discloses any deviation from financial policies; related to third party transactions and policy corporate social responsibility and investment in the Annual report.
- x. The policy on corporate social responsibility and investment, whistle blowing policy and insider trading policies are disclosed on the website.
- xi. The policy on procurement is not disclosed on the website.
- xii. Stakeholder engagements disclosed in the Annual Report.
- xiii. The extent of compliance with laws, regulations and standards is disclosed in the Annual Report and on the Website.
- xiv. The board has included a comment on sustainability of FTG in the Annual Report.

2.2.2 Recommendations

Recommendation	Management Response
Disclose the number of meetings held by the Board and its Committees in the Annual Report	
Conduct and disclose the results of the Board Evaluation in the Annual report	
Disclose conflict of interest policy on the website	
Disclose the policy on procurement on the website.	
Develop a Conflict of Interest Policy, ICT policy, Stakeholder Engagement Policy, Sustainability policy, Investor Relations Policy recommended in the Governance Audit for 2021 and disclose the same on the website.	
Disclose key risks and policy on management of risk and extent of compliance with laws, regulations and standards in the Annual Report	

2.3 Compliance with Laws and Regulations

The Corporate Governance Code requires issuers of securities to undertake an independent legal audit every two years to establish the level of compliance with relevant laws and regulations. The Board is expected to conduct FTG's business and affairs in full compliance

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with all applicable laws, rules, regulations and standards. This covers formulation of a compliance strategy and facilitating periodic legal and regulatory compliance audits. As part of compliance management and monitoring, the Board should ensure all applicable laws, rules, regulations, codes and standards are clearly identified, documented and adhered to.

2.3.1 Findings

- i. The Board has identified the laws, rules, regulations, codes and standards that are applicable to FTG, documented them and ensures that they are observed.
- ii. The policies, institutional frameworks and administrative procedures of the FTG effectively support implementation of FTG's Constitution and applicable laws and regulations.
- iii. The Board ensures that the compliance strategy is aligned to the operations of FTG
- iv. There exists internal procedures and monitoring systems to promote compliance with applicable laws, regulations and standards
- v. A high-level compliance review of FTG was undertaken in 2021. We were not able to establish if the recommendations were implemented.
- vi. Where required by law or regulations, the Board has filed compliance reports on all statutory obligations as required.
- vii. We were not able to establish if FTG has a board resolution tracking matrix.

2.3.2 Recommendations

Recommendation	Management Response
Ensure that FTG carries out an internal legal compliance audit annually and an external independent legal audit every two years	
The board to develop a legal compliance strategy comprising of internal procedures and monitoring systems that promote and enhance compliance with relevant laws and regulations and assign responsibility for compliance to specific functional units.	
The Board to monitor implementation of the recommendations in the Legal Audit report.	
Introduce a compliance register	

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Introduce a board resolution matrix to track implementation of board resolutions.	
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2.4 Communication with Stakeholders

The board should enhance public awareness on FTG'S business and trigger stakeholders into action towards promotion of the company's products in Kenya. Best practice in good governance dictates that the board maintains an effective communication strategy that safeguards the rights of the shareholders and the public in general. This deepens the board's understanding of the impacts of key issues on the business alongside the community it operates in and informs strategic planning.

The Board has mapped the company's stakeholders, stakeholder interests, ways of creating and preserving value and identified engagement platforms to ensure effective communication. The key stakeholders include employees, customers, shareholders/investors, regulators/government and society. Engagement platforms include trainings, KPI appraisal departmental meetings, quarterly meetings, AGM, financial statements, media releases, investor presentations, annual reports, corporate policies, CSI investment programs and volunteering programs.

2.4.1 Findings

- i. The Board does not have a Media Engagement Strategy and a Stakeholder Relationship Management Strategy.
- ii. Communication with stakeholders is done through press releases, the annual report and the website.
- iii. The board facilitates consultations amongst stakeholders on key issues through the AGM
- iv. FTG has internal communication systems that allow proper reporting up, down and across as demonstrated by the group structure
- v. The Board has identified the Group Marketing Director as FTG's spokesperson in conjunction with the Chairman and CEO.

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- vi. The website provides stakeholders with information of the FTG's products, subsidiaries, regulatory reports and policies.

2.4.2 Recommendations

Recommendation	Management Response
Introduce a complaint reporting portal on the website	
Develop a Corporate Communication Policy which includes a policy on media relations	
Develop a Media Engagement Strategy and a Stakeholder Relationship Management Strategy.	
Establish a committee to handle stakeholder engagement and table reports to the board through the relevant Committee.	
Develop a system of monitoring resolution of complaints	

2.5 Board Independence and Governance

Board members have a fiduciary function to steer the organization towards a sustainable future by adopting sound, ethical, and legal governance and financial management policies, as well as by making sure the organization has adequate resources to advance its mission. The Board should be composed of competent, diverse and qualified members capable of exercising objective and independent judgement.

2.5.1 Findings

The board of FTG conforms to the legal and regulatory framework and is properly constituted as per the Constitution. The board is comprised of a chairman, Founder and CEO, two executive directors and one non-executive director who have been in the company since 2014.

- i. The appointment letters for the directors are available.

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- ii. Board appointments are made in line with the Constitution and Companies Act 2015 and take into consideration gender, competencies, diversity and mix of skills.
- iii. The appointments of the board members are not staggered to ensure phased transition.
- iv. The Board has separated its role from that of management; the office of Chairman and CEO are held by different persons.
- v. The Chairman maintains a close but independent working relationship with the CEO.
- vi. The role of CEO and Secretary to the Board are held by different people.
- vii. At least one third of the Members are independent.
- viii. Members appointed by stakeholders owe their duties to FTG and not to the nominating authority.
- ix. FTG does not keep a Conflict of Interest register. Declaration of conflict of interest does not form part of the agenda for board and committee meetings.
- x. At least one third of the board is comprised of independent directors (non-executive directors) who bring an independent and objective approach to board decisions to minimize risks arising from conflict of interest or undue influence from external parties.

2.5.2 Recommendations

Recommendation	Management Response
The tenures of board members need to be staggered to ensure phased transition.	
Consider introducing a Conflict of Interest register, including declaration of conflict of interest in the agenda for board and committee meetings and having the register signed by directors in every meeting.	

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2.6 Board Policies, Systems, Practices and Procedures

The CMA Code requires restructuring of the board into committees covering amongst other areas, audit, board nominations, risk management, remuneration, finance, investment and governance. The Code also requires Corporations to develop an annual board work plan to guide its activities as well as the development of a board charter which sets out the roles, responsibilities, structures, process and authorities of the board. The board is also required to undertake an evaluation of its performance annually. Further, the board should ensure that the organization has adequate systems and processes of accountability, risk management and internal controls

2.6.1 Findings

- i. The Chairman is a non-executive director who chairs all board meetings;
- ii. The Chairman is not compliant with the CMA Code as he is a member of the Audit Committee and the Nomination and Remuneration committee.
- iii. The Chairman provides overall leadership to the board.
- iv. The board members are compliant on the requirement of multiple directorships.
- v. The recommendations of the Committees are presented to the board for approval.
- vi. The Board Charter provides that board meetings are to be held at least quarterly. In the year 2022 the Audit and Finance Committee held two meetings on 29th March 2022 and 25th August 2022 while the Board held one meeting on 29th March 2022. The AGM was held on 29th June 2022.
- vii. The meetings were quorate and chaired by the Chairman;
- viii. The board members dedicate adequate time and effort to meetings and the CS attends all board meetings.
- ix. We were not able to establish when notices and board papers for board and committee meetings are sent. However, we were informed that documents are shared with directors before the meetings.
- x. We were not able to establish if board and committee minutes were confirmed and pasted in the minute book.

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- xi. The board did not undertake an annual evaluation of its performance, its committees, individual members, the chairman, company secretary and the CEO in the year 2022 despite this having been recommended in the previous governance audits.
- xii. The board developed an annual board work plans for the year 2022.
- xi. The board has a board charter.
- xiii. There is no formal induction program for new board members.
- xiv. FTG has not put in place a Code on Ethical Conduct and uploaded it on the website. However, declaration of conflict of interest is not a standing board agenda item and there is no conflict of interest register
- xv. The board exercises independent judgement in exercising its duties.
- xvi. The board appoints the CEO and senior management through a competitive process; sets the performance targets for the CEO and reviews his performance.
- xvii. FTG's succession plan for the CEO and other senior management staff is in built in the system and is available at entity level.
- xviii. The CS ensures that resolutions of the Board are implemented; ensures preparation and circulation of board and committee papers and minutes;
- xix. The Corporation Secretary is not the custodian of the Seal since she is based outside Kenya. The use of the seal is managed by the Financial Controller and the transactions recorded in a register. Reports on use of the seal are not tabled to the Board.
- xx. The Chairman provides leadership to the Board; plays a key role in setting the agenda for board meetings and conducts efficient board meetings.
- xxi. The board takes responsibility for the preparation of the annual report and accounts and ensures that they are prepared in accordance with relevant financial reporting standards.
- xxii. The board nominated the external auditor and ensured that external audit of the financial statements is completed within three months from the end of the year.
- xxiii. We were not able to establish if FTG has an Enterprise Risk Management Policy and risk management framework
- xxiv. The board monitors and ensures that risks taken are within the set tolerance and appetite levels and reviews implementation of the risk management framework on a quarterly basis.

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- xxv. The board has appointed a committee responsible for risk management and ensures it obtains technical advice when necessary
- xxvi. Evaluation of the performance of the Audit committee is not done annually.
- xxvii. The board has established a risk management function and receives written assessments on the effectiveness of the system of internal control and risk management.
- xxviii. The board maintains an effective and efficient system of internal control and has set the responsibility for internal control in the board charter
- xxix. The board has delegated designing, implementing and monitoring of the effectiveness of internal control systems to management and receives report on its effectiveness on a quarterly basis.
- xxx. The board receives external auditor's assessment of the effectiveness of internal control systems and ensures that the internal audit function monitors rectification of any weaknesses noted.
- xxxi. There is a board committee overseeing the internal audit function and the external audit which is chaired by an independent member. One of the members of the committee has relevant qualifications and expertise in accounting with knowledge in risk management.
- xxxii. The board ensures that internal audit function is independent and reports to a Audit committee.
- xxxiii. The head of internal audit position is vacant despite the fact that a recommendation had been made to the Board to fill the position in the Corporate Governance report for 2021.

2.6.2 Recommendations

Recommendation	Management Response
Board to limit the directorships to three (3) listed companies and have new directors sign a declaration on other directorships and Code of Ethics and Conduct during induction.	

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Management to ensure that Board Members sign the Conflict of Interest register.	
The Board to consider introducing a succession plan for the board, CEO and senior managers and having an item on Succession Management as an agenda item.	
Board to conduct a self-evaluation of its performance or one conducted by an external governance consultant annually	
The Board to increase the number of independent and or non-executive directors to facilitate inclusion of wider expertise and skills.	
The Board to implement the recommendation of the Corporate Governance Assessment report by CMA for the year ended 31 st December 2022.	
The Board to develop a Business Continuity and Disaster Recovery plan	

2.7 Consistent Shareholder and Stakeholder Value Enhancement

The Board must ensure effective management of stakeholder interests to create goodwill, promote a positive image and enhance the achievement of corporate goals.

2.7.1 Findings

- i. The board has carried out stakeholder mapping. FTG collaborates with board members, employees, airlines, suppliers of goods and services, financiers, professional bodies, media, regulators, customers, public, community amongst others.

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- ii. The board safeguards the rights of shareholders and ensures that they receive adequate and timely information to enable them make appropriate decisions. The communication is mainly through the website by publishing financial results, annual reports, circulars, notices, policies, notices of AGMs, governance and audit reports. The Annual report provided information on FTG's activities, performance, its products, CSR activities and ESG.
- iii. Shareholders participated in the AGM by monitoring the performance of the board and adopting the audited financial statements, approval of appointment of external auditors and made contributions of the company matters. They had an opportunity to access the Nominated Advisor and Share Registrar to address questions regarding shares and the company.
- iv. Other policies, systems and guidelines in place to manage stakeholder relationships include Board charter, accessible website, Communication policy, Emails, Circulars, Annual report & Audited accounts, Code of Ethics & conduct, letters, SOPs, & reports, internal Memos and online engagement of stakeholders.
- v. The board takes into account legitimate interests and expectations of stakeholders in decision-making

2.6.2 Recommendations

Recommendation	Management Response
The Board to consider having an annual engagement with shareholders to educate them on their rights and obligations.	
Provide an interactive portal on the website for reporting complaints.	
Consider developing a stakeholder engagement policy	
Introduce reputation of FTG and its linkages with stakeholders as a regular board agenda item.	

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Introduce a Compliment & Complaint Register	
Consider conducting a stakeholder and shareholder satisfaction baseline survey,	
The Company to establish a formal process of dealing with internal and external disputes.	

2.8 Corporate Social Responsibility and Investment

The CMA Code requires companies to have a policy on good corporate citizenship with clear implementation evaluation by the board and a strategy on corporate reparation and image. The company should aim to protect, enhance and invest in the well being of the society as well as the natural economy.

2.8.1 Findings

- i. The Board has a Corporate Social Responsibility policy which clearly stipulates areas of engagement with society's social, environment and economic concerns as education, environment and sustainability, health and wellness and staff engagement and CSR programs.
- ii. In 2022 FTG and its subsidiaries donated water tanks in Rwanda, Mozambique, Kenya; conducted eye screening for staff at FTG; donated sanitizers to a primary school and hospital in Mozambique; sponsored a sports day at the University Nairobi; charity walk for the blind in Kenya; tree planting at Mau forest and Lesso Lessons created in collaboration with Ogilvy and the Ministry of Health Kenya. These CSR projects were disclosed in the Annual report and the website.

2.9 Sustainability

The Board has a responsibility to develop policy frameworks and systems that enable business continuity and long-term sustainability of the Company.

2.9.1 Findings

- i. The Board has integrated sustainability into the Company's strategy and management practices
- ii. FTG has established an ESG team with ESG champions in each company and appointed an ESG coordinator to streamline and support comprehensive ESG data

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collection and documentation efforts. FTG has also contracted an ESG consultant to guide the companies on ESG compliance measures and enhance coherence between their ESG and other corporate information.

- iii. FTG has invested in and is implementing management systems that safeguard their employees' health and safety.
- iv. FTG had set ESG targets for the year.
- v. The Board works closely with the management to ensure long term goals are well formulated and subsequently met
- vi. The Board focuses on long term talent development and allocates a budget.
- vii. The Board ensures continuous innovation of its processes, products and services
- viii. The board continuously monitors the performance of FTG and identifies areas that need improvement.
- ix. FTG has uploaded an ESG report for 2022 on the website capturing the initiatives made which included training of staff, raw material recycling, water tank donations, tree planting campaigns, solar energy project, internationally awarded Lesso Lessons project and replacing used motor vehicles with upgraded technology engines thereby reducing CO² emissions.

2.9.2 Recommendations

Recommendation	Management Response
Prepare a Succession Planning Policy and present annual reports to the Board on action taken.	
Annual reports on the appraisal of staff to be presented to the Board.	
An annual report on the implementation of sustainability strategies to be presented to the Board and included in the Annual report.	

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2.9 Analysis of Results on the Eight (8) Parameters

Governance Parameter	Total Points pointsscored		Percentage Rating		
Leadership and strategic management	125	109	88.8	4.4	Good
Transparency and Disclosure	80	72	90.0	4.5	Good
Compliance with Laws and Regulations	40	32	80.0	4.0	Good
Communication with Stakeholders	30	24	80.0	4.0	Good
Board Independence and Governance	80	69	86.3	4.3	Good
Board Policies, Systems, Practices and Procedures	235	178	75.7	3.8	Good
Consistent Stakeholder and Shareholder Value Enhancement	100	77	77.0	3.9	Good
Corporate Social Responsibility and Investment	25	20	80.0	4.0	Good
Sustainability	65	50	77.0	3.9	Good
Average			81.6	4.0	Good

3 CONCLUSION

FTG's operations during the period under review were directed by seven Strategies and business growth premised on the vision and mission and legitimate interests of stakeholders and long term goals on sustainability.

FTG's level of preparedness to meet the shareholders' goals and expectations is evidenced strong legal and regulatory framework, long standing operating infrastructure, competent, qualified and experienced Board of directors and qualified staff, its good relations with shareholders and stakeholders and its growth, expansion and operational standing coupled

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with the formulation of specific policies, systems and guidelines is proof of successful and beneficial observance of principles set to moderate governance practices.

FTG is led by the Board of Directors and supported by the Chief Executive Officer together with the management. The Board determines the strategic direction by coming up with strategies and ensures they are cascaded to all the subsidiaries. The Board uses an approved annual work plan pegged to the strategies, to carry out its roles, functions and responsibilities. It exercises independent judgment and diligence in discharging its duties. The Board appoints the CEO and senior management. The Board moderates and guides ethical leadership and corporate citizenship through the Board Charter, a set of core values, and Codes of Conduct and Ethics which are subscribed to by all stakeholders of FTG.

A significant oversight role of the Board in strategy management is ensuring financial stability and long-term sustainability. Hence, the board has set up an independent Audit Committee to work closely with the internal audit function to safeguard interests of the company and its stakeholders and instituted robust risk management systems, strong internal control processes and dynamic standard operating procedures. The Board is responsible for timely preparation of the budget; preparation of accurate financial statements and annual reports and having accounts audited and an independent audit opinion issued. The Board leads in openness, accountability, transparency and adequate disclosure of requisite data and information to build and sustain the confidence of investors, stakeholders and the wider society.

FTG has mapped its stakeholders and has an elaborate quality management system (QMS) that is used to manage stakeholder engagement, rights and relationships. The system incorporates stakeholder mapping for profiling their various needs and expectations. It is also used for risk management and monitoring, and to support ISO Certification, identification, documentation and implementation of applicable legal, regulatory and institutional frameworks. This forms part of the internal control system manned using an internal control manual and a stakeholder management procedure manual. The Authority has a fully-fledged public complaints policy for receiving complaints and compliments from

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stakeholders and interest parties, these are documented in a register for records, follow up and future reference.

As part of compliance management and monitoring, the Board has ensured clear identification and documentation of all applicable laws, rules, regulations, codes and standards for ease of reference and adherence. An independent legal and governance audit was done in 2019. Compliance with set laws, rules, regulations, codes and standards applicable by the Authority is part of sustaining its ISO Certification status and supports the quality management system. The Board and management are under performance contracting with set goals and targets as a benchmark on continuity, sustainability and performance management.

There is extensive use of information, communication and technology through an active website where important information and data for stakeholders is posted. Other communication provisions include a communication policy, a Service Charter, a CSR policy, a Procurement policy, media briefs, quarterly newsletters, Internal Memos, Circulars, HR manual, evaluation reports, ICT reports, ICT Policy, Passwords, Access rights, Login hierarchy rights, Job & adverts, Open days, help desks, State functions & events, photos, emails and visits to the company supported by an open door administrative system. The Board has implemented e board for its meetings.

In conclusion, the company has satisfactory levels of compliance with the eight parameters set out in the terms of reference. Recommendations have been made on the areas that need improvement.

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4 ANNEXURES

4.1 RECOMMENDATION IMPLEMENTATION MATRIX

S/NO	PARAMETER	RECOMMENDATION	RESPONSIBLE	TIME FRAME	BUDGET	STATUS

4.2 LIST OF DOCUMENTS REVIEWED

1. Board Minutes for a meeting held on 29th March 2022
2. Minutes of Audit and Finance Committee meeting held on 29th March 2022 and 25th August 2022
3. Signed Annual General Meeting Minutes 29th June 2022
4. Board Charter 2021
5. Annual Report 2022
6. FTG organogram
7. Procedure Manual
8. Directors Register
9. Corporate Governance Report 2021
10. CMA Corporate Governance Assessment Report FTC PLC for the year ended 31st December 2022
11. Corporate Governance Reporting Template for issuers of Securities to the Public for the year ended 31st December 2022
12. FTG Legal Compliance Audit Report 2021
13. Constitution – Memorandum and Articles of Association
14. FTG ESG Report 2022
15. FTG Diversity and Inclusion Policy
16. FTG Corporate Social Responsibility Policy
17. FTG Code of Ethical Conduct Policy
18. FTG Anti-Fraud and Whistleblowing Policy

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4.3 GOVERNANCE AUDIT FINDINGS

1.0 ETHICAL LEADERSHIP AND STRATEGIC MANAGEMENT

To achieve its strategic objectives, the organization should be led by an effective Board. The Board should give strategic direction to the organization, exercise control and remain accountable to shareholders and relevant stakeholders. The Board should have appropriate autonomy and authority to exercise its functions and offer effective leadership.

No.	GOVERNANCE PRACTICE	Evidence & Supporting documents	Rating					Total Score	Remarks
			(1)	(2)	(3)	(4)	(5)		
ROLE AND FUNCTIONS OF THE BOARD									
	Delegates responsibilities to the CEO and defines authority levels.	Board Charter Constitution. Board minutes Organogram Integrated Annual Report Code of Conduct					√	5/5	The Board delegates the implementation of the strategic objectives and goals and annual work plan to the CEO and the same are cascaded to the senior management and staff below.
	Sets the performance targets for the CEO and regularly reviews his performance.	Board Charter					√	5/5	The board does not sign performance targets with the CEO but he is in charge of implementation of the strategy and tables quarterly reports to the board.
	Has an appropriate succession plan in place for the CEO and senior management.	Board Charter and Constitution.				√		4/5	There is no succession plan for the CEO and Senior Management. By ensuring an adequate composition of the senior and middle management employees in all companies and adequate composition of the Board, the management has well prepared for the succession plan when required.
CORPORATION SECRETARY									
	Appoints a qualified and competent Certified Secretary and sets their terms of engagement.	Integrated Annual Report Board Charter Constitution					√	5/5	There is a company secretary duly registered in accordance with the laws of Mauritius. Juris Tax Limited has been retained to offer company secretarial services in Kenya

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No.	GOVERNANCE PRACTICE	Evidence & Supporting documents	Rating					Total Score	Remarks
			(1)	(2)	(3)	(4)	(5)		
	Empower the Secretary to enable him/her perform his/her role effectively.	Constitution and Board Charter					√	5/5	The Company Secretary is empowered with all required powers to perform his role effectively and efficiently.
	Determine that the members of the Board were appointed through a transparent and formal process.	Constitution and Integrated Annual Report				√		4/5	The Board has no changed since listing. The current board members were appointed in the AGM
	Ensures that there is diversity and a mix of skills in Board representation.	Integrated Annual Report					√	5/5	The Board has the appropriate balance of skills, experience, independence and knowledge of FTG Group's businesses.
STRATEGIC MANAGEMENT									
	Sets and oversees the overall organizational strategy and approves significant organizational policies.	Constitution and Board Charter Quarterly Financial reports					√	5/5	The board had strategic objectives and goals which were applied across the Group during the period under review.
	Ensures that the strategy is aligned to the mission of the organization and the legitimate interests of all its stakeholders.	Constitution Board Charter Integrated Annual Report					√	5/5	The Board approves and reviews the strategy on an annual basis to ensure that they are aligned to the mission of the organization and the interests of all its stakeholders and the long-term goals of the Company. Stakeholder feedback is taken into account in decision making.
	Ensures that the strategy is aligned to the	Budgets Integrated Annual Report					√	5/5	Yes. Sustainability of the company is inbuilt in the company's strategy. The Group

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No.	GOVERNANCE PRACTICE	Evidence & Supporting documents	Rating					Total Score	Remarks
			(1)	(2)	(3)	(4)	(5)		
	long-term goals on sustainability.	Quarterly reports							has a strategic long-term plan which is split among the subsidiaries and is tied to the financial performance of the Group, and the two are evaluated against each other quarterly.
	Approves the annual budget of the organization.	Minutes of board meetings					√	5/5	Board approved the Budget
	Ensures that organizational performance is reviewed against goals set in the strategic plan and at appropriate times and frequency throughout the year.	Minutes of board meetings					√	5/5	Specific targets were set and monitored for achievement.
	Ensures that decisions are considered and consistent with the strategic plan and the organization's vision,	Constitution and Integrated Annual Report					√	5/5	Yes. The Company has made all the necessary disclosures as required by the Code of Corporate Governance Practices for Issuers of Securities to the Public, 2015.

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No.	GOVERNANCE PRACTICE	Evidence & Supporting documents	Rating					Total Score	Remarks
			(1)	(2)	(3)	(4)	(5)		
	mission and values.								
	Approves the organization structure that will form the basis for the implementation of the organizational strategy.	Procedure manual Integrated Annual Report Organogram					√	5/5	The Group has and approved structure√
ROLE OF THE CHAIRPERSON									
	Provides overall leadership to the Board and plays a key role in setting the agenda for Board meetings.	Minutes of the meeting Constitution Board Charter					√	5/5	The Chairman provides effective overall leadership and is involved in setting agenda for meetings in consultation with the CEO and CS
	Encourages Board members to participate fully in Board deliberations and maintains a close but independent working relationship with the CEO.	Minutes of the meetings Board Charter					√	5/5	The chairman ensures that the environment in the meetings is conducive for constructive debate and encourages all the members to participate.

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No.	GOVERNANCE PRACTICE	Evidence & Supporting documents	Rating					Total Score	Remarks
			(1)	(2)	(3)	(4)	(5)		
	Encourages a culture of transparency and teamwork among Board members.	Constitution and Minutes of the meetings					√	5/5	The Board has constituted committees where the members are required to interrogate proposals and reports from management and table reports.
	Conducts efficient Board meetings and guides members towards decision making.	Constitution and Minutes of the meetings				√		4/5	Only one board meeting was held in the year 2022 and all items were discussed and decisions made. The board should hold a meeting every quarter as stipulated in the board charter.
SUCCESSION MANAGEMENT									
	Has in place a succession plan for the Board that incorporates a skills analysis, Board turnover and retirement.	Board Charter and Constitution			√			3/5	There is no succession policy for the board. The board to develop a succession plan and ensure that appointments are staggered.
	Undertakes at least one professional development program on an annual basis.			√				2/5	No professional training for board members was done in 2022. The board should do an evaluation of the board annually, identify the training needs and ensure that each member undertakes a minimum of 12 hours training annually.

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No.	GOVERNANCE PRACTICE	Evidence & Supporting documents	Rating					Total Score	Remarks
			(1)	(2)	(3)	(4)	(5)		
	Allocates a budget to undertake professional development consistent with the annual Board review.	HR department certificates 2019-2024 budget			√			3/5	A budget for training of board members should be included in the budget.
	Ensures that succession is a Board agenda item in at least one Board meeting each year.			√				2/5	Succession planning was not an agenda item in board meetings during the year under review.
	Has an appropriate succession plan in place for the CEO and senior management.	Board Charter and Constitution					√	4/5	By ensuring an adequate composition of the senior and middle management employees in all companies and adequate composition of the Board, the management has well prepared for the succession plan when required.
BOARD WORKPLAN									
	The Board has an annual work plan to guide its activities.	Board work plan					√	5/5	The board approves a work plan at the beginning of the year. in general. Specific assignments are monitored in the following meeting.
	The Board adheres to the timeframes	Minutes of the meeting					√	5/5	The board held the meetings as planned including the AGM

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No.	GOVERNANCE PRACTICE	Evidence & Supporting documents	Rating					Total Score	Remarks
			(1)	(2)	(3)	(4)	(5)		
	and performance goals/targets stipulated in the work plan								
TOTAL SCORE /PERCENTAGE							111/125	4.36 (87.2%)	

2.0 TRANSPARENCY AND DISCLOSURE

Transparency and disclosure is an important aspect of corporate leadership and management. It creates and sustains confidence of investors, stakeholders and the wider society while providing opportunities for continuous improvement of business structures and processes.

No.	GOVERNANCE PRACTICE	Evidence & Supporting documents	Rating					Total Score	Remarks
			(1)	(2)	(3)	(4)	(5)		
ORGANIZATION MISSION, VISION AND VALUES									
	A statement on the mission, vision and values of the organization is on the company's website and included in the Annual Report.	Integrated Annual Report Website					√	5/5	The mission, vision and values of the organization is on the company's website and included in the Annual Report
POLICY ON CORPORATE GOVERNANCE									
	A statement of policy on corporate governance and the extent of compliance thereof is included in the Annual Report.	Integrated Annual Report					√	5/5	Disclosed in the Annual Report
GOVERNANCE STRUCTURES									

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	The size and composition of the Board and its Committees are disclosed in the Annual Report.	Integrated Annual Report					√	5/5	The size and composition of the Board and its Committees are disclosed in the Annual Report.	
KEY STAKEHOLDER GROUPS										
	Key stakeholder groups and the nature of their engagement with the organization are disclosed in the Annual Report.	Integrated Annual Report					√	5/5	Key stakeholders and ways of engagement with the company disclosed in the Annual Report	
BOARD PERFORMANCE										
	A summary of the Board annual evaluation report is disclosed in the Annual Report.		√					1/5	The board did not undertake an evaluation of its performance in 2022	
REMUNERATION STRUCTURE										
	The remuneration and salaries of Executive directors, non-Executive Directors and senior management is disclosed in the financial statements.	Integrated Annual Report					√	5/5	Directors fees and remuneration was disclosed in the Annual Report	
CODE OF ETHICS AND CONDUCT										

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	The Code of Ethics and Conduct is disclosed on the organization's website.	Integrated Annual Report Website					√	5/5	Code of Ethical Conduct disclosed on the website	
	The policy on conflict of interest is disclosed on the organization's website.	Code of Ethical Conduct		√				2/5	A definition of conflict of interest included in the definitions. However, the company does not have an approved conflict of interest policy	
WHISTLE BLOWING POLICY										
	The Whistle Blowing policy is disclosed in the annual report and on the organization's website.	Integrated Annual Report Anti-Fraud and Whistleblowing policy					√	5/5	FTG has an approved Anti-Fraud and Whistleblowing policy which has been disclosed on the website.	
KEY ORGANIZATIONAL RISKS										
	The policy on risk management and the key risks to which the organization is exposed are disclosed in the Annual Report	Integrated Annual Report					√	4/5	The principal risks and uncertainties were disclosed in the Annual report for 2022.	
FINANCIAL REPORTING										
	Known trends that are reasonably likely to have a material effect on the financial condition and results of future operations are disclosed in the Annual Report.	Integrated Annual Report					√	5/5	The principal risks and uncertainties were disclosed in the Annual report for 2022.	
	Related third party transactions are disclosed in the Annual Report.	Integrated Annual Report					√	5/5	Related third party transactions disclosed in the financial statements.	
CORPORATE CITIZENSHIP										

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	The organization's policy on corporate social responsibility and investment is disclosed in the annual report and on the organization's website.	Integrated Annual Report Website					√	5/5	CSR policy disclosed on the website. CSR activities undertaken during the year disclosed in the Annual report and on the website.
PROCUREMENT									
	The policy of the organization on procurement is disclosed to internal stakeholders.	Procedure manual					√	5/5	The procurement manual is in place
COMPLIANCE WITH LAWS, REGULATIONS AND STANDARDS									
	The extent of compliance with Laws, Regulations and Standards and any material departure from compliance has been disclosed in the Annual Report.	Legal compliance audit report Company website Integrated Annual Report					√	5/5	Legal compliance audit is disclosed in company's website.
SUSTAINABILITY REPORTING									
	A comment on sustainability should be included in the half-yearly and Annual Report.	Integrated Annual Report					√	5/5	A comment on sustainability included in the Integrated Annual Report for 2022
TOTAL SCORE/PERCENTAGE								72/80	4.5 (90%)

3.0 COMPLIANCE WITH LAWS AND REGULATIONS

The organization should conduct its business affairs in full compliance with all applicable laws, rules and regulations.

N o.	GOVERNANCE PRACTICE	Evidence Supporting documents &	Rating					Total Score	Remarks
			(1)	(2)	(3)	(4)	(5)		
	CONSTITUTION OF KENYA								

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N o.	GOVERNANCE PRACTICE	Evidence & Supporting documents	Rating					Total Score	Remarks
			(1)	(2)	(3)	(4)	(5)		
	The Board should ensure that policies, institutional frameworks and administrative procedures of the organization effectively support implementation of the Constitution.	Constitution Policies Integrated Annual Report					√	5/5	The board has policies, frameworks and administrative procedures that support implementation of the constitution.
APPLICABLE LAWS AND REGULATIONS									
	The Board ensures that laws, rules and regulations applicable to the organization have been identified, documented and observed.	Legal compliance audit report				√		4/5	High level compliance report for 2021 available. No evidence of internal legal audit undertaken in 2022
	The Board ensures that codes and standards applicable to the organization have been identified, documented and observed.	Legal compliance audit report Corporate Governance Audit for Issuers of Securities for 2022					√	5/5	Statutory reports for the year 2022 filed with the regulators.
COMPLIANCE STRATEGY									
	The Compliance Register is monitored and reported on a half-yearly basis.		√					1/5	The Company does not have a compliance register
	There exists internal procedures and monitoring systems that ensure action is taken to implement Board resolutions.	Board Minutes of the meeting.				√		4/5	The management implements board resolutions and reports on action taken under matters arising. Introduce a board resolution matrix to track implementation of board resolutions
LEGAL COMPLIANCE AUDIT									

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N o.	GOVERNANCE PRACTICE	Evidence & Supporting documents	Rating					Total Score	Remarks
			(1)	(2)	(3)	(4)	(5)		
	An internal legal compliance audit is carried out annually and its recommendations implemented.	Legal compliance audit			√			3/5	Internal legal compliance audit conducted in 2019
	Where required by law or regulations, a comprehensive and independent legal audit is carried out at least once every two years.	Corporate compliance audit is done once every two years					√	5/5	A high-level compliance audit done in 2021. A report on implementation of the recommendations not presented to the board.
	Where required by law or regulations, the Board has filed compliance reports on all statutory obligations as required.	Corporate Governance Audit for Issuers of Securities for 2022					√	5/5	Statutory reports filed in a timely manner
TOTAL SCORE/PERCENTAGE								32/40	4.0 (80%)

4.0 COMMUNICATION WITH STAKEHOLDERS

The Board must ensure effective communication between the organization and its stakeholders.

N o.	GOVERNANCE PRACTICE	Support Documents to be Reviewed	Rating					Total Score	Remarks
			(1)	(2)	(3)	(4)	(5)		
	The Board has put in place a communication policy that covers all key stakeholders.	Press releases Communication policy					√	5/5	Communication policy in place
	Internal communication systems allow proper reporting up, down and across the organization structure.	Organization chart and Organogram					√	5/5	The company has clear reporting lines as per the organization structure which facilitates communication
MEDIA RELATIONS									
	The Board has developed and ensures	Communication policy			√			3/5	There is no media relations policy but the communication policy

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No.	GOVERNANCE PRACTICE	Support Documents to be Reviewed	Rating					Total Score	Remarks
			(1)	(2)	(3)	(4)	(5)		
	implementation of a media relations policy.								stipulates how communication with external parties should be handled.
	The Board ensures effective communication with shareholders and other stakeholders.	Integrated Annual Report and Press releases.					√	5/5	Detailed information on the operations of FTG is communicated to shareholders and stakeholders in the Integrated Annual report and through press releases
ELECTRONIC COMMUNICATION									
	The website and/or intranet contain a facility for stakeholders to direct inquiries to the organization, media briefings and full texts of all notices of meetings and explanatory materials.					√		4/5	The board should introduce an interactive portal on the website for inquiries. Stake holders can access company's Financial statements, Press releases, Policies, CG audit report, Legal compliance report and ESG report on the website
	The policy of the organization on Information Communication Technology is disclosed to the internal stakeholders.	Company website		√				2/5	FTG has not developed and ICT policy
TOTAL SCORE/PERCENTAGE								24/30	4.0 (80%)

5.0 BOARD INDEPENDENCE AND GOVERNANCE

The Board should be composed of competent, diverse and qualified members capable of exercising objective and independent judgment.

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N o.	GOVERNANCE PRACTICE	Support Documents to be Reviewed	Rating					Total Score	Remarks
			(1)	(2)	(3)	(4)	(5)		
BOARD COMPOSITION, APPOINTMENT AND SIZE									
	There is in place a formal and transparent process for Board appointments based on merit.	<ul style="list-style-type: none"> • Board Charter • Constitution • Sample letters of appointment • Integrated Annual Report • FTG website 				√		4/5	The process of appointment of directors is stipulated in the Board Charter.
	Board appointments take into consideration competencies, diversity and mix of skills.					√		4/5	Board appointments take into consideration the qualifications, skills and experience and gender. The board to appoint more directors of the female gender.
	At least one third of the Board members are independent upon appointment and maintain their independence during the term of service on the Board.						√	5/5	Two of the five directors are independent/non-executive
	Board members nominated by stakeholders are cognizant that they owe their duties to the organization and not their nominating authority.						√	5/5	The directors owe their duties to the company.
	The Board size has conformed to the applicable legal and regulatory framework and codes of governance.						√	5/5	The Board size has conformed to the applicable legal and regulatory framework. However, the size should be expanded to onboard diverse skills and cater for diverse membership of the committees.

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N o.	GOVERNANCE PRACTICE	Support Documents to be Reviewed	Rating					Total Score	Remarks
			(1)	(2)	(3)	(4)	(5)		
	The Board is composed of Executive and Non-Executive members.						√	5/5	The board is composed of three executive and two non-executive directors.
	The Chairperson of the Board is a Non-Executive Director.						√	5/5	The Chairman is non-executive
	The appointment of the Board members is in writing and members signify their acceptance in writing.						√	5/5	Board appointment and acceptance is in writing
TERM LIMITS FOR NON-EXECUTIVE BOARD MEMBERS									
	There are term limits for Non-Executive Board members.	<ul style="list-style-type: none"> • Board Charter • Constitution • Integrated Annual Report • Website 					√	5/5	The term limits conform to the Code of Corporate Governance
	The renewal of a Board member's tenure is based on a favourable evaluation.			√				2/5	The board had not been undertaking annual evaluation of its performance, the performance of individual directors, chairman, CEO and CS.
SEPARATION OF ROLES									
	The Board has clearly separated its role from that of Management.	<ul style="list-style-type: none"> • Constitution • Integrated Annual Report • Board Charter 					√	5/5	The positions of Chairman, CEO and CS are held by different persons and their roles are stipulated in the board charter
	The office of the Chairperson and that of the CEO are held by different persons.						√	5/5	
	The Role of the CEO is separate from that of the Corporation Secretary.						√	5/5	
CODE OF CONDUCT									

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No.	GOVERNANCE PRACTICE	Support Documents to be Reviewed	Rating					Total Score	Remarks
			(1)	(2)	(3)	(4)	(5)		
	The Board ensures that a corporate gifts policy is in place	Code of Ethical Conduct			√			3/5	The Code of Ethical Conduct has provisions that staff are not to accept any payoff or consideration that may influence their decision making.
CONFLICT OF INTEREST									
	The Board discloses all real or perceived conflicts of interest in a conflict of interest register and ensures that such conflicts are managed accordingly.	Board minutes Code of Ethical Conduct		√				2/5	The Code of Ethical Conduct defines conflict of interest and gives examples if instances when it may arise. The Board does not have a conflict of interest register and declaration of conflict of interest is not included in agenda for board and committee meetings.
	The Board exercises independent judgment in discharging its duties.	<ul style="list-style-type: none"> Minutes of the meeting Integrated Annual Report 				√		4/5	Two out of the five directors are independent/non-executive. The presence of independent directors ensures the decisions are objective.
TOTAL SCORE/PERCENTAGE								69/80	4.3 (86.25%)

6.0 BOARD POLICIES, SYSTEMS, PRACTICES AND PROCEDURES

The Board should have appropriate autonomy and authority to exercise its functions and should be accountable to the shareholders. The Board has the responsibility of ensuring that the organization has effective systems and processes of accountability, risk management and internal controls.

No.	GOVERNANCE PRACTICE	Support Documents to be Reviewed	Rating					Total Score	Remarks
			(1)	(2)	(3)	(4)	(5)		
COMMITTEES OF THE BOARD									
	The Board has established and appointed Committees with specific terms of reference, taking into consideration	<ul style="list-style-type: none"> Integrated Annual Report Board and Committee Minutes 				√		4/5	There are three board Committees, Audit, Finance and Nomination and Remuneration Committee. Audit and Finance held two meetings while the

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	requisite skills and diversity.								Nomination and Remuneration Committee di not meet. Audit and Finance committees should hold separate meetings.
	The Board periodically reviews the mandate and performance of its committees.	Board Minutes		√				2/5	There was no evidence of review of the mandate and performance of committees.
	Committee decisions are subject to Board ratification.	Minutes of the board meeting					√	5/5	The committees make recommendations to the board for approval.
	The Chairperson of the Board is not a member of the committee responsible for audit and risk.	<ul style="list-style-type: none"> • Integrated Annual Report • Board and Committee minutes 		√				2/5	The Chairman is a member of the Audit Committee. The Chairman should not be a member of any of the committees.
	The Chairperson of the Board is not a chair of any committee.						√	5/5	The Chairman does is not a chair of any of the committees.
MULTIPLE DIRECTORSHIP									
	A Board member does not hold such position in more than what is provided for in the legal and regulatory framework and codes of governance.	<ul style="list-style-type: none"> • Constitution • Code of Corporate Governance 				√		4/5	The board members do not hold similar positions in more than three listed companies. Board members to declare other directorships during induction.
	A Chairperson does not hold such position in more than what is provided for in the legal and regulatory framework and codes of governance.					√		4/5	The Chairman does not hold the same position in more than two listed companies.
BOARD MEETINGS									
	The Board meets at least quarterly.	Minutes of the meeting		√				2/5	The board only held one meeting in 2022

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	Board members dedicate adequate time and effort to meetings.					√		4/5	Board members dedicate adequate time to consider agenda items presented.	
	The Corporation Secretary attends all Board meetings.							√	5/5	The CS attends all the meetings and records minutes.
BOARD EVALUATION										
	The Board undertakes a self-annual evaluation of its performance.	Code of Corporate Governance	√						1/5	The Board has not undertaken an evaluation of its performance since 2014.
	An independent annual Board evaluation is facilitated by an external governance consultant and results in a report with recommendations.		√						1/5	The Board has not undertaken an independent evaluation of its performance since 2014.
	The Board implements recommendations from the annual evaluation report.		√						1/5	No recommendations to implement as no evaluation has been done.
BOARD CHARTER										
	There is in place a Board charter that clearly defines the role and responsibilities of the Board.	Board Charter						√	5/5	Board charter in place
GOVERNANCE AUDIT										
	The Board ensures that it subjects the organization to an annual Governance Audit by an accredited Governance Auditor and implements recommendations from the Governance Audit Report.	Corporate Governance audit report for 2021				√			4/5	Annual Governance Audits done but there was no evidence of implementation of the recommendations.
BOARD REMUNERATION										

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	The Board has put in place a formal and transparent remuneration policy for Board members.	<ul style="list-style-type: none"> • Board Nomination and Remuneration Committee • Integrated Annual Report 			√			3/5	A formal and transparent remuneration policy for Board members has not been developed
	The remuneration policy has been approved by shareholders/key stakeholders.				√				2/5
BOARD INDUCTION AND CONTINUOUS SKILLS DEVELOPMENT									
	There is in place a formal induction program for new Board members.	Board Charter			√			3/5	We were informed that new directors are inducted. However, there is no formal induction program for new Board members.
FINANCIAL REPORTING									
	The books of accounts are prepared on a timely basis.	Integrated Annual Report					√	5/5	Yes
	The Board takes responsibility for the preparation of the annual report and accounts.	Integrated Annual Report, Directors' report					√	5/5	Integrated Annual Report seen.
	The accounts are prepared in accordance with relevant financial reporting standards.						√	5/5	Integrated Annual Report
	The Board reports in the annual financial statements on the going concern status of the organization.					√		4/5	Integrated Annual Report
	The Board ensures that the external audit of the financial statements is completed and an						√	5/5	Integrated Annual Report

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	audit opinion given within six months of the year-end.								
INTERNAL AND EXTERNAL AUDITOR									
	The Board nominates the external auditor for appointment in accordance with the relevant legal and regulatory framework and approves their terms of engagement and remuneration.	Integrated Annual Report AGM Minutes				√	5/5	An external auditor appointed during the AGM	
	The Board has established an independent Audit Committee which is responsible for overseeing the internal audit function and the external auditor.	Integrated Annual Report Audit and Finance Committee minutes				√	5/5	Audit Committee in place and it oversees the internal audit function and external auditor.	
	Majority of Audit Committee members are non-executive.	Integrated Annual Report Audit and Finance Committee minutes				√	4/5	Two of the Audit Committee members are non-executive. The chairman should not be a member of the Audit Committee	
	At least one member of the Audit Committee has relevant financial and accounting knowledge and experience.					√	5/5	The Chairman of the Audit Committee has relevant financial and accounting knowledge and experience.	
	The Board has established an internal audit function.	Integrated Annual Report Organogram			√		3/5	Internal audit function established. However, the position of Internal Auditor has been vacant for a long time.	
	The Board ensures that there is an effective risk based internal audit system.	Integrated Annual Report			√		3/5	The Risk Management Framework and Risk Management Policy not seen. The Internal Audit department tables reports	

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									on risk to the Audit committee.	
ROLE OF THE CHIEF EXECUTIVE OFFICER (CEO)										
	The CEO is responsible for the day to day operations of the organization.	Constitution, Board Charter Integrated Annual Report					√	5/5	<ul style="list-style-type: none"> The role of the CEO is spelt out in the Board charter. The CEO is responsible for implementation of the strategies. The CEO ensures that the resolutions of the board are implemented. The CEO acts as the link between the board and management. 	
	The CEO is responsible for the execution and communication of the Board's strategies, decisions and policies.						√	5/5		
	Serves as the link between the Board and Management.						√	5/5		
ROLE OF THE CORPORATION SECRETARY										
	The Corporation Secretary's relationship with Board members is at all times professional.	Constitution Board Charter Board minutes					√	5/5	The relationship between the CS and the board is professional.	
	The Corporation secretary provides guidance to the Board on their duties and responsibilities and on matters of governance.	Constitution, Board Charter					√	5/5	The CS inducts new board members on their responsibilities and on matters governance	
	The Corporation Secretary is the custodian of the seal of the organization and accounts to the Board for its use.	Board minutes		√				2/5	The CS is not the custodian of the seal and reports on use of the seal are not tabled to the board reason being that she is based outside Kenya. A register on use of the seal is in place.	
	The Corporation Secretary shall not be a member of the Board but attends all Board meetings.							√	5/5	The CS attends all board meetings, advices board members on matters before them and records minutes.
	Ensures that all Board papers are accurately written,				√				3/5	The CS is responsible for preparation of board papers.

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	are relevant and are available to the Board members in good time.									We were not able to establish if board packs are available to board members in good time
	Provides regular, thorough and prompt communication to the Board on key technical, financial and administrative matters.	Minutes of the meeting					√	5/5		The CS communicates to the board on legal, technical, administrative and financial matters.
RISK MANAGEMENT										
	The Board ensures that a policy on risk management is developed and implemented.			√				2/5		A policy on risk management is not in place
	The Board has set out its responsibility for risk management in the Board Charter.	<ul style="list-style-type: none"> • Board Charter • Audit Committee minutes • Integrated Annual Report • Organogram 					√	5/5		As per the Board Charter: It is the board's responsibility to ensure that key risks of FTG are identified, evaluated and mitigation plans put in place and thereafter monitor the effectiveness of the same. It is also the responsibility of the board to ensure that appropriate and effective risk management internal control processes operate in the company.
	The Board has appointed a Committee to be responsible for risk management in the organization.						√	5/5		Audit Committee in place
	The Board has established a risk management function in the organization.			√				2/5		There is no risk management function in FTG The position of Internal Auditor is vacant
	The Board receives from the internal audit function a written assessment of the effectiveness			√				2/5		The Board did not receive a written assessment of the effectiveness of the system of risk management on a quarterly basis from the

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	of the system of risk management on a quarterly basis.								internal audit function in 2022.
INTERNAL CONTROLS									
	The Board has set out its responsibility for internal control in the Board Charter.	<ul style="list-style-type: none"> • Procedure manual • Board minutes • Integrated Annual Report 				√	5/5	It is the responsibility of the board to ensure that FTG has effective internal control systems	
	The Board ensures an effective and efficient system of internal control is in place in the organization.					√	4/5	There are policies in place to ensure an effective and efficient system of internal controls.	
	The Board receives from the internal audit function a written assessment of the effectiveness of the system of internal control on a quarterly basis.			√			2/5	No internal audit function written assessment of the effectiveness of the system of internal control were presented in 2022.	
	The Board receives from the external auditor an assessment of the effectiveness of the system of internal control after the external audit process is completed.						√	5/5	The board receives the external auditors report through the Audit Committee.
TOTAL SCORE/PERCENTAGE								178/ 235	3.8 (76)

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7.0 CONSISTENT SHAREHOLDER AND STAKEHOLDER VALUE ENHANCEMENT

The organization should recognize the rights of all stakeholders and in keeping with good Governance practices ensure their equitable treatment. Stakeholder relationship should be managed in a proactive manner to ensure the realization of legitimate interests and expectations of stakeholders and the achievement of corporate objectives.

No	GOVERNANCE PRACTICE	Support Documents Reviewed	Rating					Total Score	Remarks
			(1)	(2)	(3)	(4)	(5)		
	The Board ensures that shareholders and relevant stakeholders receive adequate and timely information to enable them make appropriate decisions.	<ul style="list-style-type: none"> • Constitution • Website • Integrated Annual Report FY 2022 • AGM minutes 					√	5/5	Information to shareholders and stakeholders disseminated through circulars, press releases, website and AGM and published annual reports.
	The Board ensures that shareholders and relevant stakeholders receive the financial statements on time.						√	5/5	The shareholders and stakeholders are given the notice provided for in the constitution and Companies Act 2015 and financial statements circulated before the AGM.
	The shareholders/members approve payment of dividend and/or retention and/or remittance of surplus.						√	5/5	Shareholders approve payment of dividend in the AGM. Shareholders approved retention during the AGM held on 30 th June 2023.
	The Board facilitates consultation amongst shareholders/members on key issues.				√			3/5	The share registrar manages communication with shareholders while the CFO is responsible for engagement with investors.
	The Board facilitates shareholder/member education on their rights and obligations.				√			3/5	The board needs to hold a stakeholder engagement annually to educate shareholders on their rights and obligations
	The Board ensures that there is an effective shareholder/member dispute resolution mechanism in place.				√			3/5	There is a grievance handling procedure in the Code of Ethical Conduct

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No	GOVERNANCE PRACTICE	Support Documents Reviewed	Rating					Total Score	Remarks
			(1)	(2)	(3)	(4)	(5)		
									There is no framework for resolving shareholder disputes FTG should develop a shareholder dispute resolution policy and prove an interactive portal on the website for reporting complaints.
SHAREHOLDERS'/MEMBERS' OBLIGATIONS									
	Shareholders/members monitor the performance of the Board.	<ul style="list-style-type: none"> • Constitution • Website • Integrated Annual Report FY 2022 • AGM minutes 					√	5/5	The shareholders have to approve reappointment of directors.
	Shareholders/members appoint the external auditor.							5/5	The shareholders/members appointed the external auditor during the AGM held in 2022
	Shareholders/members approve the Financial Statements.							5/5	Shareholders/members approved the Financial Statements during the AGM held in 2022.
	Shareholders/members participate in material organizational decisions.							5/5	Resolutions in AGM are by voting and
MINORITY SHAREHOLDERS									
	Minority shareholders participate in material organizational decisions.						√	5/5	Resolutions in AGM are by voting and therefore minority shareholders also participate.
STAKEHOLDER ENGAGEMENT									
	The Board ensures that a policy on the management of stakeholder relationship is in place and implemented.	<ul style="list-style-type: none"> • Code of Ethical Conduct • Constitution • Website • Integrated Annual Report FY 2022 			√			3/5	FTG does not have a Stakeholder engagement policy. However, the procedure manual and Annual report stipulate the ways of engaging with specific stakeholders.
	The Board carries out stakeholder mapping and					√		4/5	FTG has mapped stakeholders as per the Annual Report

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No	GOVERNANCE PRACTICE	Support Documents Reviewed	Rating					Total Score	Remarks
			(1)	(2)	(3)	(4)	(5)		
	defines the stakeholders' relationship with the organization.	<ul style="list-style-type: none"> AGM minutes 							
	The Board ensures that regular stakeholder satisfaction surveys are carried out.			√				2/5	FTG does not carry out regular stakeholder satisfaction surveys.
	The Board has put in place an appropriate complaints management system that is reviewed periodically.			√				2/5	The Board needs to develop a complaint managements system
	The Board has in place an appropriate internal grievance management system.					√		4/5	The HR Policy has set out a procedure of dealing with staff grievances.
	The Board takes proactive steps to manage its relationship with National and County Governments.			√				2/5	There was no evidence on engagements with the national and county government
STAKEHOLDER RIGHTS									
	The rights and legitimate interests of stakeholders are taken into account in decision making.	Corporate Governance Statement				√		3/5	There is need for a structured way of engaging with stakeholders
DISPUTE RESOLUTION									
	The Board ensures that disputes among stakeholders are resolved effectively, efficiently and expeditiously.	Website Corporate Governance Statement Constitution Sample supplier contracts					√	4/5	Corporate Governance Statement provides that any disputes arising would be resolved through ADR. The Corporate Governance Statement outlines the procedures to manage resolution of disputes.
	The Board takes reasonable steps to					√		4/5	

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No	GOVERNANCE PRACTICE	Support Documents Reviewed	Rating					Total Score	Remarks
			(1))	(2))	(3))	(4))	(5))		
	encourage stakeholders to resolve their disputes through alternative dispute resolution mechanisms.								
TOTAL SCORE/PERCENTAGE							76/100	3.8 (76%)	

8.0 CORPORATE SOCIAL RESPONSIBILITY AND INVESTMENT

The organization should commit to operate ethically and promote corporate social responsibility and investment.

No.	GOVERNANCE PRACTICE	Support Documents Reviewed	Rating					Total Score	Remarks
			(1))	(2))	(3))	(4))	(5))		
CORPORATE SOCIAL RESPONSIBILITY									
	The Board ensures that a policy on good corporate citizenship is in place.	Website Integrated Annual Report					√	5/5	A policy on good corporate citizenship is in place.
	The Board monitors the implementation of the policy on good corporate citizenship.	Board minutes			√			3/5	The Board does not receive quarterly reports on implementation of the policy but reviews the CSR activities in the Annual Report. The board also approves a budget for CSR
	The Board ensures that the organization develops a strategy on corporate reputation and image.	Website		√				2/5	
	The Board ensures that an appropriate budget is allocated for corporate social responsibility and investment.	Annual Report					√	5/5	FTG donated water tanks, conducted eye screening for staff, donated sanitizers to a primary school, participated in a
	The Board ensures that the organization	Annual Report					√	5/5	

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N o.	GOVERNANCE PRACTICE	Support Documents Reviewed	Rating					Total Score	Remarks
			(1)	(2)	(3)	(4)	(5)		
	respects and promotes a sustainable environment.								charity walk for the blind, planted trees and took part in a Lesso Lessons project in collaboration with Ogilvy and the Ministry of Health Kenya in 2022
TOTAL SCORE/ PERCENTAGE								20/25	4.0 (80%)

9.0 SUSTAINABILITY

The organizations should embrace policies that meet the needs of the present without compromising their ability to sustain their future development needs and objectives.

N o.	GOVERNANCE PRACTICE	Support Document Reviewed	Rating					Total Score	Remarks
			(1)	(2)	(3)	(4)	(5)		
SUSTAINABILITY GOALS AND STRATEGY									
	The Board has developed a policy on the sustainability of the organization including business continuity and ensured its implementation.	Website Annual Report Board Minutes ESG Report 2022			√			3/5	FTG does not have a Sustainability Policy. However, a strategy on ESG is in place.
	The Board spends a greater part of its time focusing on the future sustainability of the organization.					√		4/5	
	Balance economic, social and environmental concerns in the performance of the organization.					√		4/5	<ul style="list-style-type: none"> The board has adopted of a holistic approach to economic, social and environmental issues. The board considers the impact of FTG's operations on the community and environment in when making decisions The board develops long term goals are well formulated and subsequently met.
	Focuses on long-term talent development.						√	5/5	
	Ensures continuous innovation of its						√	5/5	

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N o.	GOVERNANCE PRACTICE	Support Document Reviewed	Rating					Total Scor e	Remarks
			(1)	(2)	(3)	(4)	(5)		
	processes, products and services.							<ul style="list-style-type: none"> The Board ensures continuous innovation of its processes and products, focuses on long term talent development. 	
	Has the capability to assess the financial viability and sustainability of the organization.					√	5/5		
PERFORMANCE MANAGEMENT									
	Has a policy on performance management and ensures its implementation.	Procedure manual Minutes			√			3/5	The board has no policy on performance management.
	Has put in place a performance management system and indicators that are linked to the strategy of the organization.					√		4/5	The board has set strategic objectives and goals and monitors implementation of the annual work plans.
	Checks if the organization has exhibited steady growth in net assets over the last four years.						√	5/5	Reports tabled to the board. The board should monitor performance on a quarterly basis.
	Undertakes a formal review of the CEO's performance on an annual basis.				√			3/5	This role is delegated to the Board Nomination and Remuneration Committee which did not hold a meeting in 2022.
	Ensures that all Board members are given the opportunity to give their input, via the Chairman, into the performance review of the CEO.				√			3/5	This is done when reviewing the quarterly performance reports.
	Allocate funds for training and development of the CEO on an annual basis.				√			3/5	A training budget is allocated by the board every year. However, there was no evidence of training of the CEO.
	Ensures that there is in place a system for the CEO to undertake annual performance reviews of senior				√			3/5	<ul style="list-style-type: none"> There was no evidence of annual performance review for senior management.

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No.	GOVERNANCE PRACTICE	Support Document Reviewed	Rating					Total Score	Remarks
			(1)	(2)	(3)	(4)	(5)		
	management and that all staff participate in such reviews.								<ul style="list-style-type: none"> The CEO should review performance of senior managers annually and table a report to the board.
TOTAL SCORE /PERCENTAGE								50/65	3.9 (77%)

10.0 SELF ASSESSMENT COMPLETION RECORD

Completed by	Verified by	Approved for Submission
Name & Designation	Name & Designation	Name & Designation
Signature	Signature	Signature
Date	Date	Date

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APPENDIX I - The Organization Undergoing through Governance Audit Should Submit the Following Documents (among others) to the Governance Auditor for Assessment:

Governance Audit Checklist Documents	Indicate if Submitted or Not Summited	Comments
Articles of Associations		
Board Charter		
Code of Conduct for Directors		
Code of Business Conduct		
Conflict of Interest Policy		
Whistle Blowing Policy		
Insider Trading Policy Manual		
Audited accounts & Annual Reports		
Strategic Plan		
Human Resource Policies and Procedure Manual		
Risk Management Framework		
Policies and Procedure Manual of Finance Department		
Customer Charter		
Internal Audit Procedures Manual		
Procurement Policy		
Procurement Plan		
IT Security Policies and Procedures Manual		
Policy on corporate governance		
Business Continuity Policy		
Board Induction Policy		
Board Training Calendar		
Environmental and Social Sustainability Policy		
Annual Budget		
Anti-Money Laundering Policy		
Control Assurance Framework		
Related party transactions Policy		
Conflict of Interest Register		
Minutes Book, Minutes, Notices and Agenda.		
Board Diversity Policy		
Record Retention and Disposal Policy		
Internal Audit Charter		
Staff Training Calendar		
Staff Induction Handbook		
Communication Policy		
media relations policy		
Annual Board Work-plan		
Board Remuneration policies and procedures		

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Executive Succession Planning Policy		
Corporate citizenship policies (corporate social responsibility and investment.)		
corporate disclosure policies and procedures		
A policy on voting at Annual General Meetings		
Corporate Reputation and Image Policy		
Dispute Resolution Policy		
Authority Levels Document		
Corporate Gifts Policy		
Stakeholders Management Policy		
Previous Governance Audit report		
Evidence on implementation of recommendations of previous Governance Audit		
Previous Legal Audit report		
Evidence on implementation in the previous Legal Audit report		