



# ESG REPORT



**2023**







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STRICTLY PRIVATE AND CONFIDENTIAL

# 1.0 Introduction

## Green Horizons: Our Sustainability Journey

**T**hroughout our journey, we have remained steadfast in our commitment to making positive impacts within the communities we serve. Our dedication to addressing environmental, social, and governance (ESG) issues has evolved alongside expanding our business operations. We are pleased to present our unwavering commitment in our comprehensive ESG Report.

While our business activities inherently reflect our values, we hold a deep passion for Sustainability. Recognizing the importance of showcasing our efforts, we strive to ensure a promising future for our business, employees, customers, communities, and the global community. Embracing the philosophy of Kaizen, we continuously identify areas for improvement. We acknowledge that our journey toward a low-carbon economy is ongoing, and we diligently pinpoint areas requiring enhancement.

We appreciate that ESG reporting is an ongoing process, and in our first ESG report, 2022, we implemented robust tracking mechanisms to gather supplementary metrics for future assessments. These mechanisms allowed us to delve deeper into our operations and pinpoint specific areas where additional data collection is imperative.

In the interim, we extend a warm invitation to delve into this preliminary overview of how FTG empowers our workforce, safeguards the environment, champions integrity, and enriches the communities we serve. This snapshot provides a glimpse into our ongoing commitment to excellence and Sustainability, laying the foundation for deeper exploration and dialogue.







## 2.0 Chief Executive Officer's Report

Dear Stakeholders,

I am pleased to announce the release of our second Environmental, Social, and Governance (ESG) report, which reflects our ongoing commitment to transparency, sustainability, and responsible business practices. As we continue to prioritize ESG initiatives, I want to emphasize the critical importance of ESG in Africa and the pivotal role it plays in shaping the future of our continent.

Africa, as a region, is experiencing rapid economic growth and the emergence of diverse industries. However, this growth brings with it unique environmental and social challenges. It is in this context that the principles of ESG become even more significant. By integrating ESG considerations into our business strategy, we not only mitigate risks but also contribute to the sustainable development of Africa and its communities.



Through our ESG efforts, we aim to minimize our carbon footprint, conserve natural resources, and support initiatives that protect biodiversity

## Environmental Responsibility in Africa

Africa is home to some of the most ecologically diverse and vulnerable landscapes on the planet. Our actions as a company have a direct impact on these environments. Through our ESG efforts, we aim to minimize our carbon footprint, conserve natural resources, and support initiatives that protect biodiversity. By demonstrating environmental responsibility, we contribute to the preservation of Africa's rich ecosystems for future generations.



## Social Impact and Community Development

The social dimension of ESG holds particular significance in Africa, where inclusive economic growth and community well-being are imperative. Our commitment to social impact includes empowering local communities, fostering diversity and inclusion, and upholding human rights throughout our operations. By integrating these principles into our business, we aim to drive positive change and create lasting value for society and our stakeholders.

## Governance and Ethical Business Practices

The importance of sound governance and ethical business practices cannot be overstated. In Africa, the promotion of transparency, accountability, and responsible leadership is crucial for sustainable and equitable development. Our adherence to strong governance standards not only ensures the integrity of our operations but also contributes to building trust and facilitating long-term partnerships across Africa. As we navigate the dynamic landscape of business in Africa, our commitment to ESG will continue to be a cornerstone of our corporate strategy. By embracing the principles of ESG, we are not only enhancing our own resilience but also contributing to the prosperity and well-being of the African continent as a whole.

In this year's report, we have expanded our ESG goals to include a new addition - Goal 6: Ensuring the availability and sustainable management of water and sanitation for all. This is in recognition of the importance of water as a vital natural resource and its role in sustainable development. Our commitment to Goal 6 underscores our long-term vision for a more equitable and sustainable world.

I am pleased to share that our efforts to reduce carbon emissions have yielded positive results. In the table included in the report, you will see a comparison of our carbon emissions and social performance between 2022 and 2023. Our carbon footprint Scope 1 & 2 has decreased by 25.8% over the past year, and we have made progress in meeting our social performance targets as well. These achievements are a testament to the hard work of our team and inspire us to continue pushing forward in our ESG objectives.

In addition to our core ESG pillars, we also recognize the importance of collaboration and partnerships in advancing sustainability. Over the past year, we have forged new relationships with like-minded organizations and stakeholders to drive meaningful impact in our communities and beyond.

Our ESG strategy is a critical part of our corporate vision, and I am confident that we will continue to deliver impact and value for all our stakeholders for years to come. I encourage all of you to explore our second ESG report, which highlights our progress, challenges, and insights into our ESG journey. I am proud of the dedication and hard work of our team in advancing our ESG agenda, and I look forward to furthering our impact in Africa and beyond.

Thank you for your unwavering commitment to sustainability and for your contributions to our company's responsible business practices and ESG goals.

Sincerely,

**Heril Bangera**  
FTG Holdings CEO





## 3.0 Chief Financial Officer's Report

Dear Stakeholders,

I am pleased to share with you the exciting news of our improved Environmental, Social, and Governance (ESG) report. This year, our ESG efforts have reached new heights, and I am proud of the tremendous progress we have made as a company. One of the key highlights of our enhanced ESG report is the introduction of new Key Performance Indicators (KPIs) that allow us to measure and track our sustainability performance more effectively. By expanding our metrics, we gain a deeper understanding of our environmental impact, social initiatives, and governance practices. This data-driven approach enables us to set ambitious targets and monitor our progress towards our ESG goals more comprehensively.

I am also delighted to inform you that our data collection processes have been upgraded across all our group companies. This enhancement enables us to collect accurate and reliable data regarding our environmental impact, social initiatives, and governance practices. With improved data collection, we can analyze and report on our ESG performance more transparently, allowing us to identify areas for further improvement. Furthermore, I am proud to share that we have appointed ESG champions in all our group companies.



One of the key highlights of our enhanced ESG report is the introduction of new Key Performance Indicators (KPIs) that allow us to measure and track our sustainability performance more effectively





These champions serve as advocates for sustainability within their respective teams and play a crucial role in driving the implementation of ESG initiatives. Their dedication and commitment to ESG have played a significant part in our progress and achievements thus far.

In line with our commitment to the environment and society, we have undertaken several social good (SG) initiatives. These include tree planting drives, donations of water tanks to communities in need, and the adoption of solar energy in our largest factory. These initiatives not only contribute positively to the communities we operate in but also align with our ESG principles and create a more sustainable future.

Partnerships with like-minded organizations have been instrumental in advancing our ESG agenda. Through these collaborations, we have been able to leverage shared expertise and resources to create meaningful and long-lasting impact in Africa. We firmly believe that by working together, we can achieve greater sustainability outcomes and drive positive change. I am thrilled to share that our commitment to corporate governance has been acknowledged with a high score in our recent audit. This recognition affirms our dedication to upholding ethical practices, transparency, and accountability across all levels of our organization. We will continue to prioritize strong corporate governance as a fundamental pillar of our ESG strategy.

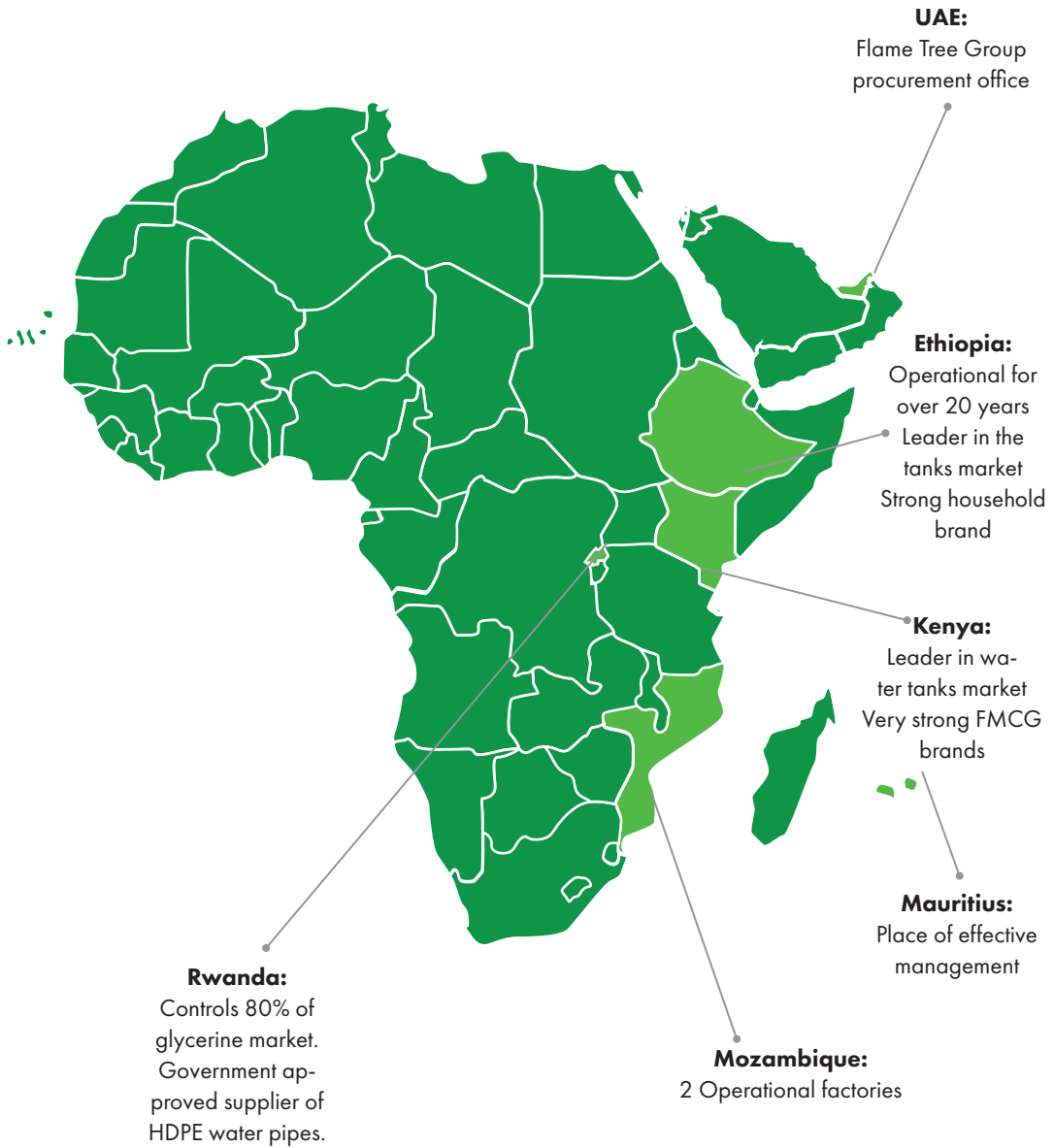
Lastly, I want to emphasize that our ESG principles are firmly embedded in our company values and procedures. We strive to ensure that sustainability considerations are an essential part of our decision-making processes, from the boardroom to day-to-day operations. By aligning with international standards and best practices, we reinforce our commitment to responsible business practices in the context of ESG. I want to express my sincere gratitude to each and every one of our staff for their unwavering dedication and support in our ESG journey. While we have accomplished significant milestones, we are firmly committed to continual improvement in the context of ESG in Africa. Together, we will build a more sustainable future for our company and contribute to the well-being of society and the environment.

Thank you for your ongoing commitment to our ESG goals.  
Sincerely,

**Beatriz Meijide**  
**FTG Holdings CFO**



# Pan-African Footprint

**KEY:**

 Flame Tree Group pan-african footprint





## **4.0 About Flame Tree Group**





**T**he name “Flame Tree” holds profound significance both in Africa and globally. Found abundantly across various regions of Africa and beyond, the Flame Tree stands as a striking symbol of nature’s grandeur. During its blooming season, these trees illuminate the forest with vibrant bursts of red, akin to candles casting a mesmerizing glow. Often referred to as the “Flame of Africa,” this majestic tree evokes notions of stability and natural beauty. At Flame Tree Group, we draw inspiration from this emblematic tree as we strive to connect with the people of Africa through our diverse range of products. With a commitment to offering World-class quality goods manufactured in Africa for Africa, our brands enhance the daily lives of individuals across the continent.

## OUR MISSION

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



## OUR VISION

Creating world class African brands

## OUR CORE VALUES

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

# Company Structure



## Water, Sanitation and Packaging

- Roto Moulders Limited, Kenya
- Roto Limited, Rwanda
- Roto PLC, Ethiopia
- Rino Tanques Lda, Mozambique
- Polyplay Limited, Kenya
- Jojo Plastics Limited, Kenya
- REX Industries Limited, Kenya



## Nutrition

- Chirag Africa Limited, Kenya
- Happys Golden Foods Limited, Kenya



## Retail and trading

- Cirrus International FZC, Dubai
- Buildmart Limited, Rwanda



## Beauty

- Flame Tree Africa Limited, Kenya
- Flame Tree Brands Limited, Rwanda
- Flame Tree Mozambique Lda, Mozambique



## Support services

- FTG Holdings Limited, Mauritius
- FTG Holdings Limited, Kenya



# Enriching Lives Through our Brands

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







## **5.0 Our ESG Journey**

# Navigating the Path to Sustainable Excellence

FTG is deeply committed to meeting and exceeding regulatory standards and embracing Sustainability in our operations. This commitment is ingrained in our organisation's culture, driving us to develop robust management systems that prioritise the well-being and safety of our workforce. Our overarching objective is to strengthen our competitive advantage, fortify our ability to confront challenges, adapt to change, and uphold our core values. Through our Corporate Social Initiatives (CSI) sustainability agenda, we are committed to thoroughly analysing and mitigating our impact on society and the environment while ensuring accountability for our performance.

At the core of our objectives lie the global sustainability pillars, intricately intertwined with the United Nations Sustainable Development Goals. As a responsible corporate leader, we deeply embed these pillars into our identity, prioritising the safety and quality of our products to nurture ethical value chains. Our commitment extends to making a positive impact and holding ourselves accountable to the communities in which we operate. Furthermore, we dedicate ourselves to fostering vibrant communities, generating employment opportunities, and actively advocating for a healthy environment. This entails conscientiously monitoring carbon emissions and waste management, contributing to reforestation efforts, and striving for positive biodiversity outcomes.

Guided by the NSE ESG Disclosures Guidance Manual, we are fervently engaged in addressing critical social challenges through our business operations, recognising the increasing significance of non-financial metrics in evaluating corporate performance. Consequently, we integrate our comprehensive Environmental, Social, and Governance (ESG) framework, aligning it meticulously with the Sustainable Development Goals (SDGs) to intricately weave our Corporate Social Investment (CSI) initiatives into our business objectives. This collaborative approach facilitates the growth of our Group and generates widespread benefits for society at large.

In our inaugural year of ESG report 2022, we took a significant step by establishing a dedicated ESG team. This team is composed of ESG champions from each company, along with an ESG coordinator. Their primary focus is to streamline and strengthen the comprehensive collection and documentation of ESG data. As a result of these concerted efforts, we have successfully pinpointed areas of opportunities and improvement, providing valuable guidance for ESG compliance measures.

Additionally, these initiatives have facilitated better alignment between our ESG objectives and other corporate information, fostering a more cohesive approach to our overall sustainability strategy. Our ongoing efforts are focused on establishing a comprehensive risk management framework spanning our Group's business operations. This enables us to fulfil the needs of our stakeholders while upholding our position in society. By enhancing risk management practices and ensuring compliance, we are also dedicated to contributing to the resolution of social challenges. We aim to maximise economic and social value through our business activities. Additionally, we are committed to fostering improved communication and engagement with our stakeholders to understand better and address the core concerns of our customers and society.



**Our overarching objective is to strengthen our competitive advantage, fortify our ability to confront challenges, adapt to change, and uphold our core values**



## Our ESG Team



**Beatriz Meijide,**

**Group Financial Officer- Flame Tree Group Holdings**

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



**Christine Gatakaa**

**Sustainability/ ESG consultant**

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







**Edna Maina**  
**Group ESG Coordinator**



**Samuel Muriki**  
**ESG Champion**  
**- Polyplay**



**Susan Mutuku**  
**ESG Champion**  
**- Roto Moulders**



**Uttham Poojary**  
**ESG Champion**  
**- Roto PLC**



**Elizabeth Nato**  
**ESG Champion**  
**- Jojo Plastics**



**Elizabeth Njoroge**  
**ESG Champion**  
**- Flame Tree Africa**



**Venkatesh GR**  
**ESG Champion - Rino Tanques**  
**- Mozambique**



# Steps we have taken in our ESG transformation

## ✓ Defining ESG and its impact on FTG business

In our journey towards integrating Environmental, Social, and Governance principles into our business, we have thoroughly explored our role within the climate change narrative. Recognising the manufacturing sector's contribution to environmental impact, we have keenly examined our processes to unveil our footprint. This introspection is not solitary but marked by an ongoing dialogue with internal stakeholders and external experts, illuminating the path forward.

Delving into the depths of ESG, we have drawn insights from esteemed sources like the NSE ESG Disclosures Guidance Manual and the CMA guide on Corporate Governance. These references have helped us delineate key priorities essential for fostering social value. From addressing climate change challenges to nurturing human resources development, ensuring robust governance and compliance frameworks, and championing data privacy and security, our focus areas are diverse yet interconnected. Each facet contributes to the holistic approach we have adopted towards Sustainability.

## ✓ ESG Indicators

As we chart our course, we have established a set of ESG indicators to measure our progress. These indicators aim to quantify our positive impact on the environment and society. Our goal is not just to meet standards but to exceed them, to tangibly demonstrate our commitment to creating value beyond financial metrics.

## ✓ ESG Accountability: Reporting on ESG indicators to the Board of Directors

Our journey towards ESG integration does not end with setting indicators; it extends to reporting and accountability. Through collaborative efforts involving management insights and industry expertise, we have developed robust reporting mechanisms. This ensures that our non-financial performance is not just an afterthought but an integral part of our organisational management. Annually, our ESG report will serve as a testament to our progress, following a rigorous information validation process to mitigate risks and errors.

Our commitment to ESG is not just a checklist; it is a journey of introspection, collaboration, and continuous improvement. As we navigate this path, we remain steadfast in our dedication to creating enduring value for our stakeholders and the world.



## Our ESG Targets

01

### Environmental

#### Development of an Environment and Social policy, including:

- ✓ Annual carbon reporting
- ✓ Reducing our carbon footprint by sourcing renewable energy
- ✓ Promoting circular solutions and minimising waste to landfill
- ✓ Reducing water usage through water harvesting and recycling efforts
- ✓ Reducing paper use across all our offices
- ✓ Deploying a plan for a responsible procurement approach

02

### Social

#### Our company is committed to the following principles:

- ✓ All our employees receive training to acquire the technical skills necessary for their roles.
- ✓ We prioritise health and safety at work, aiming for zero accidents through continuous improvement.
- ✓ We strive for a 50:50 gender balance in our workforce.
- ✓ Our strong community engagement is demonstrated through our Corporate Social Investments.
- ✓ We conduct 100% quality assessments of our products to ensure the safety of our brands for our customers and consumers.
- ✓ We are dedicated to developing and aligning our human resources with the company's needs.

03

### Governance




- ✓ Ensure the ESG agenda is integrated into the discussions of the Board of Directors and Management to promote a sustainable development mind-set.
- ✓ Adhere to the FTG Code of Conduct, laws, and established policies. Conduct an annual review to strengthen the Code of Conduct and ensure compliance.
- ✓ Promote diversity in leadership.





## Our ESG Risk Areas and Opportunities

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

Risk	Importance	Issues we consider	Our approach	Opportunities
Environment		<p>The global transition to green energy.</p> <p>Stricter environmental regulations.</p> <p>Carbon emissions.</p> <p>Biodiversity conservation &amp; Land use.</p>	<p>Switched to solar power energy</p> <p>Installation of power factor correction equipment</p> <p>Investment in recycling machinery in all our sites</p> <p>Recycled material as part of our production inputs</p>	<p>Cost savings through reduced energy costs</p> <p>Improved efficiency as power factor corrections reduces energy waste.</p> <p>Recycling profits: investment in recycling will create new revenue streams by processing and selling recycled materials.</p>
Social		<p>Strained community relations</p> <p>Shifting consumer behaviour</p> <p>Data privacy, security and protection</p> <p>Human capital and rights.</p> <p>Occupational health and safety</p>	<p>Invested in Corporate Social Investments to support communities in countries of operation.</p> <p>Continuously work towards innovations to meet our customers' needs.</p> <p>Development of human capital through training and an effective appraisal system.</p> <p>Data protection policy implementation</p>	<p>Transitioning to solar power and using recycled materials reduce greenhouse gas emissions, contributing to global climate change.</p> <p>Improved customer satisfaction, and loyalty,</p> <p>Improved employee relations.</p> <p>Improved return on sales,</p> <p>Sales growth,</p>
Governance		<p>Shareholder transparency</p> <p>Risk management structure.</p> <p>Bribery, Corruption, &amp; Political Risk.</p>	<p>Whistleblowing policy</p> <p>Insider trading policy</p> <p>Corporate governance Audit</p> <p>Anti-corruption training</p>	<p>Return on assets</p> <p>Return on equity</p>



## Stakeholder Engagement

As a company deeply ingrained in providing recognised consumer products, we keenly acknowledge the intricate web connecting our operations to the communities we serve and the environment we inhabit. Our commitment to fostering and preserving value is far-reaching, extending to diverse stakeholders. These include our communities, governmental bodies, dedicated employees, esteemed customers, valued business partners, industry peers, and trusted suppliers.

Central to our values is a resolute dedication to comprehending and fulfilling the needs and expectations of Flame Tree Group and all our stakeholders. We strive to do so while mitigating any potential erosion of value. This effort entails active engagement with our stakeholders, seeking their insights into their evolving expectations and participating in meaningful dialogues that shape our business strategy. Through these collaborative efforts, we aspire to cultivate sustainable solutions that enrich our stakeholders' well-being and engender lasting positive impacts within our spheres of influence.

Stakeholder group	Stakeholder interest	How value is created and preserved	Engagement platforms
<b>Employees</b>  <b>Metrics and key objectives that we monitor</b> <ul style="list-style-type: none"> <li>■ A culture that is client-cantered and innovative.</li> <li>■ A diverse and inclusive employee profile.</li> <li>■ Employee attrition.</li> <li>■ Employee satisfaction metrics.</li> </ul>	<ul style="list-style-type: none"> <li>■ A working environment that encourages professional growth and high performance.</li> <li>■ Motivated and skilled employees, together with efficient, innovative, and value-creating solutions, services, and operations, offer value to our customers.</li> </ul>	<ul style="list-style-type: none"> <li>■ Employment opportunities in the countries in which we operate;</li> <li>■ Rewarding employees for the value they add;</li> <li>■ Embracing flexible working practices;</li> <li>■ Encouraging our employees to embrace technological changes, further their careers, and improve our services and products; and</li> <li>■ Our contribution to the transformation towards a more inclusive society through employment equity and gender equality.</li> </ul>	<ul style="list-style-type: none"> <li>■ Learning &amp; Development Programmes (through annual training;</li> <li>■ Senior Management visits to touchpoints</li> <li>■ Email engagements</li> <li>■ KPIs appraisal and performance Review and Development Cycle)</li> <li>■ Department Meetings, Senior Management Quarterly Engagements, Team Groups, Senior Management Offsite, and Department Offsite</li> </ul>



Stakeholder group	Stakeholder interest	How value is created and preserved	Engagement platforms
<b>Customers</b>  <b>Metrics and key objectives that we monitor</b> <ul style="list-style-type: none"> <li>■ Brand value</li> <li>■ Customer satisfaction</li> <li>■ Client complaints.</li> <li>■ Impactful solutions that make a difference (e.g. aligned to UN SDGs).</li> </ul>	<ul style="list-style-type: none"> <li>■ Unique and quality products to meet their needs.</li> <li>■ Our customers remain key in driving up our sales, allowing us to fund our activities. Revenue rises as a result of acquiring more customers and strengthening existing relationships, while responsible business practices and world-class risk management prevent value loss.</li> </ul>	<ul style="list-style-type: none"> <li>■ Developing innovative products that meet our customers' specific needs;</li> <li>■ Understanding our customers' pain points;</li> <li>■ Value-for-money products that are competitive and transparent in the pricing</li> </ul>	<ul style="list-style-type: none"> <li>■ Marketing campaigns in TV, newspapers, and social media; Customer satisfaction survey;</li> <li>■ In-shop promotions;</li> <li>■ Product workshops and events;</li> <li>■ Digital and online marketing platforms</li> </ul>
<b>Shareholders/ Investors</b>  <b>Metrics and key objectives that we monitor</b> <ul style="list-style-type: none"> <li>■ ROE and ROI</li> <li>■ AGM voting outcomes.</li> </ul>	<ul style="list-style-type: none"> <li>■ Business continuity and expansion, including strategic investments, are made possible by the financial capital we obtain from equity and debt investors and retained earnings.</li> <li>■ Enhanced corporate reporting to inform the assessment of risks and returns and improved performance of the Group.</li> </ul>	<ul style="list-style-type: none"> <li>■ Boosting the Net asset value, dividends, returns, and share price;</li> <li>■ Preserving a healthy balance sheet to guard against downside risk (such as the Covid-19 pandemic, and Ukraine-Russia War);</li> <li>■ Sustainably investing in and expanding our operations; and</li> <li>■ Adhering to good ESG practices that guarantee the long-term viability of the Group.</li> </ul>	<ul style="list-style-type: none"> <li>■ Annual General Meeting;</li> <li>■ Financial statements;</li> <li>■ Media releases;</li> <li>■ Investor presentations; and</li> <li>■ Rolled out Oracle Net suite for financial &amp; analytical reporting.</li> </ul>





Stakeholder group	Stakeholder interest	How value is created and preserved	Engagement platforms
<b>Regulators/ Government</b> <ul style="list-style-type: none"> <li>■ Metrics and key objectives that we monitor</li> <li>■ Effective delivery of compliance with regulatory change (meeting minimum regulatory requirements)</li> <li>■ We are monitoring payment of corporate taxes.</li> </ul>	<b>Tax Compliance</b> <ul style="list-style-type: none"> <li>■ The economic and social development of the countries in which we operate depends on the tax we pay.</li> <li>■ Good governance and compliance.</li> <li>■ We have to fully comply with the laws of the countries in which we operate.</li> </ul>	<ul style="list-style-type: none"> <li>■ Embracing sustainable business practices and regulatory compliance; and</li> <li>■ Working closely with regulators in times of crisis.</li> <li>■ Contributing to government accounts through our corporate taxes and employees' taxes.</li> </ul>	<ul style="list-style-type: none"> <li>■ Annual audits</li> <li>■ Timely reports</li> <li>■ Corporate policies</li> <li>■ Regulators meetings</li> </ul>
<b>Society</b> <ul style="list-style-type: none"> <li>■ Metrics and key objectives that we monitor.</li> <li>■ We continuously work on building strong partnerships and relationships with our community through engaging in sustainable business activities and various CSR projects.</li> </ul>	<ul style="list-style-type: none"> <li>■ A business that serves the community better.</li> </ul> <p>We embrace our role in society as active builders of a thriving society.</p>	<ul style="list-style-type: none"> <li>■ Achieving positive economic, environmental, and social change through our SDG-aligned business activities;</li> <li>■ Being a valuable member of society as a consumer and supplier of goods and services; and</li> <li>■ Making a difference through our CSR activities and partnerships.</li> </ul>	<ul style="list-style-type: none"> <li>■ CSI investment programs; and</li> <li>■ Volunteering programs</li> </ul>





# **Our Environmental and Social Performance**



## 5.1 Our Environmental Performance

The stark reality of climate change has become impossible to overlook. Its profound impact is evident in the extreme weather patterns that reverberate through the communities where we conduct our operations. This environmental challenge has evolved into a critical business imperative, demanding meticulous planning to safeguard against its potential repercussions. Indeed, overlooking climate change's implications can significantly affect our bottom line, exacerbating social inequalities and other adverse effects within the communities we serve.

As a responsible business, it is imperative that we consider these multifaceted factors and their intricate interconnections in every aspect of our operations. By embracing a comprehensive understanding of our value chain, we can effectively identify both risks and opportunities associated with climate change. This proactive approach enables us to navigate the complexities of our business landscape, ensuring that we not only mitigate risks but also capitalize on avenues for sustainable growth and positive societal impact. Flame Tree Group is dedicated to advancing environmental, social, and governance principles. When it comes to environmental preservation, our dedication is steadfast. We constantly seek innovative methods to

decrease energy consumption by utilising state-of-the-art energy-efficient technologies while actively reducing wasteful practices. Our initiatives go beyond mere rhetoric, encompassing comprehensive strategies for recycling plastic waste, determined efforts to conserve energy, and resolute advocacy to protect our valuable natural environment.



**By embracing a comprehensive understanding of our value chain, we can effectively identify both risks and opportunities associated with climate change**

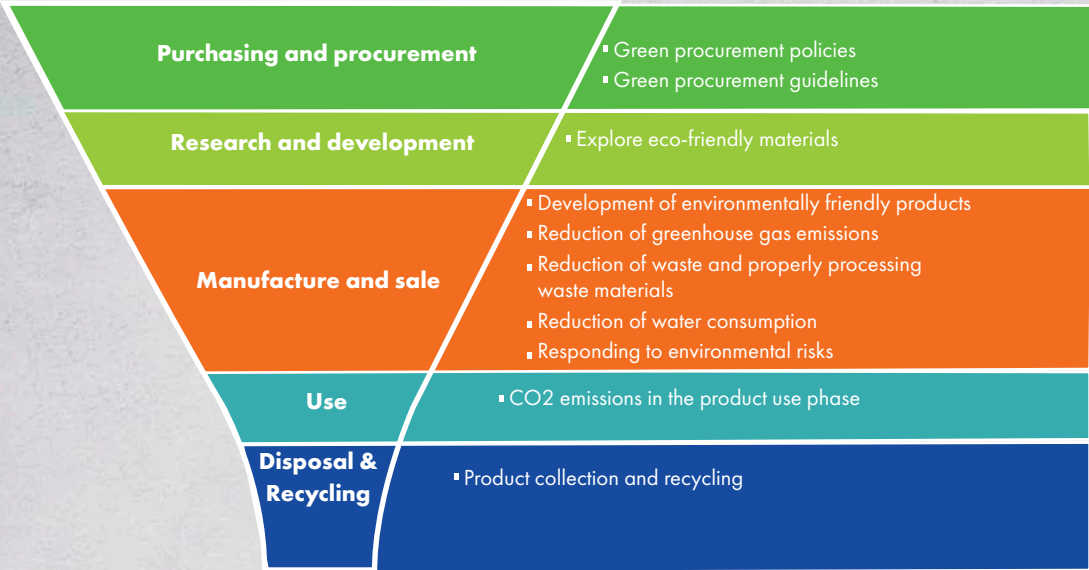
## Eco-Friendly Value Chain Integration

At FTG, we are continuously exploring ways to reduce our carbon emissions and environmental impact throughout our entire value chain, from procurement to product manufacturing, usage, disposal, and recycling.



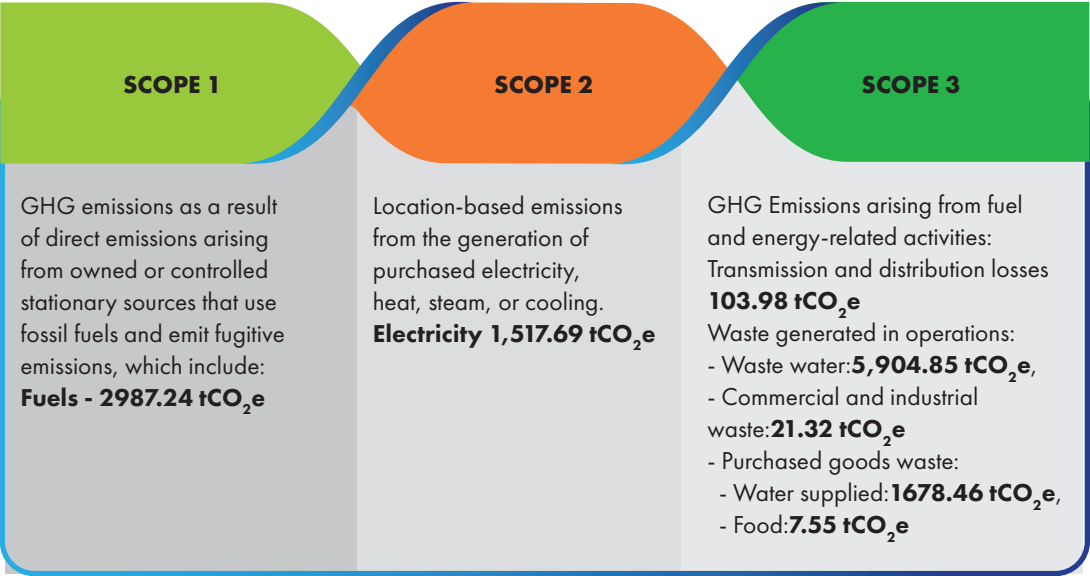


We have now automated our ESG data collection, which will help us monitor and evaluate our ESG performance on a monthly basis. The system will also assist in regularly measuring the environmental impact of each company. In addition, we will be setting targets for reducing the environmental impact of each company and systematically implementing measures to minimise them.




# Our Carbon Footprint

We are committed to being part of the transition to a low-carbon economy. As part of our efforts, we diligently track and monitor our emissions.



Our emissions estimates have been calculated as outlined below:



	Year 2022	Year 2023
Emission boundary	Emission (tCO2e)	Emission (tCO2e)
Scope 1	4373.55	2,987.24
Scope 2	1700.61	1,517.69
Scope 3	9.7	7,716.16
Total	6,083.86	12,221.09

Approximately 90% of Kenya’s electricity is from renewable and clean energy sources. When calculating our Scope 2 emissions, we acknowledged that the emission factors reflect this significant contribution of renewable energy.

In contrast to the previous financial year (2022), our Scope 3 emissions have significantly increased this year. This rise is primarily due to our decision to expand our measurement scope to encompass emissions from wastewater, office refreshments, and fuel and energy-related activities. Furthermore, there has been a 23% rise in water supplied, and for the first time, we have measured wastewater, further impacting our Scope 3 emissions for the fiscal year 2023. At FTG, we are unwavering in our commitment to achieving a Net-Zero future and actively aligning our carbon footprint mitigation strategies with this overarching goal.







# **Our Contribution to the Sustainable Development Goals**



## SDG Goal 07

### AFFORDABLE AND CLEAN ENERGY:

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



### TARGETS:

- **7.1** By 2030, ensure universal access to affordable, reliable, and modern energy services
- **7.2** By 2030, increase substantially the share of renewable energy in the global energy mix

### Our Contribution:

- **Solar Energy Saving Project:** Since its inception in May 2023, our organization has made significant strides in sustainable energy consumption. Through diligent efforts and a commitment to environmental stewardship, we proudly announce that we have consumed a total of 183,786.40 kWh of energy, contributing 11% to the total energy consumption. This achievement underscores our dedication to reducing our carbon footprint and embracing renewable energy sources.

By implementing energy-efficient practices and investing in sustainable technologies, we have demonstrated our commitment to environmental responsibility and set a positive example for others in our industry. As we continue on this path, we remain steadfast in our pursuit of further reducing our energy consumption and exploring innovative ways to embrace clean energy solutions. Together, we can make a meaningful impact on the planet and create a more sustainable future for future generations.



## SDG Goal 12

### RESPONSIBLE CONSUMPTION AND PRODUCTION:

Ensure sustainable  
consumption and  
production patterns



#### TARGETS:

- **12.2** By 2030, achieve the sustainable management and efficient use of natural resources
- **12.5** By 2030, substantially reduce waste generation through prevention, reduction, recycling, and reuse
- **12.6** Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle

### Our Contribution

- **Resource Recycling:** is a cornerstone of our operational philosophy, with continuous improvement efforts, driven by the application of Kaizen principles, ingrained in the managerial landscape of every company within our portfolio. Throughout 2021, our concerted efforts yielded significant results, with a remarkable 30% enhancement in the output of our recycling machinery. Moreover, we expanded our capacity by an additional 140 tonnes, ensuring our ability to effectively recycle all waste plastics generated across our operations.

Committed to advancing towards a sustainable society, we spearhead initiatives aimed at comprehensive resource recycling, spanning from production to consumption and eventual recycling. At every juncture of our value chain, we prioritize waste reduction and recycling, leveraging innovative approaches to minimize environmental impact. Across all our sites, state-of-the-art recycling machinery stands as a testament to our dedication to sustainable practices. Furthermore, our proactive approach extends to reclaiming and reintegrating recycled materials, particularly plastics, into our production processes in a manner that minimizes waste and maximizes resource efficiency.



Throughout 2021, our concerted efforts yielded significant results, with a remarkable **30% enhancement** in the output of our recycling machinery. Moreover, we expanded our capacity by an **additional 140 tonnes**, ensuring our ability to effectively recycle all waste plastics generated across our operations



- **Biodiversity:** Within Flame Tree Group, our Corporate Social Responsibility policy serves as a guiding light, directing individual employees to heighten their environmental consciousness and play an active role in conserving biodiversity. Our overarching objective is to curtail the adverse effects of both business operations while also fostering a culture that champions initiatives aimed at bolstering biodiversity. This year we took part in the reforestation efforts by taking part in planting about 2000 trees at Ole Nguuone.

## SDG Goal 06

### CLEAN WATER AND SANITATION:

Ensure availability and sustainable management of water and sanitation for all



### TARGETS:

- 6.3 By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally.

## Our Contribution

- **Water Management and Efficient Use of Water Resources:** Our commitment to water conservation is deeply ingrained in our operations, evident through the implementation of various initiatives aimed at reducing water usage and managing wastewater responsibly. One such measure involves the installation of advanced cooling towers, designed to optimize water usage while maintaining efficient industrial processes. Additionally, we have integrated rainwater harvesting systems into our infrastructure, harnessing nature's bounty to supplement our water supply and reduce dependency on external sources. In this coming year we plan to install meters that will further strengthen our capacity to conserve and measure recycled water in our plants.



## SDG Goal 09

### INDUSTRY, INNOVATION AND INFRASTRUCTURE:

Build resilient infrastructure,  
promote inclusive and  
sustainable industrialisation,  
and foster innovation



#### TARGETS:

- **9.2** - Promote inclusive and sustainable industrialisation and, by 2030, significantly raise the industry's share of employment and gross domestic product, in line with national circumstances, and double its share in the least developed countries.
- **9.4** - By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.

### Our Contribution

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





## 5.2 Our Social Performance

### SDG Goal 08

#### DECENT WORK AND ECONOMIC GROWTH:

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



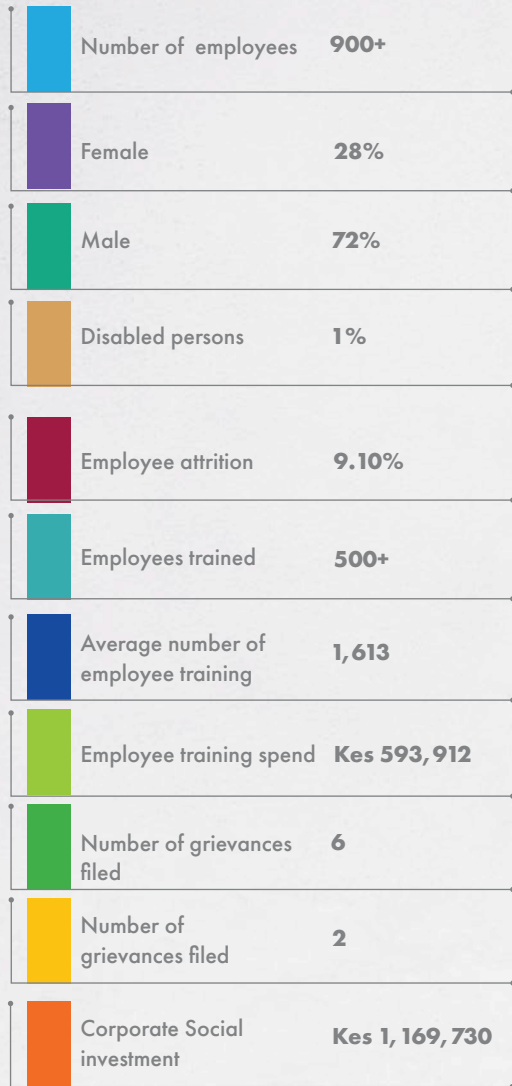
#### TARGETS:

- **8.2** Achieve higher levels of economic productivity through diversification, technological upgrading, and innovation, including through a focus on high-value-added and labour-intensive organisational 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value

### Our Contribution

- Our relentless focus is on nurturing human resources and fostering an organizational culture that incessantly generates value for society. Rooted in a customer-centric approach and guided by unwavering ethical principles, we strive to deeply grasp the fundamental challenges facing both our customers and society. This dedication fuels our commitment to driving positive change and delivering sustainable solutions that resonate with the needs of all stakeholders.



**FY 2022****FY 2023**



# **Human Resource Development**

Within our Group, principles of equality, fair remuneration, and dignified treatment of our workforce serve as guiding pillars, fostering a culture of mutual respect and empowerment. This steadfast dedication translates into tangible results, notably reducing turnover rates and cultivating a workforce of dedicated professionals.

At the helm of Flame Tree Group, leadership and governance embrace diversity in its numerous forms, be it gender, knowledge, experience, or nationality. This inclusive effort not only enriches our organizational fabric but also fuels innovation and drives sustainable growth.

## ✓ Training and Development

Continuous professional development is at the core of our business, reflecting our commitment to equipping our employees with the skills and knowledge necessary to deliver exceptional value. Recognizing that people are our most incredible resource, Flame Tree Group (FTG) believes in developing highly specialized professionals capable of meeting and exceeding customer expectations. Given the diverse nature of our business operations, we prioritize ensuring that our staff receive comprehensive training, enabling them to stay agile and responsive to industry demands.

This year, we have conducted extensive training programs to enhance our employees' competencies across various functions. These programs include:

- **Biogas Training:** Focused on the principles and practical applications of biogas technology.
- **Communication Skills Training:** Designed to improve interpersonal and professional communication.
- **Accidents Training:** Educating employees on accident prevention and response protocols.
- **PowerPoint Presentation Training:** Enhancing skills in creating and delivering impactful presentations.
- **General Awareness of Machines Training:** Providing a broad understanding of machinery used in our operations.
- **Excel Training:** Offering in-depth knowledge of Excel for efficient data management and analysis.
- **Payroll Training:** Covering the intricacies of payroll processes and systems.
- **Operating Procedures of Pulveriser & Extruder Training:** Detailing these machines' correct usage and maintenance.
- **Kaizen Training:** Introducing the principles of continuous improvement and operational efficiency.
- **Importance of Preventive Maintenance & Execution Training:** Emphasizing the significance and implementation of preventive maintenance strategies.
- **Social Media Training:** Equipping employees with skills to effectively utilize social media for business purposes.
- **Standard Procedure of Mould Changing & Maintaining:** Teaching proper techniques for mould changing and upkeep.





- **Releasing Stuck Product & Mould Treatment:** Providing solutions for common moulding issues.
- **Planning and Its Importance:** Highlighting strategic planning techniques and their critical role in operations.
- **Safety Work Procedures & Practices:** Instilling a safety culture through best practices and procedures.
- **ESG Training (Environmental, Social, and Governance):** Raising awareness about sustainability and ethical governance.
- **Work Instruction for Pulveriser & Extruders:** Offering detailed operational instructions for these machines.
- **Product Training:** Ensuring comprehensive knowledge of our product lines.
- **Work Instruction for Rotational Moulding Machine:** Providing specific guidance on operating and maintaining rotational moulding machines.

Through these targeted training programs, we ensure that our employees are well-prepared to meet the demands of their roles and capable of driving innovation and excellence within the company.

## ✓ Employee Benefits

FTG has put in place a comprehensive evaluation system that considers employees' impact on the growth of the business. We ensure that employees are fairly compensated with suitable wages and bonuses that align with their responsibilities and performance while adhering to all applicable laws, regulations, labour contracts, and internal policies. Furthermore, we have established defined contribution pension plans, an employee shareholding association, and a corporate pension. Additionally, we have introduced medium- to long-term incentives to motivate and reward our dedicated employees further.

## ✓ Health and Safety Performance

### Occupational Health and Safety Management System

At Flame Tree Group, we are committed to maintaining a safe and healthy work environment for all employees, contractors, visitors, and stakeholders. Our Occupational Health & Safety Management System is designed to prevent workplace accidents, injuries, and illnesses by implementing effective risk management practices and promoting a culture of safety throughout the organization. Key elements of our Occupational Health & Safety Management System policy include: Compliance, Risk Assessment, Training & Awareness, Continuous Improvement and Emergency Preparedness.

By adhering to these principles and commitments, we demonstrate our dedication to protecting the health, safety, and well-being of our workforce and upholding our responsibility to the communities in which we operate. Flame Tree Group, is committed to achieving excellence in occupational health and safety performance and to fostering a culture where safety is everyone's responsibility.



## Health and Safety Impacts of Product and Service Categories

As part of our commitment to responsible business practices, we conduct rigorous assessments of the health and safety impacts associated with our product and service categories. These assessments involve comprehensive evaluations of the potential risks and hazards posed by each product or service throughout its lifecycle, from design and manufacturing to distribution, use, and disposal. Our goal is to identify and mitigate any health and safety concerns proactively, ensuring that our offerings meet the highest standards of safety and quality.





**Building a Better Future:  
Highlights of Our Local  
Community engagements**



Flame Tree Group is deeply committed to embracing sustainable practices in today's ever-changing world. Our unwavering dedication to sustainability is deeply embedded in every facet of our business operations. We emphasise nurturing strong partnerships and fostering meaningful relationships with our stakeholders and the wider community. This steadfast commitment is evidenced by our proactive involvement in sustainable business efforts and a diverse range of corporate social initiatives.

We are resolutely focused on spearheading initiatives that positively impact the environment, champion social well-being, and drive economic growth. Our CSR projects encompass a number of efforts, including environmental conservation activities such as tree planting, waste reduction programs, and social initiatives to bolster local education, healthcare, and community development projects. By seamlessly integrating sustainability into all operations, we aspire to leave a lasting, positive legacy that transcends our immediate business goals, ensuring a brighter future for future generations.

## SDG Goal 03

### GOOD HEALTH AND WELL-BEING:

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



#### TARGETS:

- **3.1** By 2030, reduce the global maternal mortality ratio to less than 70 per 100,000 live births
- **3.2** By 2030, end preventable deaths of new-borns and children under 5 years of age, with all countries aiming to reduce neonatal mortality to at least as low as 12 per 1,000 live births and under-5 mortalities to at least as low as 25 per 1,000 live births



## Our Contribution - CSR Engagements with the Community

On February 4, 2023, Roto Moulders Ltd completed the donation of two 10,000-liter water tanks for a borehole project in Kiwalwa Village, Taita Taveta.



On June 15, 2023, Rino Tanques, Lda, Mozambique donated a 1,000-liter tank to 16th June Complete Primary School, represented by company staff Lilia Novela, Ventakesh Gondral, and Helia Guane.



On 6<sup>th</sup> April 2023, Flame Tree Africa Ltd, donated Zoe lotions to Gachororo Primary school in Juja and handed over a hamper to the school principal together with the senior teacher.





On May 26, 2023, Polyplay Ltd donated 22 desks and chairs to Kerwa Primary School in Embu County for grade seven students transitioning to middle school.



Polyplay donated Queen Boma blocks and Toto balls to Kenya Kesho school for girls on 5<sup>th</sup> September 2023.



On June 3, 2023, Roto Moulders Ltd in Kenya donated two 5,000-liter tanks to Amani Secondary and Kaplamai Primary School in Mau Kuresoi South, promoting water harvesting during the rainy season. They also joined Give CBO in tree planting for environmental conservation.





- **Lesso Lessons by Roto Moulders Limited, Kenya:** In collaboration with Ogilvy, Roto Tanks, and the Ministry of Health Kenya, and produced by Fluid Films, this initiative aims to combine modern postnatal nutritional guidance with traditional everyday garments to assist new and expectant mothers in raising healthier children.

In Kenya, where over 1 in 4 children suffer from chronic malnutrition, young mothers in areas with limited access to media often lack awareness about the importance of breastfeeding and complementary feeding practices. However, the vibrantly patterned cloth wraps called 'lessos', traditionally used by these women to carry their babies, carry wisdom through generations. We saw the potential to transform these lessos into three instructive and illustrative guides on postnatal nutrition, each corresponding to a crucial stage in the first 24 months of a child's life.

These guides, serving as a daily reminder, have the power to help mothers raise healthier children. The #LessoLessons initiative crafts educational content on lessos, providing nutritional guidance for young mothers. The content is handcrafted and stays true to tradition. The lessons educate mothers on optimal feeding, the introduction of supplementary foods, and a balanced diet to combat malnutrition, all while promoting good business practices.





Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

## 1. Fostering Education, Empowering Communities: CSR Initiative at Risiana School, Kiambeere, Embu County

In a heartfelt demonstration of our unwavering commitment to supporting education and uplifting communities, FlameTree Group is thrilled to highlight our Corporate Social Responsibility (CSR) endeavor at Risiana School, nestled in the picturesque landscapes of Kiambeere, Embu County. At the heart of this initiative lies our dedication to nurturing the next generation of leaders and providing them with the tools they need to thrive academically and beyond.

### Objectives

- **Enhancing Educational Infrastructure:** Our primary objective was to address the pressing need for improved infrastructure at Risiana School by donating essential furniture, including desks and seats, to create a conducive learning environment for students.
- **Empowering Students:** Through our donation, we aimed to empower students with the resources they need to engage fully in their studies, fostering a sense of ownership and pride in their educational journey.
- **Supporting Local Communities:** By partnering with Risiana School, we sought to support the local community of Kiambeere and contribute to the overall development and well-being of its residents.
- **Promoting Access to Education:** We endeavoured to remove barriers to education by providing tangible support to Risiana School, ensuring that students have access to quality learning facilities regardless of their socio-economic background.
- **Fostering Collaboration:** Our initiative aimed to foster collaboration between FTG and the local community, building strong relationships based on mutual respect and a shared commitment to educational excellence.
- **Inspiring Others:** Through our actions, we hoped to inspire other organizations and individuals to join us in our mission to support education and make a positive impact in the lives of students and communities in Embu County.



- **Long-Term Sustainability:** In addition to our immediate donation, we aimed to explore opportunities for ongoing support and collaboration with Risiana School, ensuring that our impact is sustainable and enduring.



## Implementation

- **Needs Assessment:** Prior to the donation, we conducted a comprehensive needs assessment in collaboration with Risiana School to identify areas where our support would have the greatest impact.
- **Procurement and Donation:** Following the needs assessment, we procured 20 high-quality desks and seats tailored to the specific requirements of Risiana School and facilitated their timely delivery to the school premises.
- **Installation and Setup:** Our dedicated team worked closely with school staff and volunteers to install and set up the donated furniture, ensuring that it met the highest standards of safety and functionality.
- **Follow-Up and Feedback:** We remained in close communication with Risiana School following the donation, soliciting feedback from school administrators, teachers, and students to ensure that our support met their needs and expectations.
- **Documentation and Reporting:** Detailed documentation of the donation process was maintained, including photographs, testimonials, and financial records, to provide transparency and accountability to all stakeholders involved.
- **Engagement and Collaboration:** We continued to engage with Risiana School and explore opportunities for further collaboration, including potential future initiatives aimed at enhancing educational outcomes and community development in Kiambeere.





## Missions

### Our initiative encompasses the following missions:

- **Tree Planting Campaign:** We will organize tree planting events at participating schools, aiming to establish vibrant green spaces and promote ecological resilience.
- **Water Tank Donations:** We will donate water tanks to schools lacking access to clean and reliable water sources, ensuring improved hygiene and sanitation facilities.
- **Training and Workshops:** We will conduct training sessions and workshops on tree planting techniques, water conservation practices, and environmental stewardship for students and staff.
- **Monitoring and Evaluation:** We will closely monitor the progress and impact of our initiatives, ensuring accountability and continuous improvement.
- **Celebration and Recognition:** We will celebrate milestones and achievements reached throughout the project, recognizing the efforts of all stakeholders involved.

## Celebrating Achievements

### Through concerted efforts and collaborative partnerships, we have achieved significant milestones:

- **Tree Planting Success:** Across multiple schools in the community, we have planted a total of 2,000 trees, enriching the landscape and fostering biodiversity.
- **Water Tank Donations:** Our donation of 5,000litre water tanks to 2 schools has provided clean and reliable water access, significantly improving hygiene and sanitation facilities.
- **Community Engagement:** We have actively engaged students, teachers, and parents in environmental awareness activities, empowering them to become stewards of their surroundings.
- **Educational Impact:** Through training sessions and workshops, we have educated countless individuals about the importance of trees and water conservation, fostering a culture of environmental responsibility.

As we reflect on the impact of our CSR initiative at Risiana School, FlameTree Group is deeply gratified to have had the opportunity to make a meaningful difference in the lives of students and communities in Kiambeere, Embu County. Through our donation of desks and seats, we have not only enhanced the learning environment at Risiana School but also reaffirmed our commitment to supporting education and empowering future generations. As we look ahead, we remain steadfast in our resolve to continue championing initiatives that foster education, uplift communities, and inspire positive change across Embu County and beyond.



## 2. Sowing Seeds of Sustainability: Reflecting on Our CSR Achievements Olenguruone - Nakuru County

In line with our steadfast commitment to corporate social responsibility and sustainable development, we are thrilled to announce our initiative aimed at fostering environmental conservation and community engagement. Through a strategic partnership with local schools, we are embarking on a journey to plant trees and donate water tanks, enriching our surroundings and ensuring access to clean water for future generations.

### Objectives

**Our initiative is driven by the following key objectives:**

- **Environmental Conservation:** To enhance the local environment through the planting of trees, mitigating climate change effects and promoting biodiversity.
- **Community Engagement:** To actively involve students, teachers, and parents in environmental awareness activities, fostering a sense of responsibility towards nature.
- **Sustainable Development:** To support sustainable development goals by providing clean water access through the donation of water tanks, ensuring a healthier learning environment.
- **Carbon Offsetting:** Recognizing the importance of carbon sequestration, we aspire to mitigate the carbon footprint of the community by planting trees that absorb carbon dioxide from the atmosphere.
- **Beautification and Shade:** We seek to enhance the aesthetic appeal of school environments while providing essential shade for students and staff, thereby creating more conducive learning and recreational spaces.
- **Water Conservation:** Through strategic planting along riverbanks and water bodies, we aim to prevent soil erosion, improve water retention, and safeguard local water sources for future generations.
- **Education and Awareness:** To educate and raise awareness among students about the importance of trees and water conservation, empowering them to become environmental stewards.
- **Capacity Building:** To empower schools with the knowledge and resources needed to manage natural resources effectively, promoting long-term sustainability.



## Empowering Communities: Roto PLC Commitment to Sustainable Development

Roto PLC Ethiopia has demonstrated a strong commitment to corporate social responsibility (CSR) through several notable initiatives aimed at supporting community development and infrastructure improvement. Among these initiatives are the donations of water tanks and the construction of a guard house, which have significantly impacted various organizations and communities.

- **Tanks Donated to Akaki Sports Mahber**

In a bid to support local sports and community engagement, Roto PLC Ethiopia donated water tanks to Akaki Sports Mahber. This donation is expected to enhance the facilities available to the sports organization, ensuring that athletes and community members have reliable access to water. The provision of these tanks will not only improve the sanitation and hygiene standards but also support the maintenance of sports grounds, thereby fostering a healthier and more active community.

- **Tanks Donated to Ethiopian Investment Commission**

Recognizing the importance of supporting governmental institutions that drive economic growth, Roto PLC Ethiopia also donated water tanks to the Ethiopian Investment Commission. This contribution is aimed at bolstering the commission's infrastructure, ensuring that it can continue to operate efficiently and effectively. Access to a reliable water supply is crucial for the commission's daily operations and the wellbeing of its employees, which in turn supports the broader objective of attracting and sustaining investment in Ethiopia.

- **5,000-Liter Tank and Guard House Donated to Katana 6 Block 7, Hawasa Park, Kality**

In a more extensive CSR effort, Roto PLC Ethiopia provided a 5,000-liter water tank and constructed a guard house at Katana 6 Block 7 in Hawasa Park, Kality. This initiative addresses multiple community needs, from ensuring a steady supply of water to enhancing security through the establishment of a guard house. The 5,000-liter tank will play a vital role in improving water accessibility for residents, supporting daily needs, and promoting better health and sanitation practices. Meanwhile, the guard house enhances safety and security, providing a secure environment for residents and businesses within the park.



## Impact and Future Commitment

These CSR initiatives by Roto PLC Ethiopia reflect the company's dedication to enhancing community welfare and supporting essential services. By donating water tanks and constructing infrastructure, Roto PLC not only addresses immediate needs but also lays the foundation for sustainable community development. Moving forward, the company remains committed to identifying and addressing the needs of various communities, ensuring that their CSR efforts continue to create meaningful and lasting impacts.

### Supporting Father Shelter Children's Home: Our Commitment to Community Welfare

As FlameTree Group, we are dedicated to making a meaningful difference in the lives of those in our community. As part of our Corporate Social Responsibility (CSR) efforts, we recently conducted a heartwarming initiative at Father Shelter Children's Home in Githurai, aimed at enhancing the quality of life for the children residing there.

- **Providing Comfort and Essential Supplies**

Understanding the importance of comfort and basic necessities in the lives of children, we contributed over 100 mattresses, blankets, and bed sheets for each child at the home. Ensuring that every child has a warm and comfortable place to sleep is a foundational step in supporting their overall well-being and development.

- **Enhancing Water Accessibility**

Recognizing the crucial need for clean and accessible water, we donated a 500-liter water tank from Roto Moulders. This tank will significantly improve the water supply at the children's home, ensuring that the children have access to clean water for drinking, cooking, and sanitation purposes.



- **Supporting the Youngest Residents**

To address the needs of the youngest residents, we provided diapers for the toddlers and babies at the home. These essential supplies will help in maintaining hygiene and providing comfort to the little ones.

- **Personal Care and Hygiene**

In collaboration with FlameTree Africa, we donated Zoe petroleum jellies for each child. This contribution aims to support the personal care and hygiene of the children, ensuring they have the necessary products to maintain healthy skin.





- **Providing Nourishment and Joy**

Our visit was also marked by the donation of snacks from Chirag Africa Limited. These snacks not only provided nourishment but also brought joy and smiles to the faces of the children, making our visit a memorable and uplifting experience for all.

## Impact and Alignment with SDGs

**This initiative at Father Shelter Children's Home aligns with several Sustainable Development Goals (SDGs), including:**

- **SDG 1: No Poverty** - By providing essential supplies, we are helping to alleviate some of the burdens faced by the children's home.
- **SDG 3: Good Health and Well-being** - Ensuring that the children have comfortable sleeping arrangements, clean water, hygiene products, and nutritious snacks supports their overall health and well-being.
- **SDG 6: Clean Water and Sanitation** - The donation of the water tank directly contributes to improved water management and sanitation at the home.

Our visit to Father Shelter Children's Home was a testament to our commitment to community welfare and support. By addressing immediate needs and providing essential supplies, we aim to create a nurturing and supportive environment for the children.

## Gratitude and Recognition

We are grateful for the opportunity to make a positive impact and look forward to continuing our efforts in fostering community development and well-being. We extend our heartfelt gratitude to all those who contributed to the success of this initiative:

- **Partners and Collaborators:** Your unwavering support and dedication have been instrumental in bringing our vision to life.
- **Local Communities:** To the students, children, teachers, and parents who embraced our initiatives with enthusiasm and commitment, we commend your passion for positive change.
- **Team Members:** Our dedicated team members who worked tirelessly behind the scenes to plan, execute, and evaluate the CSR activities, your hard work has not gone unnoticed.



## Looking Ahead: Our Goals for the Coming Year

As we reflect on the positive impacts of our past CSR initiatives, we are also focused on setting ambitious goals for the coming year. At FlameTree Group, our commitment to sustainability and social responsibility drives us to continually seek ways to enhance our contributions to the community and the environment. Here are some of our key objectives for the upcoming year:

- **Expanding Water Access Initiatives** - Installing additional water tanks in local schools and communities to ensure wider access to clean water.
- **Enhancing Educational Support** - Provide essential educational resources and infrastructure support to schools in need.
- **Increasing Tree Planting Efforts** - Contribute to reforestation and urban greening project through planting 5,000 trees in collaboration with local environmental organizations and community groups.
- **Supporting Vulnerable Populations**- Provide essential support to vulnerable groups such as children, the elderly, and low-income families.

## Conclusion

We are committed to making a tangible difference in the lives of individuals and communities through our CSR initiatives. By setting clear and measurable goals for the upcoming year, we aim to build on our successes and further our impact in promoting sustainable development and social well-being.

Incorporating these future goals not only highlights your strategic vision but also reinforces your commitment to ESG principles, providing stakeholders with a clear understanding of your long-term dedication to social and environmental responsibility.





## **5.3 Corporate Governance**

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

The Board of directors of FTG Holdings Limited is at the core of the Group's system of corporate governance and is ultimately accountable and responsible for the performance and affairs of the Group.

We also conducted our Corporate Governance Audit as mandated by the CMA, where we successfully scored 81.60/100, improving on our previous' mark.

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

The board develops and maintains reporting and meeting procedures for itself and its committees.

Regular board meetings are held once per quarter. Board meetings take place at the Group's offices unless otherwise decided by the board.

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

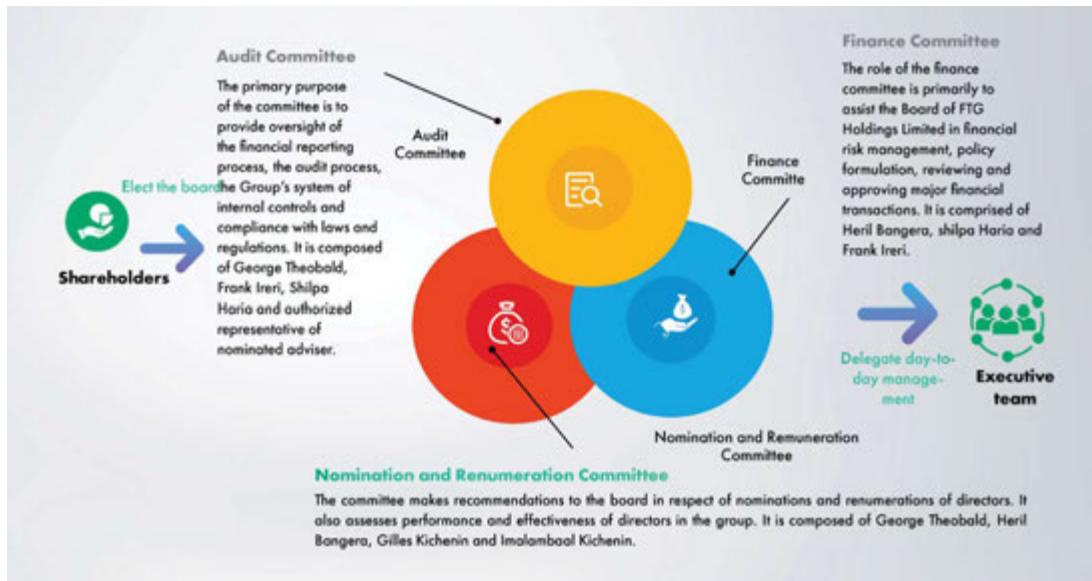
**In accordance with the principles of good corporate governance, each director undertakes:**

- To act first, foremost and always in the best interest of the Company;
- To exercise his/her power in the executive duties in good faith; and
- To act with the care a prudent person would take when acting on their own behalf.





## The Corporate Governance Framework



Each director undertakes that, in arriving at a decision on any issue, he or she shall strive to ensure that the decision is in the best interest of the Company and is not driven by any other interests. Each director is fully aware of the importance of regular attendance and effective participation at meetings. Each director undertakes to do everything with their power to attend all meetings. Board deliberations give rise to consensus or formal votes covering matters of importance to the organization. Each director shall be attentive to and respectful of the delineation and exercise of powers and responsibilities attributed to the Company's respective decision-making organs.

Directors shall however ensure that no single person can exercise uncontrolled discretionary powers. They shall support the proper functioning of Board Committees and pay particular attention to ensure that the Company's internal controls are effective and that its auditors perform their mission in a satisfactory manner. All the directors of FTG Holdings Limited have completed the Directors Induction Programme as at the date of the Listing.

## Composition of the Board of Directors

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

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

- Attaining a desirable ratio of and balance between the number of executive and non-executive directors.
- Ensuring that the board collectively contains the skills, experience and mix of personalities appropriate to the strategic direction of the Group and necessary to secure its sound performance.
- Experience, knowledge, skills and personal attributes of current and prospective Directors in relation to the needs of the Board as a whole.



- Irrespective of a Director's special expertise or knowledge and regardless of whether a Director is an Executive or Non-Executive Director, all members of the Board recognize that they are collectively responsible to Shareholders for the performance of the Group.

## Board Effectiveness and Evaluation

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

Where necessary, the Board may obtain the services of an external facilitator to guide the evaluation. There are also no arrangements or understandings with the majority shareholder, customers, suppliers or others, pursuant to which any person was selected as a Director or member of senior management.

## Remuneration of the Directors

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

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

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

- The level of fees currently earned by Directors in their professional capacity.
- The number of hours spent by Directors in preparing for and attending meetings, as well as travel to meeting venues.
- Current market rates applicable to organizations of similar size and in the same industry.
- The complexity of the Group's operations and the extent to which directors have to incur additional cost in research on industry developments and other Group related matters.
- The number of meetings in a year.

The remuneration recommended by the Nomination and Human Resource Committee shall apply to all Directors and no Director should be involved in fixing their own individual remuneration.



## Responsibilities of the Board

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

### The Board must specifically:

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





## Board Committee

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

- **Audit Committee**

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

The composition of the committee is as follows:

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

- **Finance Committee**

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

- **The composition of the committee is as follows:**

- Heril Bangera
- Shilpa Haria
- Frank Ileri

- **Nomination and Remuneration Committee**

The Nomination and Remuneration Committee is a standing Committee of the Board. Its purpose is to assist the Board of FTG Holdings Limited to propose new nominees for the board when required and to assess the performance and effectiveness of Directors in the Group.

The Nomination and Remuneration Committee is responsible for reviewing Non-Executive Directors' remuneration and recommending the necessary changes from time to time.

- **The composition of the committee is as follows:**

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



## 6.0 Conclusion

The ESG report highlights our performance in environmental, social, and governance areas. Through diligent data collection and analysis, this report showcases our progress and targets related to sustainability and responsible business practices. On the environmental front, we have made significant advancements in managing our resource consumption. Initiatives like energy efficiency programs, renewable energy adoption, and waste reduction strategies have led to reduced emissions and improved waste management practices.

In the social sphere, FTG has focused on stakeholder engagement, employee well-being, and community development. We have implemented health and safety measures and community outreach initiatives, actively contributing to the well-being of our employees and the communities we serve. Regarding governance, FTG is committed to transparent and ethical business practices. We have established effective corporate governance structures, with regular audits and compliance reviews to ensure adherence to laws, regulations, and industry standards.

While we have made notable progress, we recognize the need for improvement in areas such as supply chain sustainability, product lifecycle assessments, and social impact measurement. We are dedicated to continuous improvement and achieving our sustainability objectives. In conclusion, FTG is committed to being a responsible corporate citizen, integrating ESG practices into our operations. By addressing challenges, setting ambitious goals, and collaborating with stakeholders, we aim to contribute to a sustainable future while generating long-term value for our shareholders and society.



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