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LEGAL AUDIT REPORT

1.1 About Flame Tree Group (FTG)

FTG is a leading regional manufacturing group listed on the Nairobi Securities Exchange (NSE) operating in Mauritius, Kenya, Rwanda, Ethiopia, Dubai and Mozambique. It operates in FMCG, plastics and trading, with a brand portfolio that includes Roto Tanks, Jojo Plastics, Zoe, Cerro, Alana Skin, Siora, Happy's and Buildmart. It was founded in 1989 and now employs over 1,000 people, who are focused on delivering quality, value and innovation to improve their customer's lives.

1.2 Background

Legal audit is the systematic, objective and impartial examination of processes, policies, documents and practices or actions of an organisation with a view to assessing their compliance with the entire legal and regulatory framework that the organisation is subject to. Flame Tree Group LTD through a consultancy contract engaged the consultant to carry out a legal audit for the year ended 31st December 2024. This report is a summary of findings of the high-level legal audit carried out.

1.3 Methodology

The Consultant relied upon a combination of data collection methods such as questionnaires, interview guides, face to face interviews and the review of sampled documents, records and items. After the relevant information was obtained, it was analysed and compiled into this report as required under the terms of reference. The scope of the audit was limited to a high-level audit of the FTG group.

1.4 Assumptions

For purposes of this opinion, the assumptions that were made are;

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- i. **Accuracy of information supplied** - that all written information contained in documents and records supplied are true, accurate and up to date.
- ii. **Authenticity of records and documents** - that the documents and records submitted as originals or otherwise are what they purport to be.
- iii. **Factual matters** - with respect to matters of fact, the auditors have relied on the statements and representations of those interviewed.

1. OVERALL OPINION

After undertaking the legal audit through interviews and examination of relevant documents, records and other items, and subject to assumptions and limitations of the audit the consultant is of the considered opinion that FTG complies with the requirements of the Companies Act, the various other relevant Acts of Parliament, regulations, relevant policies and guidelines that are applicable. The Consultant advises that the recommendations made in this report be used as a guide in making improvements in the areas noted in the report.

2. FINDINGS

3.1 Corporate Matters

3.1.1 Introduction

This section outlines findings of the compliance audit of the FTG HOLDINGS LTD to establish adherence with the Companies Act, 2015. The audit elicited findings on whether the Company is legally constituted and whether it complies with the stipulated statutory filings.

3.1.2 Specific Findings

Constitution and Incorporation

FTG Holdings is a public company limited by shares. It was incorporated on the **18th January 2012**, as a Global Business Company in the republic of Mauritius. The Constitution of FTG Holdings LTD is registered in Mauritius.

Registered Office

The registered branch office in Kenya is **L.R. No 209/8918 off Enterprise Road opposite Road A, Industrial Area of P.O Box 27621 – 00506**. The office address is accurate and filed with the Registrar of Companies of Kenya. Additionally, the Company name appears clearly on all business letters, invoices and the company seal.

Beneficial Ownership

The register of beneficial owners was prepared and lodged with the Registrar of Companies. The Company maintains a private copy of the beneficial owner register at its registered offices. The ultimate beneficial owner is Shareholder 20328401, Heril Colbert Bangera who maintains an 84.01% holding in FTG Holdings Ltd., as at the audit period.

Share Capital and Share Holders

The register of shareholders is up to date. It shows names, addresses, share classes, and dates of entry/exit. The share certificates were issued to all current shareholders.

Directors and Secretary

The particulars of all directors, including residential addresses, national ID and passport details are up to date in the register of directors. The Company Secretary is appointed under the Companies Act 2001 of Mauritius. They issued a Secretary's Certificate as required by section 166 (d) of the Companies Act 2001 (Mauritius) certifying that the Company filed with the registrar all such returns as are required by the Act for the year ended 31st December 2024.

Company Policies

FTG has a Diversity and Inclusion Policy which outlines the company's commitment to create and sustain an environment that is based on merit, equality and inclusion which will attract and retain diverse talent, where each employee can maximize their full potential regardless of their race, ethnicity, gender, marital status, age, disability, religious belief and personal political affiliation.

According to the FTG Corporate Social Responsibility Policy the Company is committed to maintaining the highest standards of integrity and corporate governance practices in order to maintain excellence in its daily operations, and to promote confidence in its governance systems.

ESG and Sustainability

FTG tracks and reports on its Environmental impact (e.g., plastic waste management, carbon footprint) for the Group. There are documented policies on Health and Safety and Diversity within the factory workforce to meet CMA social disclosure requirements. The ESG Report 2024 underscores the Company's unwavering commitment to sustainable business practices and transparency.

Board Committees

The FTG Holdings LTD Terms of Reference for Committees was reviewed establishing the Board Committees for finance, audit, nomination and remuneration. A board charter for the company was also reviewed.

Meeting and Resolutions

An Annual General Meeting (AGM) was held pursuant to a written resolution. The legal auditor reviewed minutes of the 10th AGM held Virtually on the 25th June 2024 and signed on June 2025. The Company complied with the obligation that requires minutes of all general meetings and board meetings recorded and kept for at least 10 years. The financial statements were also prepared and laid before the general meeting within 6 months of year-end. All resolutions were signed by eligible members and filed.

Financial Reports

FTG Holdings LTD provided for review the consolidated and separate financial statements for the year ended 31st Dec 2024 and other various minutes of the AGM. The annual returns were filed with the registrar on the anniversary of incorporation. An independent auditor had also been appointed.

Certificate of Compliance

The Company being filed a Certificate of Compliance – No. CF/2014/156762 dated the 4TH Sept 2014.

Charges and Borrowing

No information was provided in relation to the Company's charges i.e. debentures or loans. It is required that they maintain a register of charges and register with the Registrar all charges created by the Company within 30 days.

Capital Markets Authority

FTG Holdings Ltd is listed on the Nairobi Securities Exchange (NSE). Consequently, it must comply with the *Capital Markets Authority (CMA) Act (Cap 485A)* and its regulations (*CMA (Public Offers, Listing and Disclosures) Regulations, 2002 and Code of Corporate Governance Practices for Issuers of Securities to the Public, 2015*) as its performance and governance directly impact the group's obligations to the public and the regulator.

To adhere to the corporate governance standards FTG has a formal board charter in place that defines the roles and responsibilities of the board vs. management. The Board established an Audit Committee and a Risk Committee to oversee financial integrity and operational risks. A governance audit for the audit period was also conducted to ensure compliance with all governance obligations as a listed company.

3.2 Employment Matters

3.2.1 Specific Findings

Labour Relations

Roto Moulders offers its employees, fair remuneration, reasonable working conditions, freedom of association, and fair administrative action. None of the employees are members of a trade union even though it was noted that they have a right to form, join, participate in the programmes and activities of a trade union. Further, equality of opportunity in employment is guaranteed

including the employment of lawful migrant workers. There is also no discrimination or harassment directly or indirectly, against an employee or a prospective employee. Men are preferred because of the inherent requirements of the job. There was no contrary indication of violation of any of the labour rights of employees. Employees are engaged under a written contract of service.

Disability Management

The Company has a disability policy. There is one registered PWD and 3 others who are not yet registered. All the PWDs are of visual impairment. The level of incapacity does not adversely affect their social and economic participation and therefore the institution does not make any accommodation for these individuals.

Recruitment

The dominant recruitment practice includes recruiting based on the list of CVs collected.

Medical Cover

Roto Moulders LTD does not offer medical insurance cover for its employees. The employer is under duty to ensure that they provide sufficient and proper medicine for their employees during illness and where possible medical attendance during serious illness.

3.3 Recommendations

1. Progressively invite applications from all people and include individuals with physical, sensory, mental or other impairment, hearing and physical incapability and provide all reasonable accommodations. Aim to achieve the quota of 5%. Register with the persons with Disability Council.
2. Administer periodic employee surveys that are anonymized and analysed by an independent external consultant to fairly establish any complaints from the employees in relation to their labour and employment rights. External surveys may be done every two years.

3. Make further efforts to promote equality of opportunity in employment through invitation of applications competitively. This can be done through amendment of the employment policy and practice.
4. Employment rights and duties should be displayed in the work place as required by the Employment Act. The Sexual harassment policy should also be displayed conspicuously.
5. Obtain medical fitness certificate for the employees.

REPORT PREPARED BY:



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