



Creating World Class African Brands

Board Charter

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1 Definition of Terms¹

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

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

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

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

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

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

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

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

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

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

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to have been connected with a Company, and who is reasonably expected to have access, by virtue of such connection to unpublished information which if made generally available would be likely to materially affect the price or value of the securities of the Company, or who has received or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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

6.1.2 Age and Term Limits

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

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

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

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

6.1.3 Director Induction and Continuing Education

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

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

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

6.2 Board Meetings

Frequency of Board meetings:

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

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

6.3 Conduct of Meetings

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

6.4 Board Committees

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

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

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

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

6.5 Board Development

6.5.1 Management Development and Succession Planning

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

6.6 Board interactions

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

6.6.1 Board Relationship with Senior Management

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

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

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

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

6.6.2 Board's Interaction with Stakeholders

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

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

6.7 Directors' Confidentiality

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

6.8 Conflict of Interest

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

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

6.9 Code of Conduct and Ethics

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

³ Recommendation 1.7.1 of the Code of Corporate Governance Practices for Public Listed Companies in Kenya

6.10 Directors' Remuneration and Expense Policy

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

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

6.11 Corporate Governance Disclosures

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

6.12 Delegation of Authority

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

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

6.13 Insider Trading

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

6.14 Whistleblowing Policy

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

6.15 Review of Charter

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

6.16 Access to Board Charter

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

Adopted by the Board of FTG Holdings Limited

Signed: _____



Chairman