

**FTG HOLDINGS LIMITED
ANTI-FRAUD AND WHISTLEBLOWING POLICY**



Creating World Class African Brands

FT GROUP HOLDINGS LIMITED
ANTI-FRAUD AND WHISTLEBLOWING POLICY
(Version 1.0)

APPROVED BY THE BOARD AUDIT AND RISK COMMITTEE ON: APRIL 25, 2018

**FTG HOLDINGS LIMITED
ANTI-FRAUD AND WHISTLEBLOWING POLICY**

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Introduction

FTG Holdings is committed to the highest possible standards of openness, transparency and accountability in all its operations. This includes high standards of ethical, moral and legal conduct including a zero-tolerance attitude to fraud. Staff and all other stakeholders are required to act honestly, with integrity at all times and to report all reasonable suspicions of fraud.

The purpose of this policy is to provide a definition of fraud and define authority levels, responsibilities for action, and reporting lines in the event of suspected, attempted or actual fraud or irregularity perpetrated against the Group.

Purpose and Objectives of the Policy

This policy statement sets out the clear definition of “fraud” with an express prohibition to all stakeholders from engaging in any of the mentioned fraudulent acts while providing guidance to the stakeholders on their roles and responsibilities for preventing and reporting fraud.

This policy is part of Flame Tree Group’s overall objective to maintain and improve high standards of governance, internal control and risk management. The key objectives of this policy are:

- To facilitate the development of controls that will aid in the detection and prevention of fraud, malpractice, wrongdoings and other irregularities within the Group.
- To set an expectation on all employees at all levels to lead by example by ensuring adherence to our standards of behaviour, legal requirements, rules, procedures and practices.
- To provide a framework in which employees and external parties may raise concerns in confidence about wrongdoings, malpractice, possible irregularities or fraudulent activities within the Group and offer reassurance that they will be protected from reprisals or victimization for whistle blowing in good faith without malice.
- Encourage and enable the whistleblower to feel confident in speaking up and raising concerns or suspicions in a confidential manner.
- To ensure FTG’s business is conducted in compliance with the laws and regulations.
- To promote and cultivate an environment of honesty, openness, accountability and integrity.

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- To enhance the employee's awareness of the Group's stand on illegal, unethical and dishonest acts and the consequences of such acts.
- To create employees' awareness of their roles, rights and responsibilities pertaining to illegal, unethical and dishonest acts.
- To proactively prevent and deter misconduct which could impact the financial performance and damage FT Group's reputation.
- To ensure the whistleblower receives a response to their concerns and if not satisfied, is aware of how to take the matter further.

This document should be read in conjunction with the other Group policies and will be reviewed periodically for updates.

This policy is not designed to be used;

- a) for raising or reconsideration of matters that come under existing internal procedures e.g. grievance, disciplinary; or
- b) for allegations that fall within the scope of specific procedures which will normally be referred for consideration under the relevant procedure, unless the employee has good reason to believe that the procedure is not being followed or will not be followed effectively; or
- c) as an appeal process from any complaint or grievance handled under any of the above procedures.

Definitions

Fraud in this policy is defined as;

- (a) the use of deception with the intention of pursuing personal interests and causing loss to the proper interests of the Group,
- (b) the illegitimate pursuit of inappropriate Group's interests for personal gain, and
- (c) the intentional distortion of financial statements or other records by persons internal or external to the Group which is carried out to conceal misappropriation of assets or personal gain.

Some examples of fraudulent behaviour include:

- Usurpation of corporate interests for personal gain (diversion of corporate opportunity) e.g. diversion of customers to competitors;

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- Misappropriation, embezzlement, misuse, sabotage and theft of Group's assets;
- Payment or receipt of bribes, kickbacks or other inappropriate payments;
- Deliberate adulteration of products and/or production of substandard products;
- Participation in sham or fraudulent transactions;
- Fraudulent reporting;
- Forgery or alteration of accounting record or vouchers;
- Failing to keep confidential trade secrets of the Group;
- Falsification of timesheets, overtime and expense claims;
- Undertaking private work or running a business during working hours;
- Lying on an application form to get a job. This may include the falsification of identity, qualifications, employment history and/or references;
- Theft of funds, supplies, inventory, or other assets;
- Abuse of position;
- Using or accessing confidential data inappropriately for personal gain or for the gain of others;
- A criminal offence;
- A failure to comply with a legal obligation;
- Endangerment of health and safety of any individuals/hazardous or unsafe work conditions/damage to the environment;
- A deliberate concealment of information tending to show any of the above;

This is not an exhaustive list. If you are in doubt about the seriousness of your concern advice and guidance can be sought from the Internal Audit Department.

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Scope of Policy

This Policy applies to any suspected fraud and/or wrongful conduct involving employees as well as consultants, vendors, contractors and/or any other parties with a business relationship with the Group. Any investigative activities required will be conducted without regard to any person's relationship to the Group, position or length of service.

This policy is applicable to FTG Holdings Limited and its subsidiaries, herein collectively referred to as "FT Group".

FTG Policy Statement

Fraud in all its forms is wrong, and is unacceptable to FTG Holdings. This is because where fraud occurs it is not just a loss to the Group, but ultimately to all the major stakeholders (shareholders, employees, suppliers, customers, government and the general public). Fraud may have a major impact on the Group's reputation and therefore again on the stakeholders.

The Group's position on fraud is informed and underpinned by its corporate values listed below:

- Commitment
- Integrity
- Respect and Humility
- Teamwork
- Continuous Improvement

FTG Holdings' objective is the elimination of fraud from all its activities and operations. Any indications of fraud will be rigorously investigated and dealt with in a firm and controlled way.

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Key Roles and Responsibilities

Role	Responsibility
Everyone	<ul style="list-style-type: none"> • Read, understand and acknowledge the policy; apply its principles in conduct of your duties; • Be alert to red flags that may indicate fraud; • Report genuine suspicions of fraud as per due procedure; • Declare interests on an annual basis as they arise.
Audit Committee	<ul style="list-style-type: none"> • Endorse the policy on an annual basis; • Monitor implementation of the policy by: <ul style="list-style-type: none"> ✓ ensuring fraud risks are identified, assessed and managed adequately and effectively; ✓ receiving updates on fraud work undertaken, fraud risks and reports on significant frauds identified.
Group CEO	<ul style="list-style-type: none"> • Act as the Group's Head to promote a strong anti-fraud culture (tone at the top).
Executive Directors	<ul style="list-style-type: none"> • Lead the Group's activities to counter fraud; • Review the declaration of interests within the Group.
Management	<ul style="list-style-type: none"> • Implement robust and proper internal controls; • Take responsibility to counter fraud in activities for which they are responsible; • Escalate serious concerns as appropriate; • Work with others to ensure appropriate investigation of concerns (e.g., Human Resources); • Ensure that declarations of interest have been made for all staff for which they have management responsibility; • Ensure any allegations made to them by staff are dealt with in accordance with this strategy and the Group's Whistleblowing Policy.
Internal Audit	<ul style="list-style-type: none"> • Perform ongoing fraud risk assessments and reporting serious concerns to the Audit Committee; • Investigate and report on all fraud incidences as per senior management request; • Update the antifraud and whistleblowing policy for Audit Committee approval; • Monitor implementation of this policy and report the progress to the Audit Committee.
Human Resources	<ul style="list-style-type: none"> • Ensures employee policies and procedures adequately address counter fraud matters; • Arrange and ensure proper background and reference checking for employees; • Ensure investigatory and disciplinary action against an employee is undertaken in accordance with the Group's employee and disciplinary procedures.

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Business partners (suppliers, customers, contractors, etc.)	<ul style="list-style-type: none">• Declare probity concerns (e.g. at pre-qualification stage);• Maintain strong counter fraud & corruption principles and measures;• Certify an understanding that collusion and inducements lead to disqualification;• Provide required evidence of application of principles and procedures;• Provide appropriate access to premises, records and personnel to Group staff and auditors.
External Audit	<ul style="list-style-type: none">• External Audit are informed of any significant cases of fraud or corruption, which may have a material impact on the Group's accounts;• Report to the management any noted instances of fraud in the management letter.
Disciplinary Committee	<ul style="list-style-type: none">• Consider where reported matters need to be proceeded to a hearing and deciding on the most appropriate course of action after a hearing.

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Reporting Suspected Fraud

Employees are required to report all issues of suspected fraud. An employee can raise concerns by email, orally and/or in writing. Where possible the following information should be included:

- An outline of the known or suspected wrongdoing
- Details about when, where and how it occurred
- A list of the names of those suspected of being involved (both within FT Group and externally)
- A list of the names of anyone who may have relevant information
- Details of how you came to know about the suspected activities
- An estimate to be the value of the loss to FT Group or other parties
- Any breaches of internal controls, policies and procedure or other requirements
- The names of anyone discussed or incident was reported to
- The name and contact details of the whistle blower. (Please note, these will be kept confidential as far as is reasonably practicable).
- The date and time of making the report.

Employees who suspect fraud should not do any of the following:

- Contact the suspected individual(s) directly in an effort to determine facts, demand explanations or restitution;
- Discuss the issue with anyone within the Group other than the authorised recipients of such reports;
- Discuss the issue with anyone outside of FTG, except as required by law

FT Group has established whistle blowing contact detailed as below. This helpline is monitored by the Internal Auditor and is accessed as follows:

- By telephone to **+254 -792-152-965**
- By mailbox: A drop off box is available at each company's designated area where you may drop your correspondences.
- By email to: whistleblowing@flametreegroup.com

The person concerned has a choice of communication channels to be used for whistle blowing. If deemed necessary, then he/she may bypass the normal channels and hierarchy for reporting of concern/s. Although the whistle blower is not expected to prove beyond doubt the truth of an allegation, he/she will need to demonstrate to the person contacted that there are reasonable grounds for concern/s.

Employees are encouraged to normally raise concerns with their line manager/supervisors who would notify the head of department, general manager or the chief executive if necessary. However, if for some reason the employee does not feel comfortable to report through his/her

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line manager/supervisor, then he/she has the right to take his concerns directly to the head of department, general manager, human resource manager or the chief executive in that order.

If the employee for some reason does not feel comfortable to report directly to the accountable chief executive, then he/she can report through the Senior Internal Auditor. Depending on the seriousness and sensitivity of the issues involved, the whistle blower may directly approach the Chairman of the Audit Committee with the concerns or the Board Chairman.

A member of the Board may raise his concerns to the Chairman of the Audit Committee or to the Chairman of the Board.

Anonymous Allegations

The policy encourages employees to put their names to allegations to facilitate appropriate follow-up questions and investigations with the source of allegation.

Please be as specific as possible and include the following information:

- The name of the person(s) and/or department(s) involved in the conduct, violation(s) or hazardous condition(s)
- The date(s) when the conduct or violation(s) occurred or the hazardous condition(s) existed
- Whether the conduct or violation(s) continue to occur or the hazardous condition(s) continues to exist
- The specifics of the conduct, violation(s) or hazardous condition(s)
- Where the conduct or violation(s) took place or where the hazardous condition exists
- The name of witness(es), and any other relevant information

Concerns expressed anonymously will be investigated, but considerations will be given to:

- The seriousness of the issue raised;
- The credibility of the concern;
- The likelihood of confirming the allegation from reliable sources

Malicious Allegations

Anyone reporting a concern must have reasonable grounds for believing that the matter raised is an act of fraud and/or wrongful conduct as previously defined. Anyone not acting in good faith, or acting with the foreknowledge that the allegations are false, is subject to discipline up to and including dismissal from his or her position or termination of employment.

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Dealing with Reports of Suspected Fraud (Actions Arising from Fraud Investigations)

Upon receipt of any reported concern, the management may;-

- Conduct its own investigation or review;
- Instruct the internal auditors, external auditors or other professionals to conduct further investigations or review;
- Instruct relevant parties to take such remedial, disciplinary or other action as it deems appropriate;
- Engage such third parties as the management may determine, to commence or conduct further investigations or review;
- Engage such third parties as the management may determine to take such remedial, disciplinary or other action as it deems appropriate;
- Take any other action as management may determine in the best interests of the Group;
- Institute recovery of losses.

FT Group reserves the right to take such action as the management deems appropriate against any such employee.

A fraud risk assessment using the following components shall be conducted by internal audit annually and presented to the audit committee.

- Fraud risks and schemes which have been identified
- Likelihood of occurrence (remote, possible, probable)
- Significance (insignificant, moderate, major)
- People and/or department(s)
- Existing anti-fraud controls
- Assessment of controls' effectiveness

References for Employees Disciplined or Prosecuted for Fraud

Any request for a reference for a member of staff who has been disciplined or prosecuted for fraud shall be referred to Human Resources who shall prepare any answer to a request for a reference having regard to employment law.

Safeguards for Employees

The safety of whistle blowers is a very important consideration for investigators and one that must not be taken lightly. FT Group has an obligation to protect staff members who have come forward to report wrong doing.

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Issues reported will be investigated with the following safeguards:

- Harassment – The Group will not tolerate the harassment, discrimination, or discipline of any employee based upon good faith concerns raised under this policy.
- Confidentiality – The Group will make every effort to treat a complainant's identity with an appropriate regard for confidentiality, with the understanding that the details of complaints may need to be shared with others in order to conduct a fair and complete investigation of such complaints.
- Anonymous Allegations – Because a thorough investigation often depends upon the ability to gather additional information, the Group encourages complainants to put their names to allegations of wrongdoing. The Group will explore anonymous allegations to the extent possible, but will weigh the prudence of continuing such investigations against the likelihood of confirming the alleged facts or circumstances from attributable sources.
- Bad Faith Allegations – Anyone reporting a concern must have reasonable grounds for believing that the matter raised is an act of fraud and/or wrongful conduct as previously defined. Anyone not acting in good faith, or acting with the foreknowledge that the allegations are false, is subject to discipline up to and including dismissal from his or her position or termination of employment.

Post-disclosure issues

FT Group will endeavour to keep employees who raise concerns informed as to how their concerns are being addressed. However, for legal or practical reasons this will not always be possible: for example, the fact of disciplinary action against an individual can generally not be shared with another employee, and the fact of an investigation by a regulator or law enforcement agency will usually be confidential itself.

Employees who raise concerns or report alleged irregularities must keep confidential within FT Group the fact that they have done so, the details of the matter and any feedback given to them and not make disclosures other than in accordance with this Policy. This cannot prejudice the right of the employee to make a report directly to a regulatory authority or other relevant government body where the employee believes that this is the only appropriate course of action.

Where a disclosure has been made in good faith, and subsequently leads to regulatory or court hearings, the employee initiating the report may be obliged to act as a witness. Where this occurs, FT Group will provide appropriate help and support, including any necessary legal advice, to the employee up to and throughout the hearing.

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Application and review

This policy will be effective on approval by FT Group's audit committee and will be subject to regular reviews but not less than once in every three years. It shall be made available to all staff and disclosed externally through the website.

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Anti-fraud and Whistleblowing Policy Acknowledgement

I acknowledge that I have read the FTG Holdings Anti-fraud and Whistleblowing Policy. I understand the Policy, and I will comply with the Policy at all times.

Name:

Signature:

Date:

Amendment History

No.	Details	Reviewed By	Version Reference	Date
FTGH/AF&WBP/01/2018				