

## **ENTERPRISE RISK MANAGEMENT POLICY**

### **Preamble**

Quantum Foods Holdings Ltd and its subsidiaries (“Quantum Foods”, “the Group” or “the Company”) acknowledge the diverse range of risks the business is exposed to. The key challenge facing the Company is converting these risks into opportunities that create value for all stakeholders and, in essence, create an appropriate balance between performance and conformance.

The Board therefore recognises that risk management and internal control assurance are key elements of good corporate governance. As a result, this policy describes how the Company identifies, assesses, monitors and manages risks.

### **Vision**

The Company’s vision is to be the leading feed and poultry business in Africa, delivering sustainable returns. To enable the Group to achieve this objective, it is imperative to institute an integrated risk management culture within the Company. This will enable Quantum Foods to fulfil its mandate and maximise sustainable value creation from its business activities, while meeting the expectations of its stakeholders.

The Company therefore strives to adopt a structured and comprehensive approach to the effective management of risks at divisional and operational level. This is achieved by aligning strategy, process, people, technology and knowledge for the purpose of evaluating and managing the uncertainties faced in creating shareholder value. This ensures Quantum Foods’ holistic response to risks remains current and dynamic.

### **Delegation of Authority**

The Board is responsible for ensuring that proper risk management processes are in place. The Board has delegated the assessment of the quality, integrity and reliability of the Company’s risk management processes to the audit and risk committee.

The audit and risk committee operates within written guidelines instituted by the Board and is responsible for reviewing and monitoring the Company’s risk management performance and providing a high-level risk assessment to the Board on an ongoing basis.

### **Ownership and Accountability**

While the Board (through the audit and risk committee) is ultimately accountable and responsible for the Group’s risk-management process, day-to-day risk management rests with the senior and line management of each division and business unit.

Senior management approves procedures and controls to implement the risk policy effectively and efficiently, and management at all levels enforce these controls.

The audit and risk committee does not diminish the role of line management. It is therefore the responsibility of divisional line management to ensure that effective risk-management techniques are enforced that enable the Company to identify, assess, manage and treat risks proactively and appropriately.

Management, at all divisional levels, is therefore expected to:

- resource, operate and monitor the Group's systems of internal control;
- ensure that a risk-based approach to internal control is communicated to employees and embedded in all business processes;
- strengthen and build the existing capacity of the Group's current business practices and explore value-adding opportunities to mitigate risks;
- promote a risk awareness ethic and improve risk transparency at divisional and operational levels;
- assign accountability for managing risks within agreed boundaries and defined objectives; and
- report the results of frequent assessments regarding the effectiveness of the integrated risk-based internal control systems to executive management, including identified weaknesses or incidents.

Non-compliance to the execution of the abovementioned functional responsibilities could result in disciplinary actions instituted by the Company.

## **Reporting**

Executive management reports on an on-going basis to the audit and risk committee by providing a high-level risk assessment on the processes followed and the progress made in implementing the Group's integrated risk management framework.

## **Policy Review**

This policy is reviewed annually and may, from time to time, be amended as required. This is subject to recommendation by the audit and risk committee, prior to seeking the Board's approval.

Executive management submit proposed changes or additions for consideration and recommendation to the audit and risk committee.

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