

REMUNERATION POLICY
OF
QUANTUM FOODS GROUP

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1 PURPOSE AND OUTCOME

(This document is prepared in accordance with governance best practice as contained in the King IV Report on Corporate Governance (“King IV”) and complies with applicable legislation including but not limited to the Companies Act 71 of 2008 as amended.)

The purpose of this document is to set out guiding principles, through an organisation-wide approach, relating to the Company’s remuneration framework and its consistent implementation that is aligned to the strategic direction of the Company.

This document elaborates on each component of remuneration and should be read in conjunction with other applicable policy documents from time to time.

In line with King IV, this policy will be made available on the Quantum Foods website, accessible through the following link: www.quantumfoods.co.za.

The Group’s remuneration approach is aimed at remunerating directors, executives and employees fairly and responsibly. This approach takes cognisance of local and international remuneration best practices to ensure that the Company attracts and retains appropriate skills and talent.

Quantum Foods’ remuneration is governed by the RHCC, which is mandated by and reports to the Board. The RHCC considers the holistic compensation model in approaching the remuneration of all executive directors and prescribed officers, including the fees paid to all non-executive directors. The fees payable to non-executive directors are recommended for approval by the Board to the shareholders at the AGM.

The outcomes of this policy include:

- attracting and retaining critical talent, capable executives and a skilled workforce;
- motivating and assisting employees to learn and realise their professional goals, improve their performance and ultimately contribute to achieving the Company’s long-term objectives;
- ensuring short-term success and long-term sustainability;
- ensuring that labour costs compare favourably with the Company’s peers and competitors within the South African labour market and manufacturing industry;
- promoting the achievement of strategic objectives within the Company’s risk appetite;
- promoting an ethical culture and responsible corporate citizenship;

- enhancing internal fairness through consistent, appropriate and responsible remuneration;
- decision-making aligned with the Company's strategy and values;
- rewarding employees in a manner which is fair, equitable and reflective of both Company and individual performance;
- ensuring internal equity and external competitiveness; and
- promoting positive outcomes across the integrated reporting capitals that the Company uses or affects.

In setting and administering its remuneration policy, the Company is also committed to observing its obligations in terms of the Employment Equity Act 55 of 1998 (as amended) ("the Employment Equity Act") and the Regulations in terms thereof, specifically the principle of Equal Pay for work of Equal Value.

2 FAIR AND RESPONSIBLE REMUNERATION

The Company observes the principle of fair and responsible remuneration and continuously examines innovative methods to ensure that remuneration paid to executive directors is in line with the market and justifiable in the context of overall employee remuneration.

In line with the provisions of the Employment Equity Act, in particular the principle of equal pay for work of equal value, the Remuneration and Human Capital Committee ("RHCC") oversees the results of the Company's TASK and ExecEval grading system. This system enables the RHCC to evaluate whether an employee's remuneration is in line with his or her peers within the same job category to identify and correct any unjustifiable differentials. This supports the principle of equal pay for work of equal value espoused in the Employment Equity Act.

Quantum Foods also has a human resources strategy that supports career progression and the development of upcoming talent. Through its talent development programme (in partnership with certain institutions of higher education), students studying for qualifications in animal production participate in the Company's internship programme. Many of these students have been retained and placed in the Company's career pathing programme.

The RHCC looks at a variety of factors, such as ethical and moral considerations, when determining and adjusting the minimum wage and average salaries to ensure that they are set at an appropriate level. Minimum remuneration for the workforce is reviewed annually and applied as is applicable for different sectors in line with the Company's minimum wage policy.

This policy supports the Company's overall human resources strategy, particularly training and skills development (through, for example, the learnership and apprenticeship programmes),

and employment equity and diversity. In order to assess internal pay disparities, the Company may take the following action:

- conduct an assessment of pay conditions between employees at the same level / same job (or employees whose work is of equal value) in accordance with the principle of Equal Pay for work of Equal Value within a specific division or business entity to identify and address any unjustifiable income disparities.

The remuneration package for all employees is determined and approved by the respective group executives, after consultation with the CEO and the group executive: human resources in line with a mandate from the remuneration committee. When determining annual increases at executive level, the Company takes into account the average salary increase levels for middle management and general employees. Executive increases that exceed those for middle management and general employees will only be made where it is necessary to align executive pay packages to the relevant market benchmarks. When reviewing the results of market benchmarking, Quantum Foods will also take into account the fact that any change in the quantum of the guaranteed package of a member of executive management can have a corresponding effect on the size of his or her variable pay package.

In the circumstances where there is a shortage of skilled workers, the Company may identify those critical jobs and adjust remuneration to include an additional premium of the guaranteed package payable for those jobs, in order to attract and retain these skilled workers. As the supply and demand of employees with critical skills are the most important factors influencing differentiations in remuneration, this may result in some remuneration disparities in that employees who work within the same job grade may earn different amounts.

The Company progressively considers and implements initiatives to improve the employment conditions of its general and junior employees. In line with the Company's dedication to fair and responsible remuneration, Quantum Foods may adopt progressive measures to address any identified disparities.

3 TOTAL REMUNERATION PACKAGE

The remuneration frameworks consists of total guaranteed package ("TGP"), benefits and, depending on an employee's job category and seniority, variable remuneration. Profitability and efficient business processes are the key Group performance indicators for reward. Individual performance indicators are determined according to the key measurable areas which contribute to the overall Group performance and strategy execution.

The different components of remuneration, their link to the Company’s business strategy and their positive outcomes within the economic, social and environmental context that the Company operates in, are summarised in the table below.

Component and positive outcome	Policy and link to business strategy
<p>TGP (fixed; applicable to all employees)</p> <p>Social – ensuring the necessary skills to drive a high-performance culture.</p>	<p>Aimed at attracting and retaining talent, and ensuring competitiveness.</p> <p>Quantum Foods participates in reputable South African salary surveys, and benchmarks total remuneration packages against the market value applicable to various job categories on a biannual basis. The surveys and benchmarks that are used include PwC’s REMChannel Survey, as well as the National and Manufacturing Circles. The RHCC is satisfied that these surveys and benchmarks are appropriate in the context of the Quantum Foods and its business. Internal salary positioning is based on factors that include work experience, competence, performance, internal historical factors, and market influences. TGP is generally referenced to the job family market median.</p> <p>Collective bargaining agreements for unionised employees are negotiated annually.</p> <p>The average salary for each job category is reviewed annually bearing in mind the affordability restraints of the Company.</p>
<p>Benefits (fixed)</p> <p>Social – allowing employees the flexibility of structuring according to individual requirements</p>	<p>Benefits form part of TGP and include medical aid, retirement fund contributions, disability and life insurance, as well as additional benefits such as travel allowances and cellphone allowances. Contributions are made according to statutory requirements and fund-specific rules.</p> <p>Employees receive a long service bonus equal to one month’s TGP for every completed 10 years of service. Employees receive a 13th cheque, as part of their TGP. They can either elect to receive the 13th cheque on a once-off basis in December of every year, or have it paid to them in equal instalments over a 12-month period</p>
<p>STIs (variable)</p> <p>Economic – drives sound farming production</p>	<p>The STI constitutes a performance bonus. This bonus designed to motivate and reward management for its contribution to the achievement of targets related to main business drivers, ultimately increasing shareholder value.</p> <p>Performance conditions</p>

<p>efficiency that assist the Group’s ability to recover rising input costs and improved returns on the asset base that enables the creation of shareholder value.</p>	<p>Growth in headline earnings before tax per share (“HEBTPS”) – the growth calculation is based on an audited and agreed comparative base for the previous financial year.</p> <p>Growth in economic profit (“EP”) – the growth calculation is based on the weighted average cost of capital over a rolling three-year period applied to the average net asset base of the Group.</p> <p>Farming production efficiency – the efficiency calculation is based on targets set for feed conversion ratios and egg production efficiency. Feed conversion ratios are calculated as the amount of feed (in kilograms) used to produce either one dozen of eggs for layer-type chickens or one kilogram of meat for broiler-type chickens. Egg production efficiency is measured as the number of eggs produced per layer-type hen placed at the start of a laying cycle.</p>
<p>LTI (variable)</p> <p>Economic – drives share price growth and by extension, the creation of shareholder value.</p>	<p>The LTI consists of an equity settled Share Appreciation Right (“SAR”) scheme designed to attract and retain talent over the long term, as well as align the interests of employees with that of shareholders.</p> <p>50% of the SAR award is subject to performance conditions (set out below). The remaining 50% is subject to continued employment.</p> <p>Performance condition Growth in Group headline earnings per share (“HEPS”): The hurdle for vesting is compound average growth (“CAGR”) in HEPS equal to the consumer price index (“CPI”) plus 1% growth with full vesting at CPI plus 5% growth.</p> <p>The Board can increase the baseline HEPS for an allocation to ensure that the target for the vesting of this component is fair and reasonable to both shareholders and participants.</p>

Pay mix

The pay mix for senior executives comprises a combination of TGP and variable pay, and a sufficient portion of the pay mix is “at risk” in order to incentivise executives to meet financial performance targets and realise the Company’s business strategy. The STI portion drives the achievement of share price growth over the short term, while the LTI portion incentivises long-term share price growth and alignment with shareholders. At lower levels, the on-target pay mix is weighted towards guaranteed pay.

Several employees fall within collective bargaining units and therefore their remuneration is

determined outside of the remuneration policy (and is subject to any applicable collective bargaining agreement). All South African employees participate in a Group-wide retirement scheme and a voluntary medical aid scheme.

Annual reviews and TGP increases: Annual reviews of TGP take into account inflation, current market conditions, an employee’s financial and non-financial individual performance against pre-set goals as well as the performance of the Group. Increases are limited to an approved budget and executive increases are considered within the context of average increases for employees throughout the Group. Employees whose individual performance falls below an acceptable standard (determined through the Company’s performance management process) will not be eligible for an increase. This is determined through the Company’s performance management process.

Short-term incentive

Based on business and individual performance, executives and selected senior managers may participate in the STI scheme (as summarised above in the remuneration framework), based on business and individual performance. A maximum bonus pool is calculated annually to govern the total amount of the STIs payable to the participants. The bonus pool for the HEBTPS and EP components is self-funding and the achievement of growth targets is calculated after taking the bonus pool into account, however, the portion of the bonus dependent on farming production efficiency targets is not dependent on the achievement of growth targets for HEBTPS.

Earning potential for STI: the table below sets out the earning potentials (as a % of TGP) of employees (on average where necessary).

Position	Earning potential for STI (as a % of TGP)
CEO	100%
CFO and Executives	75%
Senior management	15% or 35%

Senior management with African country, national, or significant regional responsibility have an STI earning potential of 35% of TGP. Other senior management reporting directly to the executive team have an STI earning potential of 15% of TGP.

The maximum payment is determined by the bonus pool cap. The bonus pool cap is calculated based on the participant's cost to company as well as maximum earning potential depending on the participant's level.

The hurdle rates for HEBTPS, the percentage of growth in EP included in the bonus pool, and farming production efficiency targets are determined annually by the Board to establish minimum and maximum potential bonus payouts during the first quarter of the following fiscal year.

An employees' individual performance score which is measured in line with his or her Individual performance contract must be at least satisfactory to participate in any bonus pay-out. Individual Performance targets are determined and evaluated by the employee's manager on a bi-annual basis. These targets form the Performance contract of the specific employee and a percentage achievement of at least 65% is required for participation in any STI payout. These performance conditions are considered to be sufficiently stretching and appropriate to Quantum Foods' business model.

RHCC discretion: the RHCC has the discretion to approve STI payments in the interest of all stakeholders. This decision may be guided by contextual realities that may have impacted the performance of the group in the year under review. The STI scheme is subject to annual review by the remuneration committee, depending on changes to the Company's objectives and strategy.

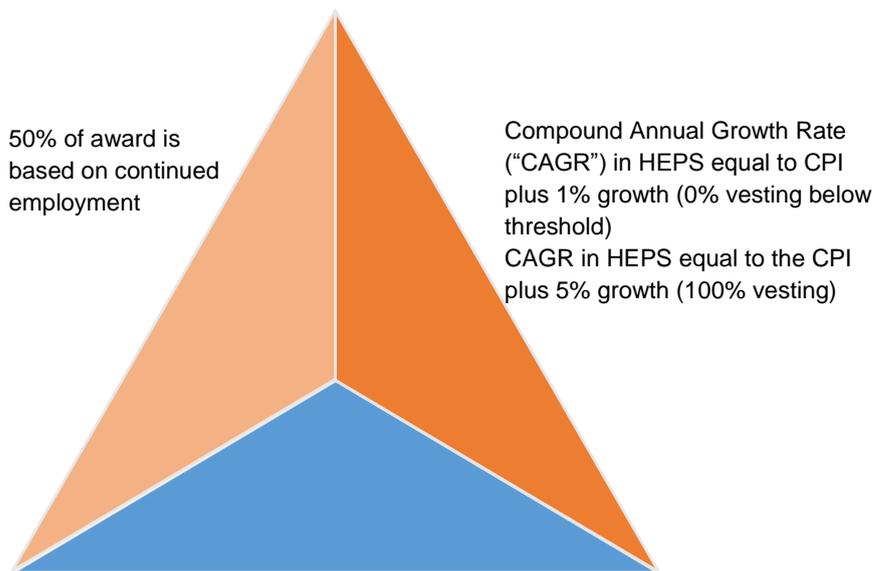
Long term incentive

Selected employees, including executives, are given the opportunity to participate in the LTI scheme at the sole discretion of the Board. **Share appreciation rights:** Shareholders approved the scheme and rules of the equity-settled Phantom SAR Plan ("the SAR plan"), in compliance with the JSE Listings Requirements. In terms of the SAR Plan, selected employees are granted the opportunity to acquire shares in the Company. The quantum of their awards is based on the future increase in the value of the SARs awards. The Plan is intended to promote the continued financial growth of the Group. The RHCC determines the allocation to qualifying employees on an annual basis.

LTI allocation methodology: Multiples of annual TGP are used to determine the annual allocation of SARs to qualifying employees. Employees are "topped up" each year to ensure that their unvested SARs are equal in value to the multiple. In determining annual top-up allocations, only unvested past allocations are taken into account. Awards are made annually. The detail regarding the performance conditions for the LTIs are set out in the graphic below.

Position	Annual SAR allocation level (as a multiple of TGP)
CEO	7
Executives	3
Senior management	1

Details surrounding LTI awards



- SARs vest in 3 equal tranches on 3rd, 4th and 5th anniversary of award date.
- Six-month exercise period.
- No resetting of performance conditions is allowed and the relevant tranche will lapse if the applicable performance conditions are not

Settlement:

Quantum Foods may settle SAR awards on the exercise date by issuing additional shares or purchasing shares in the market for transfer to qualifying employees.

Dilution limit:

The total number of ordinary shares that may be transferred to qualifying employees under the SAR scheme is limited to 14.5 million shares, which amounts to 6.5% of Quantum Foods’s issued share capital. The individual limit is 1 million shares, which amounts to 0.45% of the Company’s issued share capital.

Early termination: For fault leavers as defined in the SAR scheme rules, vested but unexercised SARs may be exercised within 30 days of termination of employment. All SARs (vested and unvested) will lapse thereafter. For no fault leavers as defined in the SAR scheme rules, the participant will be entitled to the same rights and subject to the same conditions as they would have been if they remained employed by the Company.

4 EXECUTIVE DIRECTORS' SERVICE AGREEMENTS

Executive directors' service agreements are prepared with input from the RHCC. These service agreements are similar to employment agreements for other employees, apart from a longer notice period of 3 months versus 1 month for most other employees. The 3 month period applies to executive directors as well as all senior managers. Executive directors' service agreements do not contain restraint of trade provisions. Sign-on awards will only be made in exceptional circumstances in order to attract extraordinary talent. No such awards have been made to date. Executive contracts do not contain provisions that require the RHCC to make severance or balloon payments on termination of employment. Executives may serve on the boards of other companies with the approval of the CEO. The surveys and benchmark that is used is the Executive Directors Remuneration Report from PwC and the RHCC is satisfied that the use of this report is appropriate in the context of Quantum Foods and its business.

5 PERFORMANCE MANAGEMENT

Performance management is in line with the business strategy and the management of overall remuneration and it is essential that all employees are involved in the performance review process. Interim on the job feedback is provided to employees throughout the year, but formal feedback (in accordance with performance contracts) is provided bi-annually to employees.

6 JOB GRADING

Quantum Foods uses the Task and Execeval grading systems and all positions have detailed descriptions. Job grades are not communicated to employees as they are simply used as a guide and internal tool to manage internal equity and to define potential career paths within a specific domain.

When applicable and after establishing benchmark grades for jobs, job profiles are updated and jobs are re- graded.

7 CAREER PLANNING AND SUCCESSION PLANNING

The Company recognises the importance of career development for its employees. Through consultation with employees, development needs are identified and where appropriate, training and other relevant plans are put in place.

The Company recognises the importance of succession planning and the need to employ talented individuals in the Company. There is no automatic right to a job for any employee and where vacancies exist, all employees are permitted to apply for the position on the basis that they have the correct skills and qualifications required for the role.

8 REMUNERATION & HUMAN CAPITAL COMMITTEE

In line with King IV, the remuneration committee is appointed by the Board of Directors as a subcommittee and has delegated authority, in accordance with its terms of reference which the board reviews annually.

The remuneration committee is established to ensure that remuneration practices support the strategic vision of the Company, and to set the direction for how remuneration should be approached and addressed on an organisation-wide basis. Their responsibilities include evaluation, review and decisions-making regarding the Company's remuneration policy and the implementation and execution thereof.

In line with best practice, the majority of the members are independent non-executive directors. The RHCC actively engages with independent advisors to ensure that all matters and decisions relating to remuneration are in line with best practice.

The RHCC determines the remuneration structure affecting all employees of the Company on an organisation-wide basis and makes its recommendations to the executive committee in line with the objectives of this policy. Recommendations made by the RHCC are ultimately approved by the Board and the shareholders.

The full duties of the remuneration committee are set out in its Charter.

9 NON-EXECUTIVE DIRECTORS

Non-executive directors ("NEDs") do not have any service agreements with the Company. They are appointed for an indefinite period and are subject to rotation in line with the Company's memorandum of incorporation.

NEDs are paid a quarterly retainer fee in cash. The fee reflects the NED's assigned responsibilities. The fee is evaluated annually, and benchmarked every two years against the PwC NED fee survey. The RHCC is satisfied that the use of this report is appropriate in the

context of the Quantum Foods and its business. NEDs are paid an all-inclusive retainer fee, and are not paid per-meeting. NEDs do not receive supplementary fees for an increased workload or ad hoc meeting attendance, however, NEDs are reimbursed for any related disbursements.

10 SHAREHOLDER ENGAGEMENT AND VOTING ON THE REMUNERATION POLICY AND IMPLEMENTATION REPORT

Quantum Foods is committed to building and maintaining a strong relationship with its shareholders based on trust and mutual understanding. Quantum Foods aims to transparently interact with its shareholders in order to achieve this.

The remuneration committee invites feedback from the shareholders on this policy in order to launch a constructive and open dialogue.

Previously only the remuneration policy was placed before shareholders at the AGM for a non-binding advisory vote by shareholders. In line with King IV™ and the JSE Listings Requirements, the remuneration policy and implementation report will be placed before shareholders for two separate non-binding advisory votes from the 2018 AGM onwards. In the event that 25% or more of shareholders vote against either of or both the remuneration policy and implementation report, the RHCC will initiate communication with shareholders via a SENS announcement following the AGM. This communication will aim to determine and address shareholders' concerns, including the manner and timing of the engagement.

The RHCC will take measures to engage proactively with shareholders and ascertain their reasons for dissenting votes. These may include:

- emails, telephone calls, meetings and other methods of communication to the relevant contact person of shareholders, after the AGM concerned (and throughout the financial year), regarding the reasons for the dissenting votes; and
- responses to shareholder queries explaining, in more detail, the components of the remuneration policy that caused concern. Where appropriate, and in the case of legitimate and reasonable concerns, the Board may resolve to amend certain elements of the remuneration policy to align the policy to market norms. Following this process, the remuneration committee shall disclose, in the background statement of the successive remuneration report, the full shareholder engagement process and responses to legitimate and reasonable objections and concerns.