

CORPORATE GOVERNANCE FRAMEWORK OF QUANTUM FOODS GROUP

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DEFINITIONS AND ABBREVIATION

QFH BOARD	Board of Directors of Quantum Foods Holdings Limited
SUB BOARD	Board of Directors of the subsidiaries of Quantum Foods Holdings Ltd
QFH/The Group	Quantum Foods Holdings Limited and its subsidiaries which includes all registered subsidiaries locally and internationally
COMPANIES ACT	Companies Act no. 71 of 2008 and its Regulations (as amended from time to time)
KING V	King Code and Report on Corporate Governance for South Africa as amended

1. INTRODUCTION

Sound corporate governance principles are the foundation upon which the trust of investors is built and King V endorses the primary characteristics of corporate governance from global standards. These principles are critical to growing the reputation of an organisation dedicated to excellence in performance and integrity. Corporate Governance facilitates ethical culture, good performance, effective control and legitimacy of an organisation, such as QFH. Corporate governance processes protect executives and employees in fulfilling their duties, and good corporate governance instils stakeholder confidence in the organisation.

The overall intention of QFH's Corporate Governance Framework is to ensure continuous performance improvement while meeting its governance obligations and, simultaneously, adhering to legislative requirements.

This Framework summarises the principles, methodologies and procedures used in QFH to support effective governance and living our values.

This document provides guidance to QFH staff and stakeholders and is available on the QFH website (<http://www.quantumfoods.co.za>).

2. PURPOSE

The purpose of the Group's Corporate Governance Framework ("CG Framework" or "the Framework") is to provide for the prudent management and oversight of the businesses within the Group and to adequately protect the interests of all stakeholders. This framework describes the governance structure and decision-making processes applicable to the Group.

Quantum Foods Holdings Limited is a JSE listed entity committed to implementing and maintaining sound corporate governance practices, as set out in the Companies Act and King V. The Board of Directors recognises that corporate governance practices must be appropriate and relevant to the size, nature and complexity of its operations, while promoting robust practices within the context of economic performance.

This document only addresses the Group's overarching governance structure and decision-making principles. Specific frameworks, policies, methodologies, charters, terms of reference and mandates of the various governance structures, committees and panels are set out in separate documents. This document, therefore, does not prescribe the manner in which these structures conduct their activities.

3. SCOPE

The Framework applies to QFH as defined.

4. GOVERNANCE PRINCIPLES

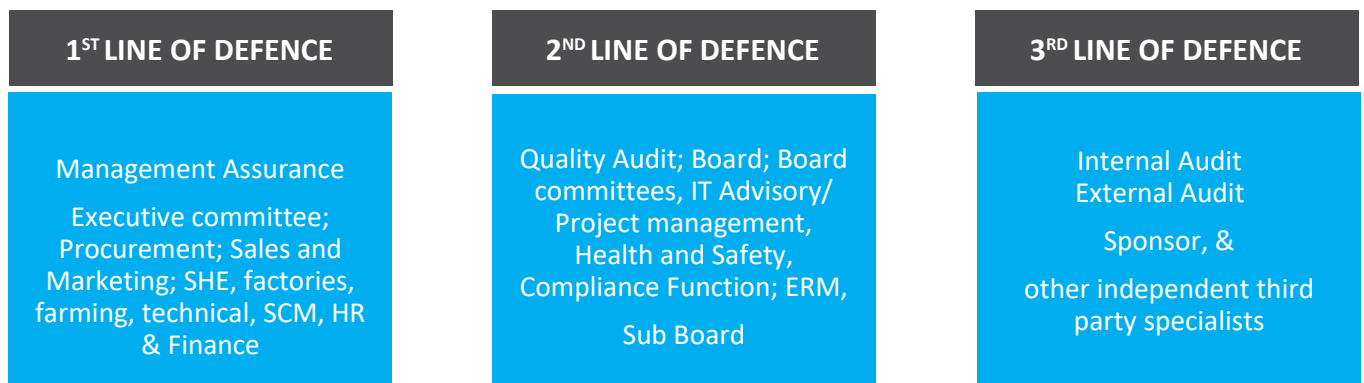
The corporate governance model that the Group has implemented uses best practices which include the following:

4.1 THREE LINES OF DEFENCE

There are a number of assurance role players for corporate governance at QFH. These role players provide different types of assurance and are referred to as the three lines of defence. The key differentiating factor between the three lines of defence are their levels of independence from the entity's operational activities and to the entity itself.

The "three lines of defence" governance model therefore distinguishes between:

- Functions owning and managing risks as part of their day-to-day activities (first line of defence);
- Functions overseeing risks and providing robust challenge to the management teams (second line of defence); and
- Functions providing independent assurance (third line of defence).

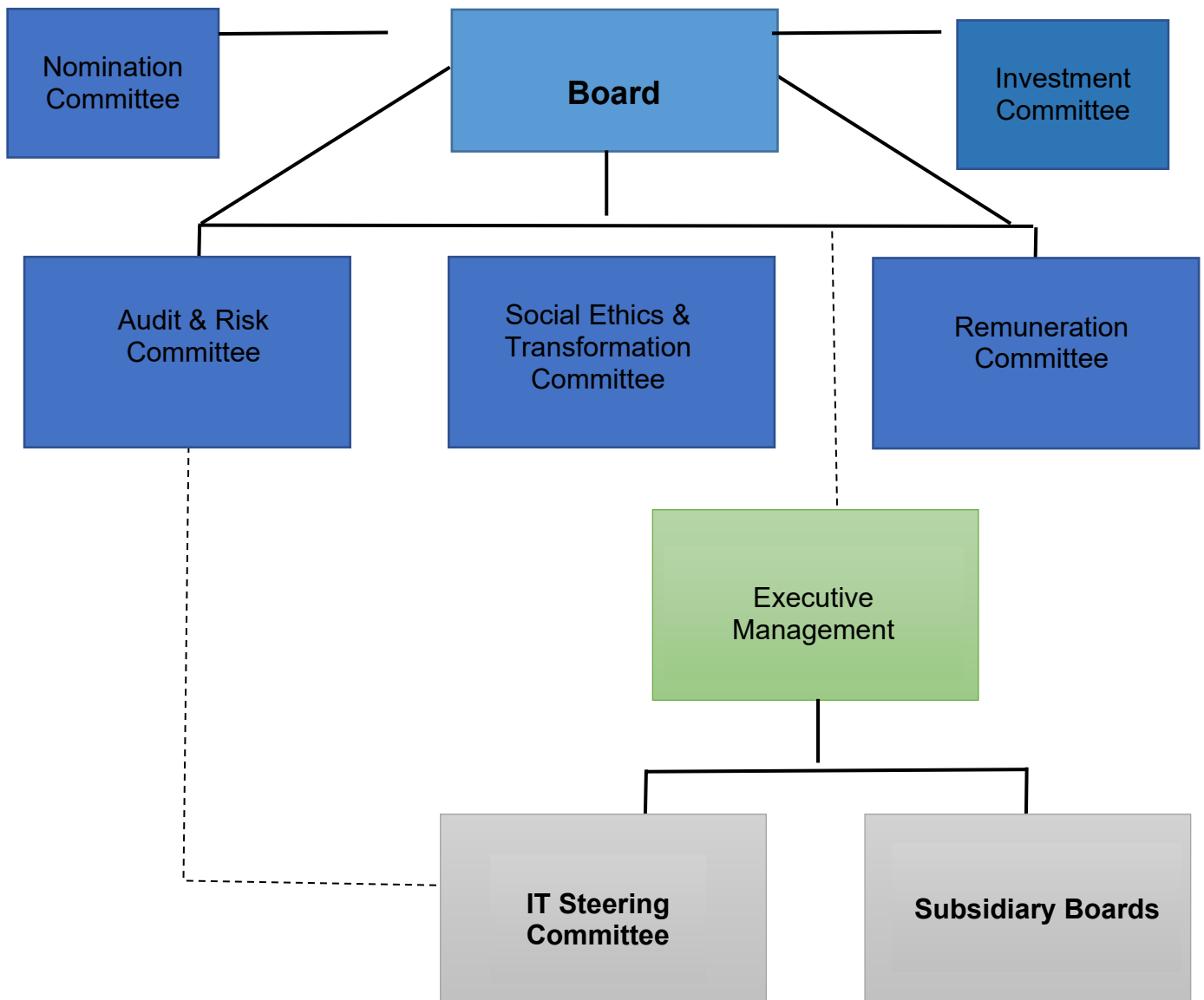


4.2 COMBINED ASSURANCE

The Group, in its implementation of combined assurance, has identified the components of combined assurance as per King V. These components of combined assurance enable an effective internal control environment. Assurance processes in the Group include internal and external audit.

5. GROUP GOVERNANCE STRUCTURE

The Group recognises the value of King V, which advocates implementing a governance structure which supports leadership, sustainability and corporate citizenship. For QFH this includes, *inter alia*, establishing a Board of Directors with appropriate Board Committees. Therefore, in support of a transparent organisational structure and these lines of responsibility, QFH has established the governance structure as depicted below.



5.1 GOVERNANCE STRUCTURE

The QFH Board retains full and effective control of the Group and is ultimately accountable and responsible for the performance of the Group. This includes responsibility for reviewing and guiding corporate strategy, through the establishment of key policies and objectives, understanding the key risks faced by the Group, determining the risk appetite, tolerance and preferences of the Group and the processes in operation to mitigate these. The QFH Board has overall responsibility for the management of the Group and for maximising shareholder value. In discharging its responsibilities, the QFH Board is supported by senior management, together

with various board committees and other governance forums. These committees have specific charters or terms of reference, appropriately skilled members, senior management participation and access to specialist advice when considered necessary. Various informal forums may be established for the purpose of gathering information, agreeing and tracking actions, and where necessary, escalating findings or recommendations to decision-making forums. In addition, the subsidiaries within QFH also have their own Boards of Directors, which meet as required.

QFH has established the various Board committees as reflected in the structure above to assist and support the QFH Board, and other subsidiary Boards as far as practicable, in discharging their duties.

Various mechanisms such as strategies, policies, processes and documents have been implemented and are used to drive and support good governance in practice. Refer to Annexure A for a list of the key documents as referred to in this Governance Framework.

5.1.1 QFH BOARD

The QFH Board acts at all times in the best interests of the Group and takes ultimate responsibility for the Group. The QFH Board has an approved Board Charter which includes details such as the roles and responsibilities of the Board, its Directors and the composition of the Board. The QFH Board is mandated in terms of its Charter. QFH has established other registered legal entities within QFH for generically similar businesses. The roles and responsibilities, authority, composition, operations, functioning and other matters relating to these entities and their Boards, are defined and set out in the respective Board Charters. The QFH Board is supported by the 5 Board Committees depicted in the above organogram. These Committees have delegated responsibility to assist in specific matters.

These Committees, with the exception of the ad hoc Nomination Committee and the ad hoc Investment Committee, report to the QFH Board on at least a biannual basis. The delegated responsibility and the powers, limits and authorities attached to Board Committees are approved by the QFH Board, and such powers, limits and authorities are limited as determined by the QFH Board from time to time. Each committee has its own charter or terms of reference which sets forth its purpose, composition and duties. The charters are available on the QFH website (<http://www.quantumfoods.co.za>).

5.1.2 BOARD COMMITTEES

Remuneration Committee

The Remuneration Committee has an independent role to oversee the remuneration processes and to consider and approve remuneration-related issues and proposals. It ensures that the remuneration policy is aligned with, and promotes the achievement of the strategic objectives

Social Ethics and Transformation Committee

The Social Ethics and Transformation Committee is a statutory Committee appointed by the shareholders. The Social Ethics and Transformation Committee is mandated and authorised by the QFH Board, to fulfil the following monitoring and evaluation roles:

- Compliance with relevant social, ethical and legal requirements of the Group as well as best practice codes;
- Risk and Compliance as it relates to ethical behaviour within the Group; and
- Environmental sustainability and corporate social investment.

Audit and Risk Committee

The Audit and Risk Committee is an independent statutory Committee appointed by the shareholders. The Committee deals with matters such as recommending approval of the Group financial results, trading updates, review of the Integrated Report, approval of the risk-based internal audit plan; the combined assurance model; review of the groups' Internal Financial Controls (IFC); recommendations on dividend proposals to the QFH Board; external auditors. The Committee meets a minimum of 3 times per year with one of the meetings dedicated to risk management.

Nomination Committee

The Nomination Committee is primarily responsible for Board and Executive management succession planning and conducting recruitment processes and recommending suitable candidates to the Board to fill Board vacancies as and when a vacancy arises.

Investment Committee

The Investment Committee is responsible for the detailed evaluation of individual capital projects above R6 million, the financing thereof, fixed asset (excluding property) disposals above R5m and all property disposals, prior to presenting same to the Board for approval. The Investment Committee does not have any decision-making powers, it can make recommendations to the Board.

5.1.3 EXECUTIVE MANAGEMENT

Executive management or the QFH Executive Committee (EXCO) have the responsibility for the day-to-day management of QFH. The EXCO serves an executive function and is the custodian of the Group strategy as approved by the QFH Board and responsible for its

execution. The EXCO provides the QFH Board with sound information, advice and recommendations on the organisational structure, objectives, strategies, plans and policies of the Group to enable the QFH Board to make informed decisions.

5.1.4 IT STEERING COMMITTEE

The Committee has an independent role with accountability to the QFH Board, the Audit and Risk Committee and the EXCO. The Committee operates as a decision-making body and monitors IT governance practices within the Company. The Committee does not assume the functions of operational management, which remain the responsibility of the relevant executive directors, officers and other members of management.

5.1.5 SUBSIDIARY BOARD

The subsidiary board takes responsibility for the governance of the relevant subsidiary. It operates within the governance framework approved by the QFH Board. The CEO of the subsidiary has the responsibility to ensure that the subsidiary adheres to the QFH policies and any local statutory or legal requirements.

5.2 RISK MANAGEMENT SYSTEM

QFH's risk management system includes the establishment of various policies, strategies, processes, procedures and tools for identifying, measuring, monitoring, managing and reporting of all material risks to which QFH is exposed.

The Enterprise Risk Management (ERM) Framework sets out the key principles that guide the implementation of risk and capital management at all levels. It provides the necessary foundations and organisational arrangements for managing risk within QFH, and illustrates how risk management should be embedded in all business units to ensure effective risk management strategies are integrated in all work contexts.

At QFH, risk management is an integral part of the management processes. The Group's effectiveness is enhanced when risk management is part of the culture and is embedded in its daily practices and business processes. Risk management focuses on the relationship between risk and its impact on achieving objectives.

5.3 INTERNAL CONTROL SYSTEM

The internal control system acts as an enabler for the delivery of effective governance and to demonstrate that adequate internal controls are in place and operating satisfactorily.

The QFH internal control system outlines the various elements influencing and contributing to a sound internal control environment to ensure adequate control over operations, compliance and

The internal control system is designed to assist the QFH Board, senior management and other management within QFH, and provides reasonable assurance from a control perspective that the business is being operated consistently within the:

- Strategy and risk appetite set;
- Agreed business objectives;
- Agreed policies and processes; and
- Laws and regulations.

QFH's internal control environment includes three Control Functions, namely:-

- Risk Management Control Function;
- Compliance Control Function; and
- Internal Audit Control Function.

5.4 CONTROL FUNCTIONS

QFH, in supporting the QFH Board, has established an effective system of risk management and internal controls which include risk management, compliance, and internal audit control functions.

The authority and responsibility of these functions have been approved and set out in their respective charters and frameworks.

5.4.1 RISK MANAGEMENT

The risk management function assists QFH in performing specialist analysis and performing quality reviews of the risk management system, monitoring the risk management system and maintaining an organisation wide view of the risk profile.

5.4.2 COMPLIANCE

The compliance function provides guidance and oversight to QFH and provides assurance on the level of compliance to the QFH Boards and relevant Board Committees. Further to this it promotes a corporate culture of compliance. QFH has approved a zero risk appetite for regulatory non-compliance.

5.4.3 INTERNAL AUDIT

QFH has an outsourced internal audit function that provides independent, objective assurance to the QFH Board in respect of the effectiveness of its governance, risk management and internal controls. The internal audit function complies with the Institute of Internal Auditors for

the Professional Practice of Internal Auditing and Code of Ethics. It has established and implemented an approved charter. The internal audit function follows a risk-based approach and the internal audit plan is informed by the strategy and risks of the Group.

6. CODE OF ETHICS

QFH has an approved Code of Ethics and a values-based culture has been introduced in the organisation. The values-based culture represents an explicit set of values that play a key role in shaping the culture of QFH and all its client-facing brands. Although the explicit values describe the core of the ethical behaviour, they are not exhaustive of all the ethical norms that guide the behaviour. QFH also subscribes to those generally accepted norms of conduct that find application in society as a whole.

QFH aims to treat all its stakeholders fairly and will strive to enhance and develop products, services and communication channels to meet their expectations.

7. GOVERNANCE OF FRAMEWORKS, POLICIES AND METHODOLOGIES

The development of various other Frameworks, Policies and Methodologies within QFH are to make clear what their aims are, explain how it will achieve them and contribute to the overall direction of QFH. In providing for good governance these documents are finalised after consultation with all impacted management. The policy owner will then ensure that any proposed changes to an existing policy will be submitted to the relevant Board Committee for approval and ultimately to the relevant QFH Boards.

8. GOVERNANCE OF THIS FRAMEWORK

8.1 OWNERSHIP OF FRAMEWORK

Ownership of this framework is vested with the QFH Group Company Secretary.

8.2 DRAFTING AND AMENDMENTS

The QFH Company Secretary is responsible for the co-ordination, the drafting of and the amendments to the framework. Any proposed changes to the Framework will be submitted to the relevant Board Committee for approval and QFH Board, as and when necessary.

8.3 APPROVAL

This Framework must be approved by the QFH Board and the Subsidiary Boards.

9. NON COMPLIANCE

Non-compliance with any of QFH policies, standards, procedures, or the like, could result in

disciplinary action and possible dismissal.

10. IMPLEMENTATION

The Executive Committees in QFH are responsible for adherence to and implementation of this Framework in their business and operational areas.

11. REVIEW

This Framework will be reviewed from time to time, as deemed necessary, by QFH.

Document Title:	Quantum Foods Corporate Governance Framework
Approving body:	Board of Directors
Approved and effective:	20 September 2017
Date reviewed:	20 August 2026

ANNEXURE A: LIST OF KEY DOCUMENTS AS PRESCRIBED BY THIS GOVERNANCE FRAMEWORK

1. Board Charter
2. Board Committee terms of reference
3. Decision Making Framework
4. Code of Ethics
5. Combined Assurance Model
6. Risk Management Policy
7. Internal Audit Charter
8. Enterprise Risk Management framework