

QUANTUM FOODS HOLDINGS LIMITED ENTERPRISE RISK MANAGEMENT POLICY

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1. Preamble

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

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

2. Vision

The Company’s vision is to be the leading feed, poultry livestock and protein business in Africa delivering sustainable returns. In order to achieve this objective, it is a business imperative to institute an integrated risk management culture within the Company that will enable the group to fulfil its mandate and, at the same time, adding maximum sustainable value to all activities whilst meeting the delivery expectations of our stakeholders.

The Company therefore strives to adopt a structured and comprehensive approach to the effective management of risks at divisional and operational level, by aligning strategy, processes, people, technology and knowledge for the purpose of evaluating and managing the uncertainties we face in creating shareholder value. This is to ensure that our holistic response to risks remains current and dynamic.

3. Delegation of Authority

The board of directors, through the Audit and Risk Committee, is responsible for ensuring that proper risk management processes are in place.

The Audit and Risk Committee has been established to operate within written guidelines instituted by the board and holds the responsibility for reviewing and monitoring the Company's risk management performance as well as providing a high-level risk assessment to the board on an ongoing basis.

The board has therefore delegated the assessment of the quality, integrity and reliability of the Company's risk management processes to the Audit and Risk Committee.

4. Ownership and Accountability

Even though the board of directors, through the Audit and Risk Committee is ultimately accountable and responsible for the risk management process implemented within the Company, the day-to-day managing of risks, importantly so, and in addition thereto, rest with the senior and line management of each division and business unit within the group.

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

The Audit and Risk Committee do however not, in any way, diminish the role of line management. It is hence the responsibility of line management at divisional level to ensure that effective risk management techniques are applied to 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 system of internal control;
- ensure that a risk-based approach to internal control is communicated to staff and embedded in all business processes;
- strengthen and build existing capacity in order to consider 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 frequently balanced assessments regarding the effectiveness of the integrated risk based internal control systems, including identified weaknesses or incidents, to Executive Management.

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

5. Reporting

Executive Management will report, on an on-going basis, to the Audit and Risk Committee by providing a high-level risk assessment on the processes followed as well as the progress made in respect of the implementation of an integrated risk management framework.

6. Policy Review

This policy will be reviewed annually and may from time to time be amended as required, subject to the recommendation by the Audit and Risk Committee, prior to seeking the board's approval.

Executive Management will submit proposed changes, or additions, for consideration and recommendation to the Audit and Risk Committee.

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