



BRITAM GROUP ENTERPRISE RISK MANAGEMENT (ERM) POLICY

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1.1 Introduction

The identification and effective management of risks is critical for achievement of Britam's corporate strategic objectives. In identifying the types of risks Britam is exposed to, Britam has taken into consideration the generally accepted descriptions of risk and global best practice.

Through the ERM Policy, Britam shall ensure that all risks are identified, analyzed and evaluated on a regular basis. This Policy identifies, defines and describes the broad risk categories in the context of the Company's corporate strategic plan and historical occurrences. Britam shall focus on effective management of the following risk categories.

- Credit and Counterparty risk;
- Market risk;
- Insurance risk;
- Operational risk;
- Legal and regulatory risks;
- Strategic and reputation risk;
- Liquidity risk; and
- Concentration risk.

1.2 Scope

This ERM Policy has been designed to provide the framework for identification and analysis of the risks faced by the Company, set appropriate risk controls, and to monitor risks and adherence to the limits. It outlines Britam's approach to risk management, the roles and responsibilities of the Board, the Executive Management Team and Employees. The Policy also describes key aspects of the risk management process, defines the main reporting procedures and provides a framework for monitoring and evaluating effectiveness of the Policy.

The ERM Policy provides a framework for the management of risk inherent in all activities / operations of the company. It provides the basis for preparation of the Risk Management Strategy, which will define in details the risks facing the business units in the organization and determine mitigating measures.

The scope of the ERM Policy at Britam will be applicable to all Britam companies and their processes therein.

1.3 ERM Policy Statement

British American Investments Company Limited ("Britam") is a diversified financial services group, listed on the Nairobi Securities Exchange. The group offers a wide range of financial products and services in insurance, asset management, banking and property.

In recognition of their responsibility to their stakeholders, the directors of Britam have committed Britam to a process of risk management that is aligned to the principles of best practice corporate governance and various regulations issued by the Insurance Regulatory Authority (IRA) and the Capital Markets Authority (CMA). The features of this process are outlined in this ERM policy framework document and a separate ERM procedures manual. It is

expected that all Britam Companies, departments and processes will be subject to the ERM policy framework and the ERM procedures manual that seek to operationalize this framework.

Effective risk management is imperative to an organization with our risk profile. The realization of our strategy depends on us being able to take calculated risks in a way that does not jeopardize the direct interests of stakeholders. Sound assessment of risk should enable us to anticipate and respond to changes in our organisational environment, as well as make informed decisions under conditions of uncertainty.

An enterprise wide approach to risk management should be adopted by Britam, which means that every key risk in each department should be included in a structured and systematic process of risk management. All key risks should be assessed within a unitary framework that is aligned to Britam's corporate governance responsibilities.

It is expected that risk management processes should become embedded in our organisational systems and processes, so that our responses to risk remain current and dynamic. All key risks associated with major change and significant actions by Britam should also fall within the processes of risk management. The nature of our risk profile demands that Britam adopts a prudent approach to corporate risk, and our decisions surrounding risk tolerance and risk mitigation should reflect this approach. Nonetheless, it is not the intention to slow down Britam's operations with inappropriate bureaucracy. Controls and risk interventions will be chosen based on their ability to increase the likelihood that we will fulfil our mandate to stakeholders.

Every employee has a part to play in this important endeavour, and we look forward to working with you in achieving these aims.