Specifically, **Section 3.2 of Chapter 3: (Takaful and Re-takaful Risks)** of the ERM Policy requires JTI to have a risk appetite as follows:

3.2 Risk Appetite

"The level of risk that the company is willing to undertake to achieve its desired returns is set by the BOD. Its implementation is achieved through policies and procedures determining portfolio size, underwriting criteria, product limits, underwriting authorities, claims signing authorities, delegation of authorities, pricing adequacy, and loss scenarios.

a. Underwriting Portfolio Size

Guidelines for the optimal portfolio size for each line of business are determined by the BOD, with the advice of the Actuary, and agreed with business units as part of the formal Budget sign-off process. Limits may be set for individual portfolios dependent upon their degree of volatility and fit with the overall group risk appetite. Such limits, if imposed, will not be exceeded.

b. Underwriting Criteria

Underwriting guidelines exist for all types and classes of business and only individuals holding a technical license may transact business on behalf of the company. Such licenses are class of business-specific and are competency-based. Deviations from underwriting criteria are only acceptable within the escalation procedures set by the company.

c. Product Limits

The company imposes risk limits for each product by its Re-Takaful treaty arrangement and its risk appetite. The company's appetite for product limits is to accept deviations only within the escalation procedure.

d. Underwriting Authorities

Each Underwriter is issued a license under which he is assigned an underwriting limit for each line of business; this limit is based on an assessment of each underwriter's skills and experience, which is reassessed annually.

e. Pricing Adequacy

The Actuary calculates pricing adequacy ratios for each takaful product. The company's appetite for pricing adequacy is not to write business below the lowest price at which it is possible to write business and still cover the full costs of the net loss burden, all internal and external charges, and achieve an average return over the underwriting cycle.

f. Minimum Capital

The company will maintain minimum capital requirements as per regulatory requirements.

g. Claims Management

Appropriately experienced and skilled members of the Claims team for each product are assigned limits to settle claims. As with Underwriting, only those individuals licensed via competency assessment are the company's appetite for claims signing authorities is to accept deviations only within the escalation procedure. Where any settlement is above the authority of all staff within the department, written approval has to be sought from the appropriate approval authority."