

تمت الموافقة في اجتماع مجلس الإدارة
الأول لعام ٢٠٢٥ بتاريخ ١٦/١٠/٢٠٢٥

تمت الموافقة في اجتماع مجلس الإدارة
الخامس لعام ٢٠٢٥ بتاريخ ١٨/١١/٢٠٢٥

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تمت الموافقة في اجتماع مجلس الإدارة
الثامن لعام ٢٠٢٥ بتاريخ ٢٤/٠٢/٢٠٢٥



شركة الساحل للتنمية والاستثمار ش.م.ك.ع
COAST INVESTMENT & DEVELOPMENT CO. K.S.C.P

RISK APPETITE STATEMENT

This Risk Appetite Statement was developed in accordance with the mandates of Board of Directors of Coast Investment & Development Company. It provides guidelines for decision making and reporting from risk perspective.



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COAST INVESTMENT & DEVELOPMENT CO. K.S.C.P

RISK APPETITE STATEMENT

This document and its contents are strictly for internal use of Coast Investment & Development Company (CIDCO) and as such treated as confidential information. No part of this risk appetite statement may be reproduced, stored in any system or form, or transmitted in any form by any means – electronic, mechanical, photocopied, or otherwise without prior written consent of the relevant authority in CIDCO.

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1. Introduction

In determining the nature and extent of the significant risks that CIDCO is willing to take; and the measures to reduce the risk to an acceptable level, this document – the Risk Appetite Statement (RAS) – provides guidelines to the management on the risk threshold and reporting requirements in the context of CIDCO risk exposures.

2. Purpose of the Risk Appetite Statement

This document is prepared to provide guidance to the management of CIDCO on the following:

- 2.1 Establishing the appetite for taking risks when undertaking investment decisions;
- 2.2 Setting measurable thresholds and statements around key risk dimensions;
- 2.3 Defining the risk scale within which management will undertake investment decisions and control their risk exposure;
- 2.4 Determining the reporting framework and requirement that should be implemented in order to support risk-based decision making of the Board of Directors.

3. Rules of Revision

- 3.1 Document revision: The RAS shall be reviewed annually and, if necessary, amended and revised by the Risk Management Unit before being submitted for Board of Directors' approval.
- 3.2 The compliance Department shall ensure that the revisions made to the document are adequately maintained and distributed the updated version to the concerned employees.

4. Objective of the Risk Appetite Statement

- 4.1 To provide a clear articulation of CIDCO Investment & Development Company's risk-taking, risk mitigation and risk avoidance; and to define the risk-taking at the aggregate level. The RAS creates a foundation for effective communication of risk among internal and external stakeholders.
- 4.2 To increase the understanding of CIDCO material risk exposures and raise risk awareness across the company.
- 4.3 To support Executive Management in planning, formulating and executing strategic business decisions to achieve the long-term targets of CIDCO.

RISK APPETITE STATEMENT

- 4.4 To provide means for the Board of Directors and Executive Management to engage in discussions on risk-taking, risk management and business strategy.
- 4.5 To provide tools for the Board of Directors and Executive Management to continuously monitor and align the CIDCO's actual risk exposures with the defined risk appetite.

5. Distribution List

The following are the risk appetite statement holders:

No.	Risk Appetite Statement holders	Format
1	Board Members / Directors	Hard & Soft Copy
2	Executive Management	Hard & Soft Copy
3	Risk Management Unit	Hard & Soft Copy

6. Key Definitions

The following are the key definitions applicable towards the risk appetite statement:

- 6.1 **Risk Profile** – The aggregate risk exposure of CIDCO's investment portfolio at any given point in time.
- 6.2 **Risk Appetite** – The aggregate level and types of risk that CIDCO is willing to assume within its risk capacity to achieve its strategic objectives and business plan.
- 6.3 **Risk Appetite Limit/Threshold** - The level of risk which, if breached by the company's risk profile, would necessitate immediate escalation and corrective action by the actionable party.
- 6.4 **Risk Appetite Statement** – The articulation in written form of the aggregate level and types of risk that CIDCO is willing to accept, or to avoid, in order to achieve its business objectives.
- 6.5 **Risk Capacity** – The maximum level of risk CIDCO can assume given its current level of resources; before breaching constraints determined by regulatory authority and stakeholder obligations.
- 6.6 **Risk Culture** – The system of values and behaviors present throughout an organization that shape risk decisions.

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7. Risk Scale

The Board of Directors have adopted the following Risk Scale from 0 – 10 for designing the risk appetite statement of CIDCO. The following are the details of each Risk Scale Value:

Actionable Party	Scale Value	Title	Description	Threshold KWD
Process Owner	0	Fully Acceptable Residual	Risk status is acceptable and within corporate risk appetite/tolerance. No changes to risk treatment strategy required at the current time.	0 – 5,000
	1	Low	Inaction on unacceptable terms could result in very minor negative impacts. Ad hoc attention may be required to adjust status to an acceptable level.	5,001 – 20,000
Executive Management	2	Minor	Inaction or unacceptable terms could result in minor negative impacts. Routine management attention may be required to adjust status to an acceptable level.	20,001 – 50,000
	3	Moderate	Inaction on unacceptable risk status could result in or allow continuation of mid-level negative impacts. Moderate Executive Management effort required to adjust status to an acceptable level.	50,001 – 999,999
	4	Advanced	Inaction or unacceptable risk status could allow continuation of/or exposure to serious negative impacts. Executive Management attention required to adjust risk status.	1 Million – 2 Million
BOD Risk Management Committee	5	Significant	Inaction on unacceptable risk status could result in or allow continuation of very serious negative impacts. Attention required to adjust risk status to an acceptable level.	2 Million – 3 Million
	6	Major	Inaction on unacceptable risk status could result in or allow continuation of very major entity level negative consequences. Analysis and corrective action required immediately.	3 Million – 5 Million
	7	Critical	Inaction on unacceptable risk status virtually certain to result in or allow continuation of very major entity level negative consequences. Analysis and corrective action required immediately.	5 Million – 8 Million
Full Board of Directors	8	Severe	Inaction on unacceptable risk status virtually certain to result in or allow continuation of very severe negative impacts. Board level attention urgently required.	8 Million – 10 Million
	9	Catastrophic	Inaction on unacceptable risk status could result in or allow the continuation of catastrophic proportion impacts. Board level attention urgently required to avert a catastrophic negative impact on the organization.	10 Million – 20 Million
	10	Terminal	The current risk status is already extremely material and negative and having disastrous impact on the organization. Immediate action from the Board of Directors and Executive Management is necessary to prevent the demise of the entity.	More than 20 Million

8. Overview of Company Activities

CIDCO (Coast) is one of the leading financial institutions in Kuwait and the region. CIDCO was established in 1975 and listed on the Kuwait Stock Exchange in 1989. CIDCO is engaged in a variety of investment management activities such as private equity, asset management and real estate investments both locally and internationally. CIDCO is also an active player in the local, GCC and international markets offering a wide array of investment services including portfolio and fund management, advisory services, corporate finance and e-trading services. The following are the main activities of CIDCO according to Groups:

8.1 Investment Department:

- Identifying new investments to CIDCO from various investment offers received.
- Assisting Executive Management in the preparation of Investment Strategy.
- Reviewing the investment agreements with investee companies/funds and consult with legal department to ensure that contractual obligations of the investee's managers towards CIDCO are well protected.
- Communicating with associate companies and fund managers for evaluating the investment performance and for reporting purposes.
- Ensuring compliance with Kuwait Capital Market Authority's regulations.
- Preparing periodic reports about the performance of the current investment and a market overview.
- Performing the physical custody reconciliation for shares` certificates, original investment contracts and correspondences.
- Evaluating and monitoring current investments, ensuring the investments are within the risk parameters of the company.
- Developing investment memorandums, after detailed due diligence review for suitable proposal/prospective investment opportunities identified.

8.2 Asset Management Group

- Managing Coast Fund, Discretionary, Non-Discretionary and Custody Portfolios.
- Maximization of Profit/ Return for CIDCO Fund, Portfolios and thereby enhance Net Asset Value.
- Dealing for CIDCO Portfolio and related activities.
- Compliance with Rules & Regulations of Kuwait Capital Market Authority, Central Bank of Kuwait and Boursa Kuwait.
- Timely allocation of corporate actions including bonus shares, dividend distribution, Right Shares, Capital Reduction etc. for Client Portfolios.
- Updating Portfolio Position on daily basis.
- Managing operational activities related to Asset Management.
- Performing the physical custody reconciliation for shares` certificates, original portfolio contracts and correspondences.

- Execute Client Trades.
- Manage Client Accounts through CIDCO E-Trading Application.
- Performing the physical custody reconciliation for shares` certificates, client account opening application forms, original E-trade agreements and correspondences.
- Ensure executions of Clients orders in time with minimal failures.

8.3 Compliance & Legal Affairs Group:

- Receive regulatory authorities` correspondences and establish requirements.
- Send copies of the circulars and correspondence issued by regulatory authorities to the concerned departments` heads and the CEO .
- Prepare compliance schedule including all requirements required by the regulatory authorities that CIDCO should comply with.
- Ensure submission of all the reports required by CMA, CBK and other regulators by all departments in timely manner.
- Investigate any non-compliance with the regulatory requirements and provide recommendations on the appropriate action.
- Establish the proper procedures to monitor the employees` personal dealings in securities in a way that ensures compliance with CMA law.
- Deliver all requirements related to compliance to the Executive Management in order to adopt the appropriate procedures.
- Ensure complying with all regulatory requirements by different company`s departments and send a reminder for compliance (if any).
- Reviewing and follow up of the tasks of the customers` complaints and its procedures.
- Supervising directly on the execution of policies and procedures relating to anti - money laundering and combat terrorism financing.
- Ensure applying the FATCA and CRS Law by CIDCO concerned departments.
- Coordinate with regulatory authorities regarding company compliance issues.
- In co-ordination with Human Resource Department, ensure that staff are registered with CMA as per CMA requirements as per the business functions within the company.
- Ensure that all portfolios, brokerage-trades and investment contracts are adhering with Company law and CMA laws.
- Ensure that all CIDCO`s business activities are in compliance with Articles of Association of the company.
- Co-ordinate with the concerned departments to obtain the required data and information needed by the CMA`s inspectors.
- Co-ordinate with the company`s outsource legal firm in respect to the company`s legal issues.

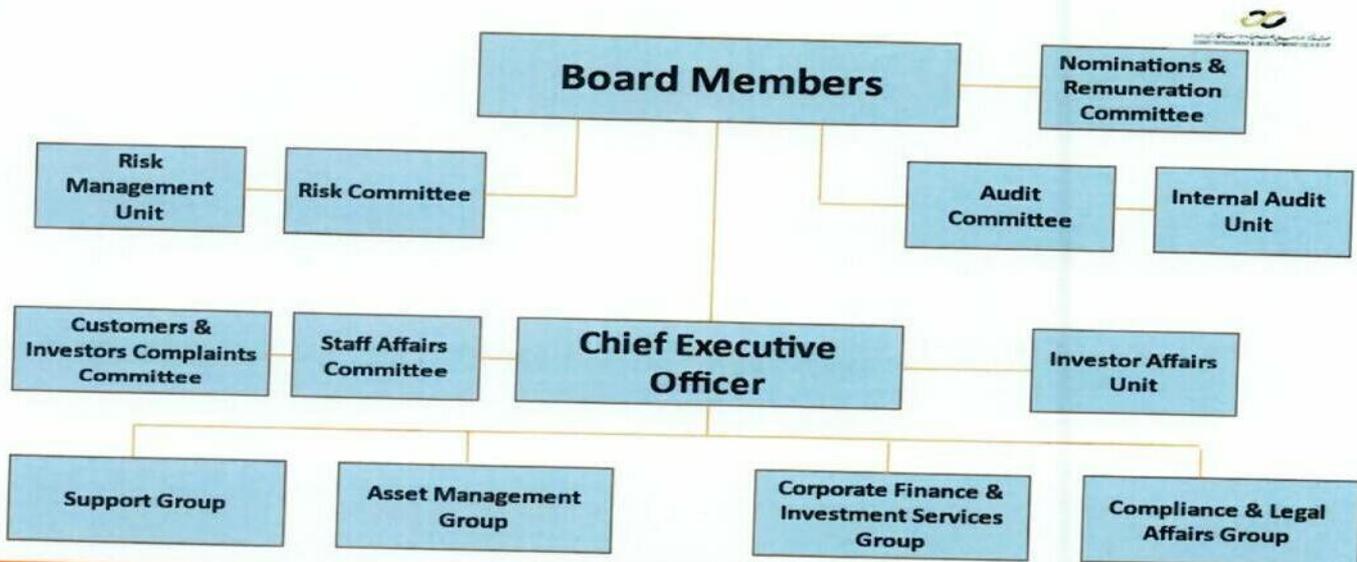
8.4 Support Group

- MIS reporting of monthly and quarterly financial positions to Executive Management and the Board of Directors.
- Cash flow and Treasury Management.
- Facilitate External Audit of CIDCO and subsidiaries.
- CMA, Central Bank, Ministry of Finance monthly, quarterly or annual reporting
- Perform administrative payments.
- Human Resource Function of recruiting staff, attendance, salary processing.
- IT hardware maintenance, IT security, Internet availability
- Application systems maintained and availability.
- Administrative purchases and property maintenance.

8.5 Corporate Finance & Investment Services Group

- Undertaking Corporate Finance Services for clients.
- Undertake Investment Advisory for clients.

CIDCO Organization Structure



9. Risk Culture

The Board of Directors of CIDCO promote a culture of risk awareness and encourage the adoption of risk-control measures to mitigate excess risk exposure from operational, financial, compliance and strategic perspectives. Therefore, Management is expected to report and escalate all material, key and significant risk exposures of CIDCO in an efficient and timely manner to the Board of Directors. The Management is expected to conduct its activities within the defined risk appetite and strive towards protecting shareholders value.

9.1 Board Risk Profile

The Board of Directors of CIDCO have prioritized (a) Profitability of CIDCO investments as the first priority, (b) Liquidity of CIDCO Investments as second priority and (c) Maximization of Investment Value as third priority. Collectively, the Board of Directors have identified Reputational Risk to be the most important risk for CIDCO and therefore, are committed to setting the tone at the top in order to encourage and establish ethical practices and risk awareness culture within the company.

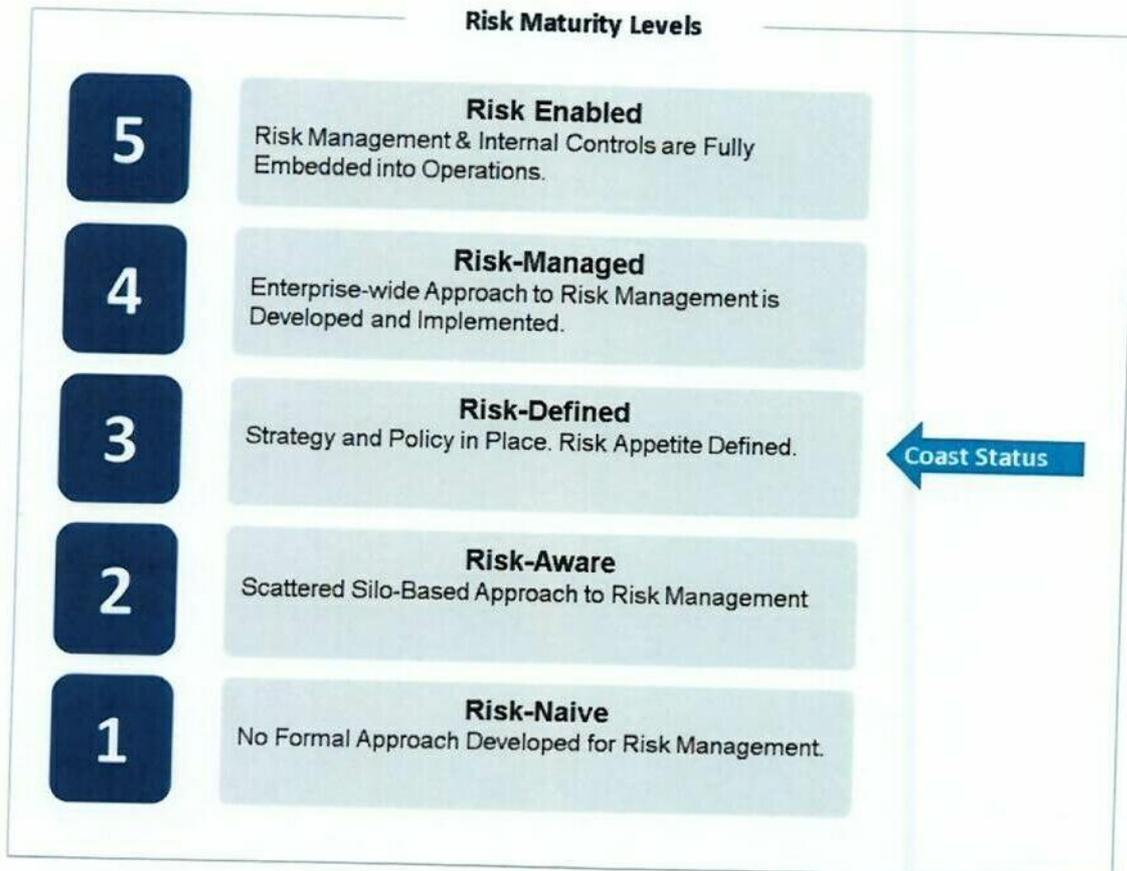
The Board of Directors are also committed towards protecting the value and returns of Key Strategic Investments of CIDCO and accordingly, expect Management to undertake due professional care in managing and reporting of these strategic investments.

Management is encouraged to invest in innovation across its products and services to enhance proprietary value and to retain human capital; and at the same time, balance risk and rewards within the context of the macro-economic environment of CIDCO operations.

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9.2 Risk Maturity

The Board of Directors of CIDCO have utilized the following Risk Maturity model in order to assess its current risk maturity level:



Currently, the Risk Maturity Level of CIDCO is defined as Level 3 – Risk-Defined where CIDCO has developed the strategy and policy in line with a defined Risk Appetite. The objective of CIDCO in terms of its risk maturity is to enhance the maturity level in order to reach Level 5 - Risk Enabled level through continuous development of risk management practices in CIDCO.

The optimum Risk Maturity Level (Level 5) is where the internal controls and risk management framework of CIDCO is fully embedded within the day-to-day operations and activities.

RISK APPETITE STATEMENT

10. Risk Dimensions

Based on the Board of Director's strategy and the regulatory environment, the following four risk dimensions have been identified:

- 10.1 Strategic Risk Dimension – those risks that have a direct impact on the ability of CIDCO to achieve its objectives.
- 10.2 Financial Risk Dimension – those risks that can result in adverse financial consequences to CIDCO.
- 10.3 Operational Risk Dimension – those risks that can have disruptive impact on the day-to-day activities of CIDCO.
- 10.4 Compliance Risk Dimension – those risks that can result in breach of applicable laws and regulations relevant to CIDCO activities.

It is important to note that certain risks can have an impact across multiple risk dimensions, therefore, such risks must be reported under each applicable category within the Risk Profile Report.

The following table illustrates the high level risk categories which forms the basis for the development of the Risk Appetite Statement.

Risk Dimension	Ref.	Risk Category
(1) Strategic Risk	1.1	Diversification Risk
	1.2	Governance Risk
	1.3	Earnings/Returns Risk
	1.4	Stop Loss and Traders Limit
	1.5	Growth Risk
(2) Financial Risk	2.1	Market Risk
	2.2	Cash Flow Risk
	2.3	Leverage Risk
	2.4	Credit Risk
	2.5	Liquidity Risk
	2.6	Capital Adequacy Risk
(3) Operational Risk	3.1	People
	3.2	Cyber Security
	3.3	Reputational
	3.4	Privacy and Confidentiality
(4) Compliance Risk	4.1	Regulatory Compliance

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11. Risk Capacity

CIDCO has utilized a hierarchical approach for determining and computing its Risk Capacity.

To this effect, CIDCO has identified 2 levels of Risk Capacity (1) Entity Wide and (2) Group Wise. This is illustrated as follows:

Risk Capacity Level	Details	Basis for determining and computing risk capacity
1 Entity Wide	CIDCO consolidated entity level	At an entity level, our risk capacity is limited to 15% of the issued share capital of Coast. The risk capacity for a given year shall be based on the issued share capital at the start of that year. 15% on issued share capital KWD 9.4 Million
	Investment Department	At Investment Department level, our risk capacity is limited to 15% of total investments. The base line for determining the total investment value shall be at the start of the financial year. Also, we have Goodwill for our investments of KD 12.2 million. For Goodwill, our risk capacity is limited to 15%. 15% on total Investment capital KWD 4,847,000. 15% on Goodwill KD 1.83 Million.
2 Group Wise	Support Group	At Support Group level, our risk capacity is limited to KWD 10,000/-. This is provisions for any receivables. Since our Investments Risks are computed above, we are not considering any further risks on Investments by Support group.
	Corporate Finance & Investment Services Group	<u>The function is currently inactive</u>
	Asset Management Group	At Asset Management Group level, our risk capacity is based on the cumulative limits identified for each asset under management. 20% on Investments by the Asset Management Group KWD 5,957,928. Since Assets Under Management (AUM) are not on balance sheet items, the impact can be reflected only via drop in fees income of AUM's.
	Compliance & Legal Affairs Group	We do not have any capacity to absorb risk exposure arising from Compliance & Legal Affairs Group. To this effect, all risks shall be mitigated to virtually zero.

On an annual basis, the Risk Committee shall determine and recommend the Risk Capacity of CIDCO based on the strategy to the Board of Directors for approval. Management is expected to operate within the risk capacity.



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12. Risk Appetite

The qualitative identification of Risk Appetite for CIDCO is "High", "Medium" and "Low". These are defined below:

Risk Appetite Level	Basis for determining and computing risk capacity
High Risk Appetite	Risk exposure events in which CIDCO has a preference for disciplined risk-taking because the Board of Directors and Management have determined the potential upside-side benefits outweigh the potential costs.
Medium Risk Appetite	Risk exposure in which CIDCO must constantly strike a balance between the potential upside benefits and potential downside costs of a given risk dimension.
Low Risk Appetite	Risk exposure in which CIDCO avoids the risk or acts to minimize or eliminate the likelihood that the risk will occur, because the Board of Directors and Management have determined the potential downside costs are intolerable.

RISK APPETITE STATEMENT

12.1 Risk Appetite Statement – Strategic Risk Dimension

The Board of Directors have evaluated the Strategic Risk Dimension applicable to CIDCO by taking into consideration the risk categories, the risk culture, applicable risk measurement metrics and threshold acceptable risk level.

Risk Appetite

High

Medium

Low

In order to achieve sustainable growth and maximize returns for the shareholders within the regulatory framework, the Board of Directors have determined the overall Strategic Risk Appetite level to be medium and therefore, CIDCO is expected to undertake moderate level of risk in pursuing its strategic direction that is set by the Board of Directors.

Ref	Risk Category	Risk Culture	Appetite Statement	Risk Metric	Acceptable Level
1.1	Diversification Risk	CIDCO is committed to sustainable diversification of its investments across geographic, market and product base. CIDCO discourages large concentrated exposure in a particular investment, except strategic investments.	Limit concentration of large exposures to 35% of equity in any one country; 20% of equity against any single investment. ** The maximum single investment exposure for a listed non-strategic investment or subsidiary is 5% of equity	Top 3 investments as a percentage of equity.	<ul style="list-style-type: none"> • ≤ 35% for geographic concentration ** • ≤ 20% for strategic investment ** • ≤ 5% for non-strategic investment
1.2	Governance Risk	The leadership of CIDCO believes in strong governance mechanisms to be in place in order to create, preserve and protect shareholder's value.	The maximum level of acceptable governance risk is complete compliance with Capital Market Authority Corporate Governance requirements.	Percentage non-compliance with CMA Law, with highlighted exceptions	0%
1.3	Earnings and Returns Risk	CIDCO is selective of its investments and seeks to balance a stable risk and return ratio on its collective investment. CIDCO discourages aggressive and risky investments.	Deliver annual target Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) growth of >10% annually.	<ul style="list-style-type: none"> • Return on Equity • Return on Investment • Earnings Volatility 	<ul style="list-style-type: none"> • More than 8% • More than 10% • Less than 7% - 10%
1.4	Stop-Loss and Trader Limits	CIDCO shall not undertake high risk investments and implement a stop-loss.	The stop-loss for a single investment in the Stock Market is 25%. The trader limits are restricted to 10% of specific instrument in the portfolio.	<ul style="list-style-type: none"> • Stop Loss • Trader limit 	<ul style="list-style-type: none"> • Up to 20% -25% of the Value of Investment • Less than 10%
1.5	Growth Risk	CIDCO discourages early stage private equity opportunities because of the attached high risk. Therefore, we opt for investing in operating companies having growth, mature, solid and track-record proven opportunities for sustaining growth.	All new business opportunities to be evaluated on a fully costed, risk-return basis in relation to other alternative investment opportunities. Strategic options to be considered in light of subsequent portfolio diversification implications.	<ul style="list-style-type: none"> • Revenue Growth Rate 	<ul style="list-style-type: none"> • Between 10% - 15%

RISK APPETITE STATEMENT

12.2 Risk Appetite Statement – Financial Risk Dimension

The Board of Directors have evaluated the Financial Risk Dimension applicable to CIDCO by taking into consideration the risk categories, the risk culture, applicable risk measurement metrics and threshold acceptable risk level.

Risk Appetite

High

Medium

Low

In order to achieve sustainable growth and maximize returns for the shareholders in accordance with the strategy, the Board of Directors have determined the overall Financial Risk Appetite level to be Medium and therefore, CIDCO is expected to undertake moderate level of risk in pursuing its objectives that are set by the Board of Directors.

Ref	Risk Category	Risk Culture	Appetite Statement	Risk Metric	Acceptable Level
2.1	Market Risk	Through natural course of investment, CIDCO will be exposed to market risk, however, CIDCO is committed to reducing its exposure through appropriate mitigation techniques to keep in line with the risk appetite.	We aim to maintain a maximum market risk exposure of 15% of Equity and to limit foreign exchange volatility to 1% - 3% of total foreign investment.	<ul style="list-style-type: none"> Asset Impairment as a percentage of Equity Forex Gain/Loss 	<ul style="list-style-type: none"> Up to 10% - 15% of investment Up to 1% - 3% of Total Foreign Investment
2.2	Cash Flow Risk	The Management carefully budgets its cash flow needs by taking into consideration all Group inputs. CIDCO promotes and encourages timely escalation of concerns about its cash flow risk.	Maintain a positive overall net cash flow position in short term (less than 1 year), medium term (2-5 years) and long term (<5 years)	<ul style="list-style-type: none"> Net Cash Flow position (Short, Medium and Long Term) 	<ul style="list-style-type: none"> Positive Cash Flow
2.3	Leverage Risk	Unless the purpose of debt is justified, supported and approved by the Board of Directors, CIDCO does not seek debt obligations/leverage in short to medium term.	Maintain a target leverage ratio of 30%. This is applicable for contractual debt obligation.	<ul style="list-style-type: none"> Debt/Equity Ratio 	<ul style="list-style-type: none"> Up to 30%
2.4	Credit Risk	CIDCO is committed to dealing only with high credit rating institutions in the best interest of the investors.	Optimize a high level of return whilst achieving appropriate risk versus reward performance.	<ul style="list-style-type: none"> Single counterparty as a % of Equity 	<ul style="list-style-type: none"> Up to 15% for aggregate risk exposure
2.5	Liquidity Risk	We maintain a liquidity portfolio where a large majority of the assets are of high quality to support CIDCO operations, its future investment needs and capitalize on investment opportunities.	Having a strong liquidity position enables us to carry out our core activities under severely stressed market conditions without access to new funding. We aim to maintain strong liquidity position across short term, medium term and long-term duration.	<ul style="list-style-type: none"> Liquidity 	<ul style="list-style-type: none"> 5%-10% of Total Asset in the form of highly liquid assets
2.6	Capital Adequacy Risk	We aim to maintain a strong capital position in relation to the aggregate risk exposure at all times.	Maintain sufficient Capital Adequacy beyond the minimum requirement of CMA.	<ul style="list-style-type: none"> Capital Adequacy Ratio 	<ul style="list-style-type: none"> In line with CMA Law requirement

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12.3 Risk Appetite Statement – Operational Risk Dimension

The Board of Directors have evaluated the Operational Risk Dimension applicable to CIDCO by taking into consideration the risk categories, the risk culture, applicable risk measurement metrics and threshold acceptable risk level.

Risk Appetite

High

Medium

Low

Ref	Risk Category	Risk Culture	Appetite Statement	Risk Metric	Acceptable Level
3.1	People	We promote a culture of integrity and high ethical standards. We aim for a high level of competence and support each other by sharing information, skills and experiences. We strive to create strong risk awareness, and we critically review and challenge existing practices. We foster an atmosphere where constructive challenging is a natural part of discussions and decisions on risk-taking and investment.	Maintain high level of staff retention and undertake relevant training and development to enhance skills and competency of staff.	<ul style="list-style-type: none"> Staff retention ratio (annual) Minimum number of hours of training per staff per year 	<ul style="list-style-type: none"> More than 80% of staff should be retained Minimum 20 Hours
3.2	Cyber Security	Unscheduled system downtime impacts our service to client causing reputational damage and financial loss. Financial loss and reputational damage due to breach of data or technology disruption caused by internal/external attack is a risk that we seek to avoid.	CIDCO is not willing to accept risks that compromises the ability to process client transactions or perform activity effectively.	<ul style="list-style-type: none"> System Downtime (annual) # of high impact cyber incidents per year 	<ul style="list-style-type: none"> Less than 2 hours Less than 3 instances
3.3	Reputational	Any type of risk that materializes can represent reputational risk for Coast. Moreover, the investment activities and operations of the CIDCO can also present reputational risk. CIDCO is committed to identifying possible reputational risk on an ongoing basis as well as during decision making. Management is expected to maintain and enhance CIDCO's Market Reputation.	CIDCO is not willing to accept or undertake decisions that negatively impact its corporate image, reputation and/or client perception about Coast.	<ul style="list-style-type: none"> Negative news about Coast. Client Satisfaction Rating 	<ul style="list-style-type: none"> 0 negative news +95% satisfaction rate
3.4	Privacy and Confidentiality	Protecting client information and maintaining complete confidentiality within the legal framework is the duty of every staff in Coast.	No tolerance for the loss of, or otherwise unauthorized or accidental disclosure of, customer or other sensitive information.	<ul style="list-style-type: none"> Reported Data Loss Unauthorized access to CIDCO Server 	<ul style="list-style-type: none"> 0% 0 instances

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12.4 Risk Appetite Statement – Compliance Risk Dimension

The Board of Directors have evaluated the Compliance Risk Dimension applicable to CIDCO by taking into consideration the risk categories, the risk culture, applicable risk measurement metrics and threshold acceptable risk level.

Risk Appetite

High

Medium

Low

The Board of Directors and Management fully understand their fiduciary duty towards shareholders and the need to operate within the legal and regulatory framework. Therefore, the Board of Directors are committed to monitoring, encouraging and complying with all relevant laws and regulations applicable to CIDCO Investment & Development Company.

Ref	Risk Category	Risk Culture	Appetite Statement	Risk Metric	Acceptable Level
4.1	Regulatory Compliance	<p>The Board of Directors promote and encourage full adherence with the applicable laws and regulations when performing business activities. Management is supported in undertaking every decision that leads to compliance with the laws and regulations due to the fact that the Board of Directors are not willing to take any risk relating to compliance with laws and regulations. Further investments are also required to be evaluated in the context of legal and regulatory compliance requirement of Coast.</p> <p>We promote an open culture of raising concerns about CIDCO's compliance with applicable laws and regulations.</p>	<p>Zero tolerance for any breach in the laws and regulations applicable to CIDCO. It is the responsibility of management to ensure that all CIDCO activities are fully compliant with the updated laws and regulations in the most efficient, effective and economical manner.</p>	<ul style="list-style-type: none"> Compliance with applicable Regulatory Requirements Fines and Penalties 	<ul style="list-style-type: none"> Zero tolerance for non-compliance with CMA Laws No Regulatory Breaches

**** Additional Note:** The above limits mentioned in point 1.1 exclude Weinig and Kuwaiti German Holding Company.

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13. Risk Appetite Management – Roles and Responsibilities

The following table illustrates the responsibility and accountability towards risk appetite management, monitoring and reporting:

Ref	Risk Category	Responsibility and Accountability for:			
		Managing	Calculation	Monitoring	Reporting
		Responsibility for Managing the Risk Exposure	Performing the necessary analysis and computation	Oversight of the risk metrics	Responsibility for reporting on the risk position
1.1	Diversification Risk	Concerned Group Head	Group Head + Risk Management Function	Risk Management Function	Risk Management Function
1.2	Governance Risk	Executive Management	Executive Management + Risk Management Function	Risk Management Function	Risk Management Function
1.3	Earnings/Returns Risk	Concerned Group Head	Group Head + Risk Management Function	Risk Management Function	Risk Management Function
1.4	Stop Loss and Trader Limits	Concerned Group Head	Group Head + Risk Management Function	Risk Management Function	Risk Management Function
1.5	Growth Risk	Concerned Group Head	Group Head + Risk Management Function	Risk Management Function	Risk Management Function
2.1	Market Risk ¹	Concerned Group Head	Group Head + Risk Management Function	Risk Management Function	Risk Management Function
2.2	Cash Flow Risk ¹	Finance Department + Concerned Group Head	Group Head + Risk Management Function	Risk Management Function	Risk Management Function
2.3	Leverage Risk	Finance Department	Finance Department + Concerned Group Head	Risk Management Function	Risk Management Function
2.4	Credit Risk ¹	Concerned Group Head	Finance Department + Risk Management Function Group Head + Risk Management Function	Risk Management Function	Risk Management Function

¹ (Source: Business Risk Management Policies and Procedures)

RISK APPETITE STATEMENT

Ref	Risk Category	Responsibility and Accountability for:			
		Managing	Calculation	Monitoring	Reporting
		Responsibility for Managing the Risk Exposure	Performing the necessary analysis and computation	Oversight of the risk metrics	Responsibility for reporting on the risk position
2.5	Liquidity Risk ¹	Concerned Group Head	Group Head + Risk Management Function	Risk Management Function	Risk Management Function
2.6	Capital Adequacy Risk	Finance Department	Finance Department + Risk Management Function	Risk Management Function	Risk Management Function
3.1	People ¹	HR Department	HR Department + Risk Management Function	Risk Management Function	Risk Management Function
3.2	Cyber Security ¹	IT Department	IT Department + Risk Management Function	Risk Management Function	Risk Management Function
3.3	Reputational ¹	Executive Management	Group Head + Risk Management Function	Risk Management Function	Risk Management Function
3.4	Privacy and Confidentiality	Executive Management	Compliance & Legal Affairs Group + IT Department + Risk Management Function	Risk Management Function	Risk Management Function
4.1	Regulatory Compliance	Compliance & Legal Affairs Group + Concerned Heads	Compliance & Legal Affairs Group + Risk Management Unit	Risk Management Unit + Risk Committee	Compliance & Legal Affairs Group + Risk Management Unit + BOD Risk Committee

¹ (Source: Business Risk Management Policies and Procedures)

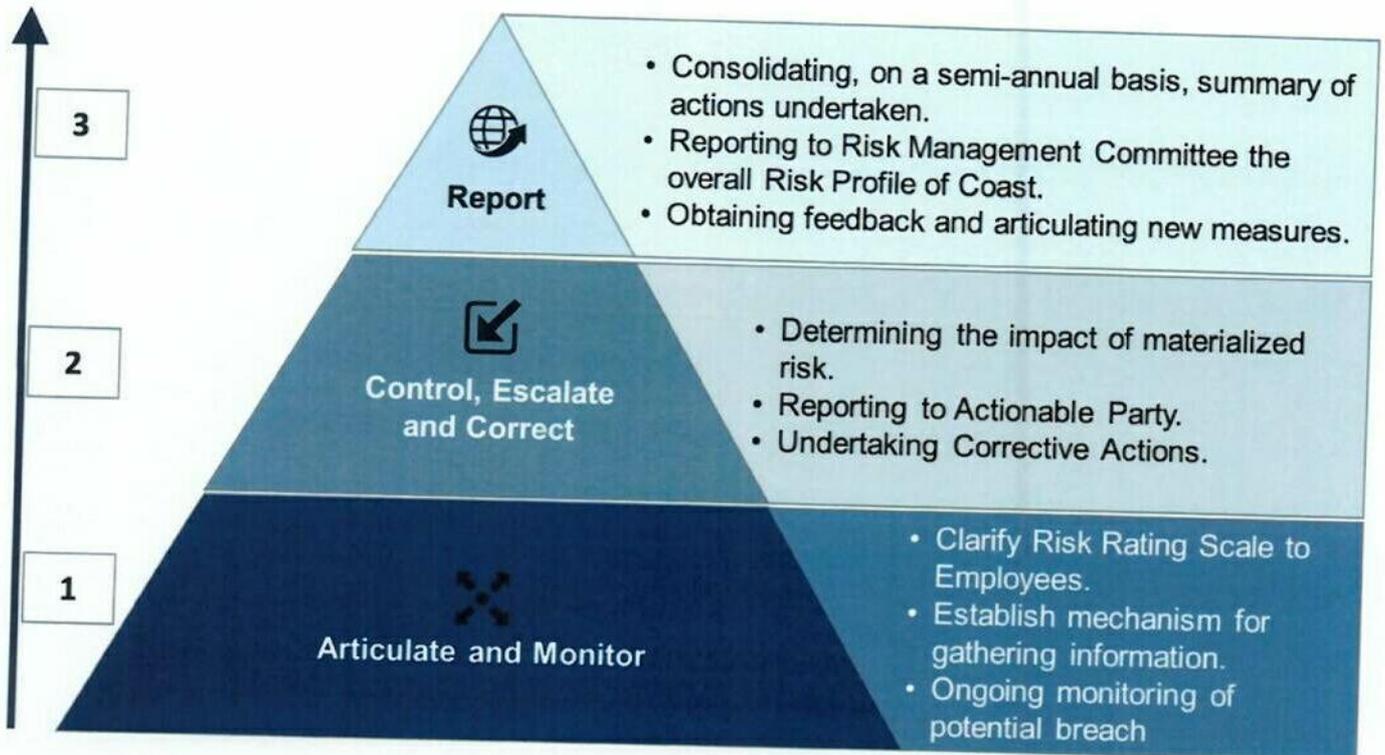
RISK APPETITE STATEMENT

14. Thresholds Defined by Regulatory Authorities

Regulation Type	Threshold Limit/Criteria	Regulatory Authority	Law Reference
Capital Adequacy	Should be more than <u>1.20x</u>	CMA	CMA Law N. 7 for the year 2010 Book Module 17 of the CMA by-laws
Accumulated Losses	Should not exceed >75% of the Issued Capital	CMA/ Ministry of commerce & Industry	CMA Law No. 7 for the year 2010/ Kuwaiti Companies Commercial Law

15. Risk Profile Reporting Framework

CIDCO has prepared the following framework for Risk Profile Reporting:



(Risk Profile Framework)

A semi-annual risk profile reporting is required to be undertaken based on the information provided by the management and its relevant computation and compilation by the Risk Management Function.

The purpose of the risk profile report is to highlight excessive risk exposure (those risks that are exceeding the risk appetite set out by the Board of Directors), facilitate decision making by the Board of Directors and highlight key actions undertaken by the management to monitor and control the risk exposure of Coast.

Board of Directors Reporting Requirements

In order to facilitate risk-based decisions, the Board of Directors expect management to provide:

- Qualitative information.
- Quantitative information.
- Management commentary about the impact of risk on CIDCO Strategy; and
- Risk Score for each risk exposure.



RISK APPETITE STATEMENT

Appendix – Revision History Form

Policy Ref. No.	Issue No.	Revision No.	Date of Revision	Approved By	Approver's Signature
		1	28/10/2020	BOD	
		2	4/3/2021	No changes	
		3	10/2/2022	BOD	
		4	14/5/2023	BOD	
		5	24/10/2023	BOD	
		6	4/3/2024	No changes	
		7	16/2/2025	BOD	