

# RISK MANAGEMENT POLICY – ANNEX A – RISK APPETITE

## INTRODUCTION

The risk appetite of Credit Glorious Property Holdings Ltd. is a critical element of our strategic planning and decision-making processes. It articulates the level of risk we are prepared to accept to achieve our business objectives, ensuring a balanced approach between risk-taking and prudent management. This statement provides a clear framework for understanding and managing risks across all levels of the organization.

## 1. COMPREHENSIVE RISK APPETITE FRAMEWORK

- **Strategic Alignment:** Our risk appetite is closely aligned with our strategic goals, ensuring that risks are taken in a manner that supports our long-term vision and objectives. This alignment ensures that while pursuing growth and innovation, we remain within the bounds of acceptable risk.
- **Dynamic Adjustment:** The risk appetite is not static; it is reviewed and adjusted periodically in response to internal and external changes, including market dynamics, economic conditions, and regulatory shifts. This flexibility allows us to remain agile and responsive to the evolving business landscape.
- **Stakeholder Consideration:** In defining our risk appetite, we consider the expectations and tolerances of our key stakeholders, including investors, clients, employees, and regulatory bodies. This ensures a balanced approach that meets various needs and expectations.
- **Risk Capacity Assessment:** Regular assessments of our risk capacity ensure that the risks we undertake are within our ability to absorb potential losses without jeopardizing our financial stability or operational integrity.
- **Risk vs. Reward Analysis:** Each risk taken is evaluated based on a thorough risk versus reward analysis. This ensures that the potential benefits justify the risks involved, aligning with our overall risk management strategy.
- **Compliance and Ethical Standards:** Our risk appetite framework is grounded in strict adherence to compliance and ethical standards. We ensure that all risk-taking activities are within legal boundaries and align with our corporate values.
- **Risk Communication and Awareness:** We maintain transparent communication about our risk appetite across the organization. This includes regular training and updates to ensure that all employees understand the risk framework and their role in adhering to it.

- **Integrated Risk Management:** Our risk appetite is integrated into all aspects of our business operations, from strategic planning to day-to-day decision-making, ensuring a cohesive and comprehensive approach to risk management.
- **Scenario Planning and Stress Testing:** We employ scenario planning and stress testing to understand the potential impact of extreme events on our business. This helps in preparing for and mitigating unforeseen risks.
- **Feedback and Continuous Improvement:** We actively seek feedback on our risk management practices and continuously improve our risk appetite framework based on this feedback and our own experiences.

## 2. FINANCIAL RISKS

- **Asset Management:** We maintain a moderate to high risk appetite in asset management, leveraging our expertise to capitalize on market opportunities while maintaining robust risk controls.
- **Credit and Investment Decisions:** In credit and investment decisions, our risk appetite is calibrated to balance potential returns against the likelihood and impact of credit defaults or investment underperformance.
- **Interest Rate Fluctuations:** Our risk appetite towards interest rate fluctuations is moderate. We employ strategies to mitigate risks associated with interest rate changes, particularly in our lending and investment operations.
- **Market Volatility:** We have a moderate risk appetite for market volatility. Our investment strategies are designed to withstand market fluctuations, ensuring stability and long-term growth.
- **Leverage and Capital Structure:** We adopt a cautious approach towards leverage, maintaining a balanced capital structure that supports growth while minimizing financial distress risks.
- **Counterparty Risk:** In dealing with counterparties, we exhibit a moderate risk appetite, conducting thorough due diligence to ensure reliability and financial stability.
- **Currency Exchange Risks:** Given our international operations, we have a moderate risk appetite for currency exchange risks, using hedging and other financial instruments to manage potential adverse effects.
- **Inflation and Economic Changes:** Our risk appetite towards inflation and broader economic changes is moderate. We continuously monitor economic indicators and adjust our

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strategies to mitigate potential negative impacts on our financial performance.

- **Liquidity Risk:** We maintain a low to moderate risk appetite for liquidity risk, ensuring that sufficient liquid assets are available to meet our short-term obligations without compromising long-term strategic investments.
- **Financial Reporting and Transparency:** We have a very low risk appetite for inaccuracies in financial reporting. We uphold high standards of transparency and accuracy in our financial disclosures.

## 3. OPERATIONAL RISKS

- **Business Continuity Planning:** We have a low risk appetite for disruptions in operations, emphasizing robust business continuity and disaster recovery planning. Our focus is on maintaining seamless operations under various scenarios to ensure client service and business stability.
- **Process Optimization:** We maintain a moderate risk appetite in process optimization, seeking to improve efficiency while being mindful of the risks associated with operational changes. Innovations and improvements are pursued cautiously to balance efficiency gains with potential operational risks.
- **Technology and Innovation:** Our appetite for technological risks is balanced. We embrace innovation to stay competitive but approach new technologies with thorough risk assessments to avoid disruptions.
- **Vendor and Third-Party Management:** We exercise a moderate risk appetite in our relationships with vendors and third parties, ensuring that they meet our stringent standards for risk management and operational integrity.
- **Employee Safety and Well-being:** We have a very low risk appetite regarding employee safety and well-being. Our policies and workplace practices are designed to ensure a safe and healthy environment for all employees.

## 4. COMPLIANCE AND LEGAL RISKS

- **Data Protection and Privacy:** We have a very low risk appetite regarding data protection and privacy, in line with GDPR and other data privacy regulations. We prioritize the security and confidentiality of client and company data above all else.
- **Regulatory Change Adaptability:** We maintain a moderate risk appetite in adapting to regulatory changes, proactively managing compliance in a dynamic legal environment. We stay ahead of regulatory trends to ensure timely compliance.
- **Anti-Money Laundering (AML) and Counter-Terrorist Financing (CTF):** Our risk appetite in AML and CTF is very low. We adhere to

stringent measures to prevent any association with money laundering or terrorist financing activities.

- **Legal Disputes and Litigations:** We have a low risk appetite for legal disputes and litigations. Our focus is on preventing legal issues through proactive compliance and, when necessary, resolving disputes through negotiation rather than litigation.
- **Intellectual Property and Trademark Protection:** We maintain a low risk appetite in protecting our intellectual property and trademarks. Vigilant protection of our intellectual assets is crucial for maintaining our market position and reputation.

## 5. REPUTATIONAL RISKS

- **Brand Image and Marketing Strategies:** We maintain a low risk appetite in matters affecting our brand image, ensuring that our marketing strategies align with our core values and public expectations. We prioritize maintaining a reputable and trustworthy brand image in all our communications and campaigns.
- **Social Media and Online Presence:** Our risk appetite in our social media and online activities is moderate, balancing engagement with the need to maintain a positive and professional image. We are cautious in our online interactions, aiming to foster positive relationships while mitigating the risk of negative publicity.
- **Public Relations and Media Engagement:** We have a low risk appetite for public relations and media engagement. Our approach is to communicate transparently and responsibly, ensuring that our public messaging is consistent and reflects our corporate values.
- **Crisis Management and Response:** We have a low risk appetite for reputational damage arising from crises. Our crisis management strategies are designed to respond swiftly and effectively to mitigate any negative impact on our reputation.
- **Stakeholder Relationships:** We maintain a moderate risk appetite in managing stakeholder relationships. We strive to build strong, positive relationships with all stakeholders while being mindful of the potential risks in stakeholder interactions.

## 6. ENVIRONMENTAL AND SOCIAL RISKS

- **Social Responsibility and Community Engagement:** We have a moderate risk appetite in our social responsibility initiatives, actively participating in community development while managing associated costs. We are committed to making a positive impact in the communities we operate in, balancing social contributions with fiscal responsibility.
- **Regulatory Compliance on Environmental Standards:** Our risk appetite for environmental regulatory compliance is low. We

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adhere strictly to environmental laws and standards, recognizing the importance of environmental stewardship in our operations.

- **Sustainable Business Practices:** We have a moderate risk appetite for implementing sustainable business practices. We are committed to integrating sustainability into our operations, balancing environmental considerations with business objectives.
- **Employee Diversity and Inclusion:** We maintain a moderate risk appetite in fostering diversity and inclusion within our workforce. We value diversity as a strength and are committed to creating an inclusive workplace, while being aware of the challenges and sensitivities involved.
- **Community and Stakeholder Impact:** Our risk appetite is moderate when it comes to the impact of our operations on communities and stakeholders. We strive to ensure that our business activities have a positive social impact, while being mindful of the potential risks and unintended consequences.

## 7. HUMAN RESOURCES RISKS

- **Diversity and Inclusion:** We maintain a moderate risk appetite in promoting diversity and inclusion. We recognize the value of a diverse workforce and the benefits it brings to our business, while also being mindful of the complexities and challenges involved in managing a diverse team.
- **Employee Health and Safety:** Our risk appetite regarding employee health and safety is very low. We prioritize creating and maintaining a safe and healthy work environment for all employees, adhering to the highest standards of workplace safety.
- **Talent Recruitment and Retention:** We have a moderate risk appetite in our talent recruitment and retention strategies. We aim to attract and retain top talent while balancing the costs and risks associated with workforce management.
- **Employee Training and Development:** Our risk appetite is moderate in terms of employee training and development. We invest in our employees' growth and skills enhancement, understanding that this is key to our success, while being mindful of the investment and resource allocation.
- **Workplace Culture and Employee Engagement:** We have a moderate risk appetite in shaping our workplace culture and engaging employees. We strive to foster a positive, inclusive, and productive work environment, recognizing the potential risks and rewards in cultural initiatives.

## 8. TECHNOLOGY AND CYBERSECURITY RISKS

- **Innovation and Research & Development (R&D):** We have a moderate risk appetite in our innovation and R&D endeavors. We

are committed to investing in new technologies and innovative solutions, while carefully managing the inherent risks associated with these investments.

- **Data Management and Integrity:** Our risk appetite for risks associated with data management and integrity is low. We prioritize ensuring the accuracy, reliability, and security of our data systems, recognizing the critical importance of data in our operations.
- **Cybersecurity Measures and Protocols:** We have a very low risk appetite regarding cybersecurity threats. We invest heavily in robust cybersecurity measures and protocols to protect our data and systems from cyber threats and breaches.
- **Technology Adoption and Integration:** Our risk appetite is moderate when it comes to adopting and integrating new technologies. We are open to leveraging new technological solutions to enhance our operations, while being cautious of the risks involved in technology adoption.
- **IT Infrastructure and Network Security:** We maintain a low risk appetite for IT infrastructure and network security. We are committed to maintaining a secure and reliable IT infrastructure, understanding the critical role it plays in our business continuity and security.

## CONCLUSION

The risk appetite of Credit Glorious Property Holdings Ltd. is a living document, reflecting our commitment to responsible risk management. It guides our actions and decisions, ensuring that risks are understood, managed, and aligned with our strategic objectives. Regular reviews and updates of our risk appetite statement ensure its relevance and effectiveness in a rapidly changing business environment. This approach not only safeguards our assets and reputation but also positions us for sustainable growth and success.

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