



RISK APPETITE STATEMENT

August 2024

RC-DG-0001-KU

Version 4



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1 INTRODUCCION

The purpose of this Risk Appetite Statement (this “Statement”) is to define Kushki’s risk appetite and guiding principles for what risk, in the form of customers, transactions, behaviors, jurisdictions and business models, Kushki is willing to accept in order to fulfill its business objectives without neglecting Kushki’s obligation to protect its customers, shareholders and society from financial crime. The Risk appetite and principles are applicable on direct merchants as well as indirectly merchant serviced through aggregators and/or payment facilitators or marketplaces.

2 GENERAL REMARKS

Kushki has no tolerance for, knowingly or willingly, establishing or maintaining a business relationship or executing a transaction, if Kushki has knowledge of, or reasons to suspect, that Kushki’s products and services will be used for money laundering, terrorist financing or any other illegal activity.

Kushki has no tolerance for deliberately establishing or maintaining a business relationship or executing a transaction where Kushki does not have sufficient knowledge of the customer in order to manage the risk of money laundering or terrorist financing, and/or in order to monitor and assess the customer’s activities and transactions.

3 ACCEPTED AND UNACCEPTED RISKS

3.1 General remarks

Kushki is committed to conduct business with reputable customers and counterparties that uphold the same ethical high standards as Kushki, as well as the same high standard as Kushki when it comes to combat financial crime and other illegal activities.

Kushki reserves the right to terminate relationships, refuse payments, deals or businesses that is not consistent with this Statement.

3.2 Prohibitions

Kushki shall prohibit the following customer types and behaviors, jurisdictions, business models and transactions, in addition what is stated above under “Introduction” and below under “Sanction Risk Appetite”.

Customer types and behavior:

- Shell banks, and other entities that provide services to shell banks.
- Anonymous accounts and/or bearer shares ownership of the business.
- Unresisted charities.
- Unlicensed financial institutions, money services businesses, gambling operators or similar.

- Financial institutions or gaming operators that do not comply with the home market and target market (local) legislation, or equivalent internal governing rules and standards, in the AML/CTF area, to the extent possible and considering local circumstances in the jurisdiction where the customer is based.
- Companies that lack effective policies, procedures, and/or controls to comply with applicable laws and regulations for the detection, or mitigation, of money laundering or terrorist financing that might be posed to the Company through the extension of the payment services provided by the Company. If such relationship would occur, the client relationship will be terminated, subject to legal requirements and procedures.
- Trust companies and companies that are refusing to provide sufficient information or documentation to demonstrate compliance with the standards outlined in this Statement.
- Companies or beneficial owners that place a significant money laundering, terrorist financing or reputational risk on Kushki.

Jurisdictions:

- Customers or beneficial owners that are subject to applicable and relevant international sanctions.
- Transactions originating from or destined to jurisdictions subject to applicable and relevant international sanctions.

Business models:

- Companies involved in illegal business methods, practices, products, services.
- Companies involved in pyramid schemes.
- Companies involved in crowdfunding.
- Companies producing, selling or distributing weapons or goods which can be used as explosives, munitions, chemical and biological weapons.
- Companies developing, producing, selling or distributing nuclear weapons programs or produce nuclear weapons companies within the weapon industry
- Companies that intentionally or systematically violate fundamental human rights (e.g. torture, human trafficking, deprivation of liberty, forced labor and child labor or other forms of exploitation of children).
- Cannabis or any other drug that is prohibited in the jurisdiction of the buyer or the seller.
- Companies that deliberately harm the local population or undermines the government elected in democratic elections in the company's home-country or in the countries in which the company operates.
- Companies that consciously cause health damage or environmental infringements in a significant part of its businesses.
- Companies that provide services or products promoting hate and racism.
- Companies that provide escort services, or suggestion of sexual services that may imply or suggest prostitution.
- Companies that provide binary options, CFDs, pure F/X speculation.

Transactions:

- Settling funds to bank accounts held in third (non client home country), if such country is deemed to be a tax haven.
- Top-up transactions from a third party other than the customer, unless a payment agent specifically verified by Kushki.

3.3 Restrictions

Kushki shall have enhanced controls in relation to the following customer types and behaviors, jurisdictions, business models and transactions:

Customer types and behavior

- Trusts
- Companies or beneficial owners considered to be PEP/RCA

Jurisdictions

- Companies and beneficial owners established in high risk countries or jurisdictions considered to be high risk according to Kushki's business-wide risk assessment

Business models

- Companies that provide financial services.
- Companies that provide marketplaces.
- Companies involved in registered charities.
- Social service organizations and other non-profit or political organizations.
- Companies involved in igaming and gambling shall be subject to at least the following enhanced restrictions:
 - The company shall have an easy to understand corporate and ownership structure, have none, or a minority, of its ultimate beneficial owners based in jurisdictions deemed by Kushki as high + or above risk and no trust as direct or indirect owner.
 - The company shall follow local igaming regulations in all markets/jurisdictions where Kushki provides payment services to the customer.
 - The management and board of the customer shall be trusted and have a proven track record of legitimate operations.
- Companies involved in Crypto Currency shall be subject to at least the following enhanced restrictions:
 - The company shall have an easy to understand corporate and ownership structure, have none, or a minority, of its ultimate beneficial owners based in jurisdictions deemed by Kushki as high + or above risk and no trust as direct or indirect owner.
 - The company shall follow local Crypto regulations in all markets/jurisdictions where Kushki provides payment services to the customer.
 - The management and board of the customer shall be trusted and have a proven track record of legitimate operations.

- Companies involved in FX shall be subject to at least the following enhanced restrictions:
 - The company shall have an easy to understand corporate and ownership structure, have none, or a minority, of its ultimate beneficial owners based in jurisdictions deemed by Kushki as high + or above risk and no trust as direct or indirect owner.
 - The company shall follow local FX regulations in all markets/jurisdictions where Kushki provides payment services to the customer.
 - The management and board of the customer shall be trusted and have a proven track record of legitimate operations.
- Companies that base their activities on tobacco- or alcohol production shall be subject to at least the following enhanced restrictions:
 - The company shall follow local regulations and age verification in all markets/jurisdictions where Kushki provides payment services to the customer.
 - The company shall provide good in-country only, block cross border sales and/or delivery of good.
- Companies that base their activities on pornographic materials shall be subject to at least the following enhanced restrictions:
 - The company shall have an easy to understand corporate and ownership structure, have none, or a minority, of its ultimate beneficial owners based in jurisdictions deemed by Kushki as high + or above risk and no trust as direct or indirect owner.
 - The company shall follow local regulations in all markets/jurisdictions where Kushki provides payment services to the customer, have functioning controls against human trafficking, abuse of minors e.g. age verification controls.
 - The management and board of the customer shall be trusted and have a proven track record of legitimate operations
- Companies involved in cash intense business or are involved high large or complex transactions.
- Companies with business related to vehicle sales, real estate, art, antiques, watches precious stones and metals and other high value sales.

Transactions

- Companies requiring third party remittance or settlement.

4 SANCTION RISK APPETITE

Kushki has no tolerance to facilitate transactions, or establish or maintaining a business relationship, in relation to individuals or entities identified as listed in applicable and relevant sanctions regimes, and Kushki shall therefore take all required measures to minimize this risk.

5 RISK MANAGEMENT

Kushki shall operate its business in accordance with this Statement, and any deviations shall be reported to the relevant control function and the Board of Directors.

Kushki's CEO or CRO may in extraordinary situations accept a customer, transaction, business model or behavior that is outside of Kushki's risk appetite as defined in this Statement, if compensating controls and risk mitigating measures have been taken. Such decisions shall be taken in correspondence with the Risk & Compliance team and be duly motivated and documented as well as reported to the Board of Directors.

The Risk Control Function is responsible for performing the controls set out in this Statement.

The Internal Audit Function shall, as part of their audit, on an annual basis control that Kushki is operates in accordance with this Statement. The Risk & Compliance team shall assist the Internal Audit function in its control of both the qualitative and quantitative risk appetite stated in this Statement.

6 REFERENCES

- Not apply

7 CHANGE CONTROL

Version	Date	Changes made
V1	03/11/2022	1. It's indicated that the Risk appetite applies to direct and indirect merchants.
V2	26/06/2023	3.2. It is indicated that bearer shares ownership of the company is prohibited.
V3	16/08/2023	<ul style="list-style-type: none">• All. The document code and name are updated.• Cap 5. MLRO and AML/CFT Manager are updated by Risk & Compliance area.