RISK ASSESSMENT FRAMEWORK

Summit Digital Solutions, Inc.

Effective Date: January 15, 2024

Document Version: 2.0

1. PURPOSE AND SCOPE

1. This Risk Assessment Framework (the "Framework") establishes the systematic approach for identifying, evaluating, and managing risks associated with Summit Digital Solutions, Inc.'s ("Company") delivery of digital transformation services, technology implementations, and related professional services.

2. This Framework applies to all Company operations, including but not limited to:

(a) AI/ML implementation projects

(b) IoT systems integration

(c) Process automation deployments

(d) Peak Performance Platform implementations

(e) Technology consulting engagements

2. RISK CATEGORIES AND CLASSIFICATION

1. Primary Risk Categories:

1.1. Technical Risk

- System architecture compatibility

- Data security and privacy

- Integration complexity

- Technical performance metrics

- Platform scalability

1.2. Operational Risk

- Resource allocation

- Project timeline adherence

- Quality assurance

- Change management

- Business continuity

1.3. Commercial Risk

- Contract terms and conditions

- Scope definition

- Pricing structure

- Client credit worthiness

- Revenue recognition

1.4. Compliance Risk

- Regulatory requirements

- Industry standards

- Client-specific compliance

- Data protection laws

- Export controls

3. RISK ASSESSMENT METHODOLOGY

1. Risk Evaluation Process:

1.1. Each identified risk shall be evaluated using the following criteria:

- Probability (1-5 scale)

- Impact (1-5 scale)

- Detection difficulty (1-5 scale)

- Risk Priority Number (RPN) = Probability   Impact   Detection

1.2. Risk Classification Thresholds:

- Low Risk: RPN < 30

- Medium Risk: RPN 31-75

- High Risk: RPN > 75

2. Assessment Frequency:

2.1. Mandatory risk assessments shall be conducted:

- At project initiation

- Quarterly for ongoing engagements

- Upon significant scope changes

- Prior to major deliverable releases

- At project completion

4. RISK MITIGATION AND CONTROL

1. Required Mitigation Strategies:

1.1. High Risk Items (RPN > 75):

- Executive sponsor assignment

- Weekly monitoring

- Documented mitigation plan

- Client communication protocol

- Contingency funding allocation

1.2. Medium Risk Items (RPN 31-75):

- Project manager oversight

- Monthly monitoring

- Risk response planning

- Regular status updates

- Resource contingency planning

1.3. Low Risk Items (RPN < 30):

- Standard monitoring

- Documentation in risk register

- Periodic review

5. ROLES AND RESPONSIBILITIES

1. Risk Management Committee:

- Chief Digital Officer (Committee Chair)

- Chief Technology Officer

- Chief Innovation Officer

- Senior Project Directors

- Legal Counsel

2. Project-Level Risk Management:

- Project Director

- Technical Lead

- Quality Assurance Manager

- Client Success Manager

6. DOCUMENTATION AND REPORTING

1. Required Documentation:

- Risk Assessment Matrix

- Mitigation Action Plans

- Risk Monitoring Reports

- Incident Reports

- Quarterly Risk Reviews

2. Reporting Requirements:

- Monthly risk status to Management

- Quarterly review to Board

- Immediate escalation of High Risk items

- Annual framework effectiveness review

7. COMPLIANCE AND AUDIT

1. Internal Audit Requirements:

- Annual framework audit

- Quarterly compliance review

- Risk assessment validation

- Control effectiveness testing

2. External Audit Coordination:

- Independent risk assessment review

- Control validation

- Compliance certification

- Regulatory reporting

8. AMENDMENTS AND UPDATES

1. This Framework shall be reviewed and updated annually or upon:

- Material business changes

- Significant risk events

- Regulatory changes

- Technology evolution

- Market conditions

9. AUTHORIZATION

This Risk Assessment Framework is hereby adopted and approved by Summit Digital Solutions, Inc.

APPROVED BY:

Dr. Alexandra Reeves

Chief Executive Officer

Date: January 15, 2024

James Henderson

Chief Digital Officer

Date: January 15, 2024

Sarah Blackwell

Chief Operating Officer

Date: January 15, 2024