

# **Corporate Governance Risk Management Policy**

**Nexus Intelligent Systems, Inc.**

## **1. PURPOSE AND SCOPE**

1 This Corporate Governance Risk Management Policy ("Policy") establishes the comprehensive framework for identifying, assessing, mitigating, and monitoring enterprise-wide risks within Nexus Intelligent Systems, Inc. (the "Company").

2 The Policy applies to all directors, officers, employees, and authorized representatives of the Company, and is designed to support strategic decision-making and protect shareholder value.

## **2. GOVERNANCE FRAMEWORK**

### **1 Risk Management Oversight**

- a) The Board of Directors shall maintain ultimate responsibility for risk governance
- b) The Audit and Risk Committee shall provide direct oversight of risk management processes
- c) The Chief Strategy Officer shall coordinate enterprise-wide risk assessment and reporting

### **2 Risk Management Principles**

- a) Proactive identification of potential risks
- b) Systematic assessment of risk probability and potential impact
- c) Development of mitigation strategies
- d) Continuous monitoring and adaptive risk management

## **3. RISK CATEGORIES**

### **1 Strategic Risks**

- Market positioning and competitive landscape
- Technology innovation and obsolescence
- Strategic partnership and alliance risks
- Long-term business model sustainability

### **2 Operational Risks**

- Technology infrastructure vulnerabilities
- Data security and privacy compliance

- Intellectual property protection
- Supply chain and vendor management
- Regulatory compliance in AI and predictive analytics domains

### 3 Financial Risks

- Revenue volatility
- Investment and capital allocation
- Credit and counterparty risks
- Foreign exchange and financial instrument risks

### 4 Compliance and Legal Risks

- Regulatory compliance in enterprise AI services
- Data protection and privacy regulations
- Intellectual property rights
- Contractual obligations and potential litigation

## **4. RISK ASSESSMENT METHODOLOGY**

### 1 Risk Identification Process

- a) Annual comprehensive risk assessment
- b) Quarterly risk review sessions
- c) Continuous monitoring of emerging risks
- d) Cross-functional risk identification workshops

### 2 Risk Evaluation Criteria

- Potential financial impact
- Probability of occurrence
- Strategic significance
- Reputational consequences

### 3 Risk Scoring Matrix

Risks shall be evaluated using a standardized scoring mechanism:

- Low Risk: Score 1-3
- Medium Risk: Score 4-6

- High Risk: Score 7-9
- Critical Risk: Score 10

## **5. RISK MITIGATION STRATEGIES**

### **1 Mitigation Approach**

- a) Develop specific mitigation plans for identified risks
- b) Assign clear ownership and accountability
- c) Establish key performance indicators (KPIs) for risk management
- d) Implement monitoring and reporting mechanisms

### **2 Risk Treatment Options**

- Risk Avoidance
- Risk Reduction
- Risk Transfer (e.g., insurance)
- Risk Acceptance with defined parameters

## **6. REPORTING AND TRANSPARENCY**

### **1 Reporting Requirements**

- a) Quarterly risk management reports to the Board
- b) Annual comprehensive risk assessment presentation
- c) Immediate escalation of critical risks

### **2 Disclosure Principles**

- Transparent communication of material risks
- Timely reporting of significant risk events
- Comprehensive documentation of risk management activities

## **7. POLICY REVIEW AND AMENDMENT**

1 This Policy shall be reviewed annually by the Audit and Risk Committee.

2 Amendments require approval from the Board of Directors.

## **8. DISCLAIMER**

This Policy represents a framework for risk management and does not guarantee absolute risk elimination. The Company reserves the right to modify this Policy as business conditions evolve.

## **9. EXECUTION**

Approved by the Board of Directors on: January 22, 2024

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Dr. Elena Rodriguez

Chief Executive Officer

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Michael Chen

Chief Technology Officer