

RISK MANAGEMENT POLICY

XTEK targets to be the leader in the development, manufacture, sale, and support of capability-based solutions to the Defence and Homeland Security markets. Our broad product range and specialised staff ensures we have the knowledge and experience to understand client requirements and the ability to deliver comprehensive and high-quality capabilities.

This policy outlines the roles and responsibilities embodied in our risk management program, to ensure that all key, material risks, across all parts of the Group’s business, have been identified and are being managed in accordance with XTEK’s approved risk appetite, environment and objectives.

The success of this policy rests upon adherence to a cyclical management and reporting program, built upon these core reporting events:

- The Board to receive from the Risk Management Committee an up-to-date review (April and October meetings) of the key risks facing the company, both strategic and operational, and any recommendations for changes or action.
- The Board to conduct an annual review of strategic risks at the October Board meeting.
- A monthly update of the entire Group’s operational risks (i.e.: a review of the Group risk register, with input from the heads of programs, projects, and functions) by the Risk Compliance Manager, to be copied to the Risk Management Committee.

1. ROLES AND RESPONSIBILITIES

Role	Responsibilities
Board	<ol style="list-style-type: none"> 1. Governance of Risk by: <ol style="list-style-type: none"> a. ensuring that a sound system of risk management and internal control is implemented which, in all material respects, implements the policies adopted by the Board. b. oversight and monitoring of XTEK’s performance, the management of its most critical risks, and the effectiveness of its control processes c. determining the appropriate level of risk that the Company is willing to accept. d. reviewing recommendations from the Risk Committee and determining future actions e. approval of the company’s list of strategic risks and risk treatment strategies per the strategic risk register 2. Setting the ‘tone at the top’ by championing XTEK’s risk management processes and encouraging the right attitude to risk management amongst all XTEK employees.

Role	Responsibilities
Risk Committee	<ol style="list-style-type: none"> 1. Monitoring the implementation of the risk management framework by: <ol style="list-style-type: none"> a. receiving reports from management, staff, legal counsel, regulators, and consultants as appropriate b. monitoring the strategic risk register 2. Reporting to the Board concerning the management of risks within the company. 3. At the April and October meetings providing to the Board an up-to-date register of the key risks facing the company. 4. Assessing whether the company's risk management processes are continually adapting to reflect the changing environment.
Group Chief Executive Officer	<ol style="list-style-type: none"> 1. Implementing a sound system of risk management and internal control which, in all material respects, implements the policies adopted by the Board. 2. Ensuring that the risk management framework and policy are understood, adopted, complied with and effective at all levels of the company. 3. Ensuring that a company-wide risk register, together with appropriate risk treatment plans, is reviewed and updated twice a year, prior to the April and October Board meetings. 4. Championing XTEK's risk management processes and encouraging the right attitude to risk management amongst executives and staff. 5. Making any reports and disclosures relating to risk required by law or regulation.
Senior Leadership Group	<ol style="list-style-type: none"> 1. Ensuring that: <ol style="list-style-type: none"> a. all material risks to XTEK are detected, understood, and responded to in accordance with its risk management framework and policy. b. risk management activities and internal control systems operate effectively. c. any inconsistencies, conflicts, and gaps in the company's risk management activities and internal control systems are identified and addressed. d. new and emerging risks are identified, assessed, and escalated to the Board where appropriate. 2. Determining the relative priorities of strategies to manage risks and allocating resources between treatment strategies. 3. Assigning ownership of material risks.



Role	Responsibilities
	<ol style="list-style-type: none"> 4. Approving the risk analyses and risk treatment plans prepared by divisional managers, project managers or process owners, including approval of additional resources where required. 5. Developing performance indicators to measure the effectiveness of the risk management activities and risk treatment plans for which they are accountable. 6. Identifying and monitoring: <ol style="list-style-type: none"> a. the adequacy and effectiveness of the key controls on which XTEK is heavily reliant. b. legal and regulatory obligations imposed on the company, and appropriate compliance regimes. c. systems, policies, processes, and procedures that promote effective risk management.
<p>Heads of Programs, Projects, and Functions</p>	<ol style="list-style-type: none"> 1. Identifying potential risks and advising the relevant member of Senior Management accordingly. 2. Managing risk as it arises in their area(s) of responsibility as allowed by their project Terms of Reference/KPIs. 3. Complying with all company policies, frameworks, and guidelines. 4. Being aware of and accountable for the risks, controls, and treatment tasks allocated to them.
<p>Risk/Compliance Manager</p>	<ol style="list-style-type: none"> 1. Supporting the CEO in ensuring that the: <ol style="list-style-type: none"> a. directives of the CEO and the Senior Leadership Group are implemented and followed. b. risk management framework is understood and coordinated across the company. c. risk management processes are implemented and working effectively. 2. Collation and recording risks identified and treatment strategies in the Risk Register. 3. Providing regular and appropriate training on risk management principles and procedures. 4. Monitoring of compliance with the risk management cycle; and reporting on new, emerging, and material risks to the Risk Committee. 5. Supporting business managers in their risk management responsibilities by: <ol style="list-style-type: none"> a. advising on appropriate risk management procedures and measurement methodologies throughout the Company b. assisting in the identification of stakeholders and parties affected by a potential risk



Role	Responsibilities
	<ul style="list-style-type: none"> c. reviewing risk analyses and risk treatment plans prepared by management, challenging the bases of assumptions, and advising on potential treatment strategies prior to submission for approval by the Risk Owner d. providing risk workshops where required <p>6. Co-ordinating risk management training and an appropriate network of risk champions throughout the business.</p>

2. HIERARCHY



This policy was approved and adopted by the Risk Management Committee on 20th day of October 2023.

