ENVIRONMENTAL, SOCIAL AND GOVERNANCE POLICY

NEXUS INDUSTRIAL INTELLIGENCE, INC.

Effective Date: January 15, 2024

WHEREAS, Nexus Industrial Intelligence, Inc., a Delaware corporation (the "Company"), develops and deploys artificial intelligence and machine learning solutions for industrial applications;

WHEREAS, the Company recognizes its responsibility to conduct business operations in an environmentally and socially sustainable manner while maintaining the highest standards of corporate governance;

WHEREAS, the Board of Directors (the "Board") has determined it to be in the best interests of the Company and its stakeholders to establish comprehensive environmental, social, and governance ("ESG") policies and procedures;

NOW, THEREFORE, the Company hereby adopts this Environmental, Social and Governance Policy (this "Policy") as follows:

1.0 ENVIRONMENTAL, SOCIAL AND GOVERNANCE POLICY STATEMENT

1.1 **Scope and Applicability**. This Policy shall apply to all operations, employees, contractors, and subsidiaries of the Company globally. The principles and requirements set forth herein shall govern the development, deployment, and maintenance of the Company's NexusCore™ Industrial AI Platform and related technologies. This Policy extends to all data processing activities, algorithmic decision-making systems, and automated industrial control mechanisms implemented through the Company's technology solutions.

1.2 **ESG Mission Statement**. The Company commits to advancing industrial efficiency and innovation while prioritizing environmental sustainability, social responsibility, and ethical governance. Through responsible AI development and deployment, the Company shall strive to: (a) Minimize environmental impact of industrial operations through optimized resource utilization and emissions reduction; (b) Promote workplace safety, inclusive practices, and human-centered technological advancement; (c) Ensure transparent and accountable corporate

governance with robust oversight mechanisms; and (d) Create sustainable value for all stakeholders through responsible innovation and ethical business practices.

1.3 **Regulatory Compliance**. The Company shall maintain compliance with all applicable ESG-related regulations, including but not limited to: (a) SEC disclosure requirements and evolving climate-related reporting standards; (b) SASB standards for Technology & Communications sector; (c) GDPR, CCPA, and relevant data privacy regulations worldwide; (d) Industrial safety standards, certifications, and AI governance frameworks; (e) Environmental protection and emissions control regulations; (f) Labor laws and workplace safety requirements in all operating jurisdictions.

1.4 **Business Integration**. ESG considerations shall be integrated into: (a) Strategic planning and decision-making processes at all organizational levels; (b) Product development and deployment protocols, including AI ethics reviews; (c) Risk assessment and management procedures, incorporating ESG risk factors; (d) Performance evaluation and reporting systems, with defined ESG metrics.

1.5 **Implementation Framework**. The Company shall establish: (a) An ESG Oversight Committee comprising board members and executive leadership; (b) Regular ESG impact assessments for all major technological deployments; (c) Stakeholder engagement mechanisms for ESG-related feedback and concerns; (d) Environmental impact monitoring systems for AI-driven industrial processes.

1.6 **Reporting and Transparency**. The Company commits to: (a) Annual ESG performance reports following GRI Standards; (b) Regular disclosure of climate-related risks per TCFD recommendations; (c) Quarterly updates on ESG initiatives and progress metrics; (d) Public accessibility of ESG policies and performance data.

1.7 **Continuous Improvement**. The Company shall: (a) Review and update this Policy annually; (b) Incorporate emerging ESG standards and best practices; (c) Adapt to evolving stakeholder expectations and regulatory requirements; (d) Enhance ESG performance measurement and verification methods.

1.8 **Enforcement and Accountability**. This Policy shall be enforced through: (a) Integration into employee performance evaluations; (b) Vendor and contractor selection criteria; (c) Regular compliance audits and assessments; (d) Corrective action procedures for policy violations.

2.0 ENVIRONMENTAL IMPACT AND SUSTAINABILITY

2.1 **Carbon Footprint Reduction** (a) The Company targets a 50% reduction in direct carbon emissions by 2030, using 2024 as the baseline year. (i) Annual reduction targets shall be established and reviewed quarterly (ii) Mandatory reporting of progress to the Board of Directors (iii) Implementation of carbon offset programs where reduction targets cannot be met

(b) Implementation of green computing practices for AI operations, including: (i) Energy-efficient algorithm design (ii) Optimized server utilization (iii) Renewable energy sourcing for data centers (iv) Deployment of heat recycling systems in data centers (v) Implementation of dynamic power scaling protocols (c) Supply chain sustainability requirements: (i) Vendor evaluation based on environmental credentials (ii) Mandatory carbon disclosure from major suppliers (iii) Preference for local data center providers where feasible

2.2 **Energy Efficiency Measures** (a) Development and implementation of energy-efficient AI processing techniques: (i) Model compression and optimization (ii) Distributed computing protocols (iii) Smart scheduling of computational loads (iv) Implementation of AI-driven power management systems (v) Regular efficiency benchmarking against industry standards (b) Regular energy audits of computing infrastructure: (i) Monthly performance reviews of all data centers (ii) Quarterly efficiency assessments of computing resources (iii) Annual comprehensive energy consumption analysis (c) Implementation of power management systems: (i) Automated load balancing protocols (ii) Dynamic voltage and frequency scaling (iii) Thermal management optimization (iv) Backup power systems efficiency requirements

2.3 **Sustainable Software Development** (a) Code efficiency requirements and review procedures: (i) Mandatory efficiency testing before deployment (ii) Regular code optimization reviews (iii) Implementation of energy-aware programming standards (b) Resource optimization guidelines: (i) Memory usage optimization protocols (ii) Storage efficiency requirements (iii) Network bandwidth optimization standards (c) Environmental impact assessment for new features: (i) Pre-deployment energy consumption analysis (ii) Carbon footprint calculation requirements (iii) Resource utilization projections (d) Sustainable development lifecycle management: (i) Integration of environmental considerations in design phase (ii) Regular sustainability audits during development (iii) Post-deployment efficiency monitoring

2.4 **Environmental Monitoring** (a) Quarterly assessment of environmental metrics: (i) Energy consumption per computing unit (ii) Carbon emissions per transaction (iii) Resource utilization efficiency (iv) Waste heat generation and management (b) Annual sustainability reporting: (i) Comprehensive environmental impact disclosure (ii) Progress against reduction targets (iii) Implementation of improvement measures (iv) Stakeholder engagement outcomes (c) Third-party verification of environmental claims: (i) Independent auditor selection criteria (ii) Verification methodology requirements (iii) Public disclosure of verification results (d) Continuous monitoring of energy consumption patterns: (i) Real-time energy usage tracking (ii) Predictive analysis of consumption trends (iii) Automated alerting systems for anomalies

2.5 **Compliance and Enforcement** (a) Environmental compliance requirements: (i) Regular staff training on environmental policies (ii) Documentation of compliance measures (iii) Internal audit procedures (b) Enforcement mechanisms: (i) Penalties for non-compliance (ii) Remediation requirements (iii) Performance improvement plans (c) Reporting obligations: (i) Internal reporting procedures (ii) External stakeholder communications (iii) Regulatory

compliance documentation (d) Review and update procedures: (i) Annual policy review requirements (ii) Stakeholder feedback integration (iii) Continuous improvement protocols

2.6 **Emergency Response and Risk Management** (a) Environmental incident response procedures: (i) Immediate action requirements (ii) Notification protocols (iii) Documentation requirements (b) Risk assessment and mitigation: (i) Regular environmental risk assessments (ii) Preventive measure implementation (iii) Contingency planning requirements

3.0 SOCIAL RESPONSIBILITY AND ETHICS

3.1 **AI Ethics Framework** (a) Ethical AI Development Principles: (i) Fairness and bias prevention, including systematic testing for demographic biases, regular algorithmic audits, and implementation of debiasing techniques (ii) Transparency and explainability, requiring documentation of AI decision-making processes and maintaining comprehensive audit trails (iii) Human oversight and control, establishing clear chains of responsibility and intervention protocols (iv) Safety and reliability standards, incorporating fail-safe mechanisms and redundancy systems (b) Regular ethical impact assessments: (i) Quarterly reviews of AI system performance and social impact (ii) Documentation of mitigation strategies for identified ethical risks (iii) Stakeholder consultation processes (iv) Implementation of corrective measures within defined timeframes (c) AI Ethics Review Board oversight: (i) Board composition requirements including external ethics experts (ii) Mandatory quarterly meetings and emergency consultation procedures (iii) Authority to suspend AI deployments for ethical concerns (iv) Annual public reporting obligations

3.2 **Workforce Diversity and Inclusion** (a) Diversity targets for technical and leadership roles: (i) Minimum 40% representation of underrepresented groups in technical positions (ii) Annual progression targets for leadership diversity (iii) Quarterly reporting on diversity metrics and progress (iv) Accountability measures for hiring managers (b) Inclusive hiring and promotion practices: (i) Standardized interview protocols to minimize bias (ii) Diverse interview panels requirement (iii) Blind resume screening procedures (iv) Structured promotion criteria and assessment frameworks (c) Regular diversity training requirements: (i) Mandatory quarterly unconscious bias training (ii) Cultural competency development programs (iii) Inclusive leadership workshops for management (iv) Measurable training effectiveness assessments (d) Equal opportunity employment policies: (i) Comprehensive anti-discrimination procedures (ii) Accessible complaint and resolution mechanisms (iii) Protection against retaliation (iv) Regular policy compliance audits

3.3 **Data Privacy and Security** (a) Comprehensive data protection protocols: (i) Encryption standards for data at rest and in transit (ii) Access control mechanisms and authentication requirements (iii) Incident response procedures and notification protocols (iv) Regular penetration testing and vulnerability assessments (b) Privacy-by-design principles: (i) Data collection minimization requirements (ii) Purpose limitation specifications (iii) Privacy impact

assessments for new technologies (iv) User consent management systems (c) Regular security audits and assessments: (i) Quarterly internal security reviews (ii) Annual third-party security audits (iii) Continuous monitoring and threat detection (iv) Compliance verification procedures (d) Data minimization and retention policies: (i) Maximum data retention periods by category (ii) Automated data purging protocols (iii) Documentation requirements for data retention (iv) Regular compliance monitoring

3.4 **Community Engagement** (a) Educational partnerships and initiatives: (i) STEM education support programs (ii) Technical training scholarships (iii) Internship programs for underserved communities (iv) Educational resource development and distribution (b) Technology access programs: (i) Digital literacy initiatives (ii) Equipment donation programs (iii) Subsidized technology access schemes (iv) Technical support services for community organizations (c) Local community support projects: (i) Annual community impact assessment requirements (ii) Minimum annual community investment targets (iii) Employee volunteer program requirements (iv) Impact measurement and reporting protocols (d) Industry collaboration forums: (i) Participation in industry standards development (ii) Knowledge sharing initiatives (iii) Joint research projects on social impact (iv) Cross-sector partnership requirements

3.5 **Implementation and Compliance** (a) Annual compliance reporting requirements (b) Independent verification procedures (c) Remediation protocols for identified deficiencies (d) Stakeholder feedback mechanisms (e) Regular policy review and updates

3.6 **Enforcement and Accountability** (a) Compliance monitoring procedures (b) Violation reporting mechanisms (c) Progressive enforcement measures (d) Appeal procedures and dispute resolution (e) Documentation requirements

4.0 GOVERNANCE STRUCTURE AND OVERSIGHT

4.1 **ESG Committee** (a) Composition: (i) Independent director chairperson, appointed by the Board of Directors for a three-year term, with possibility of one renewal (ii) Chief AI Officer, responsible for technological compliance and ethical AI implementation (iii) Chief Technology Officer, overseeing technical infrastructure and security protocols (iv) VP of Compliance, ensuring regulatory adherence and policy implementation (v) Two additional independent directors with relevant ESG expertise (b) Quarterly meeting requirements: (i) Minimum of four scheduled meetings per fiscal year (ii) Additional emergency meetings as required with 24-hour notice (iii) Quorum requirement of 2/3 membership (iv) Mandatory attendance of 75% of scheduled meetings (c) Annual strategy review: (i) Comprehensive evaluation of ESG initiatives (ii) Budget allocation assessment (iii) Performance metrics analysis (iv) Strategic planning for upcoming fiscal year (d) Board reporting obligations: (i) Monthly written updates to Board of Directors (ii) Quarterly presentation of key metrics (iii) Immediate notification of material ESG incidents (iv) Annual comprehensive performance report

4.2 **Risk Management** (a) ESG risk assessment framework: (i) Quarterly risk evaluation matrix (ii) Impact severity classification system (iii) Probability assessment methodology (iv) Risk prioritization protocols (b) Mitigation strategy development: (i) Risk-specific action plans (ii) Resource allocation procedures (iii) Implementation timelines (iv) Success metrics definition (c) Regular risk monitoring and reporting: (i) Monthly risk status updates (ii) Trend analysis requirements (iii) Performance against targets (iv) Corrective action tracking (d) Emergency response procedures: (i) Crisis management protocol (ii) Communication chain of command (iii) Stakeholder notification requirements (iv) Post-incident review process

4.3 **Reporting Requirements** (a) Annual ESG report publication: (i) Comprehensive performance metrics (ii) Progress against targets (iii) Future commitments and goals (iv) Independent verification requirements (b) Quarterly metrics updates: (i) Key performance indicator tracking (ii) Variance analysis (iii) Remediation plans (iv) Stakeholder impact assessment (c) Stakeholder communications: (i) Regular disclosure schedule (ii) Material event notifications (iii) Progress updates (iv) Feedback mechanisms (d) Regulatory filings: (i) Compliance documentation (ii) Incident reporting (iii) Performance certifications (iv) Statutory declarations

4.4 **Stakeholder Engagement** (a) Regular stakeholder consultations: (i) Quarterly community forums (ii) Annual investor meetings (iii) Employee engagement surveys (iv) Supplier assessment programs (b) Feedback incorporation procedures: (i) Systematic feedback collection (ii) Analysis methodology (iii) Action plan development (iv) Implementation tracking (c) Transparency commitments: (i) Public disclosure requirements (ii) Information accessibility standards (iii) Response time obligations (iv) Documentation requirements (d) Grievance mechanisms: (i) Formal complaint procedures (ii) Investigation protocols (iii) Resolution timeframes (iv) Appeals process (v) Remediation requirements

5.0 IMPLEMENTATION AND MONITORING

5.1 **Performance Metrics** (a) Environmental KPIs: (i) Carbon emissions, including Scope 1, 2, and 3 emissions, measured quarterly through certified monitoring systems (ii) Energy efficiency ratios, calculated per unit of computational output and facility operations (iii) Resource utilization metrics, encompassing water consumption, waste generation, and recycling rates (iv) Data center Power Usage Effectiveness (PUE) measurements (v) Renewable energy adoption percentage across operations (b) Social KPIs: (i) Diversity metrics, including gender, ethnicity, age, and disability representation at all organizational levels (ii) Training completion rates for mandatory ESG programs, with minimum 95% compliance requirement (iii) Community impact measures, quantified through beneficiary surveys and economic value assessments (iv) Employee satisfaction and retention rates related to ESG initiatives (v) Supplier diversity and local sourcing percentages (c) Governance KPIs: (i) Compliance rates for regulatory requirements and internal policies (ii) Risk management

effectiveness, measured through incident response times and mitigation success rates (iii) Stakeholder engagement levels, tracked through participation metrics and feedback analysis (iv) Board diversity and ESG competency assessments (v) Transparency scores based on disclosure completeness

5.2 **Audit Procedures** (a) Annual ESG audit requirements: (i) Independent third-party verification by certified auditors (ii) Quarterly internal pre-audits conducted by ESG Committee (iii) Real-time monitoring systems for environmental metrics (iv) AI-powered compliance tracking and alert systems (b) Third-party verification protocols: (i) Auditor qualification requirements and rotation policies (ii) Scope of verification activities and methodologies (iii) Evidence collection and documentation standards (iv) Materiality thresholds for reporting discrepancies (c) Internal review processes: (i) Monthly departmental self-assessments (ii) Cross-functional audit teams (iii) Technology-enabled continuous monitoring (iv) Regular stakeholder consultation sessions (d) Documentation requirements: (i) Standardized reporting templates and data collection protocols (ii) Chain of custody requirements for environmental data (iii) Digital record retention policies and security measures (iv) Audit trail maintenance procedures

5.3 **Corrective Actions** (a) Non-compliance response procedures: (i) Immediate notification requirements to relevant authorities (ii) Root cause analysis protocols (iii) Remediation timeline requirements (iv) Stakeholder communication procedures (b) Remediation protocols: (i) Structured improvement plans with measurable targets (ii) Resource allocation procedures (iii) Progress tracking mechanisms (iv) Verification of effectiveness measures (c) Progress monitoring requirements: (i) Weekly status reporting for active remediation efforts (ii) Monthly progress reviews by ESG Committee (iii) Quarterly updates to Board of Directors (iv) Stakeholder progress communications (d) Reporting obligations: (i) Regulatory disclosure requirements (ii) Stakeholder notification procedures (iii) Public reporting protocols (iv) Internal communication requirements

5.4 **Annual Review** (a) Policy effectiveness assessment: (i) Comprehensive performance analysis against targets (ii) Benchmark comparison with industry standards (iii) Cost-benefit analysis of ESG initiatives (iv) Impact assessment of implemented measures (b) Updates and revisions process: (i) Annual policy review schedule (ii) Stakeholder consultation requirements (iii) Legal and regulatory compliance verification (iv) Technology advancement incorporation (c) Stakeholder feedback incorporation: (i) Structured feedback collection mechanisms (ii) Analysis and prioritization procedures (iii) Implementation planning requirements (iv) Communication of adopted changes (d) Board approval requirements: (i) Review and approval timeline (ii) Documentation standards (iii) Implementation authorization procedures (iv) Stakeholder notification requirements

5.5 **Continuous Improvement** (a) Innovation integration protocols (b) Best practice adoption procedures (c) Technology enhancement requirements (d) Stakeholder engagement optimization