ESG MATTERS DOCUMENT 22

THIS ESG MATTERS DOCUMENT (this "Document") is made and entered into as of January 15, 2024 (the "Effective Date"), by NEXUS INDUSTRIAL INTELLIGENCE, INC., a Delaware corporation with its principal place of business at 2500 Innovation Drive, Wilmington, Delaware 19801 ("Company").

WHEREAS, the Company develops and deploys advanced artificial intelligence and machine learning solutions for industrial applications;

WHEREAS, the Company recognizes its responsibility to implement comprehensive Environmental, Social, and Governance ("ESG") standards appropriate for its industry position and technological capabilities;

WHEREAS, the Company seeks to establish binding commitments regarding its ESG practices, particularly as they relate to artificial intelligence ethics and environmental impact; and

WHEREAS, this Document shall serve as the governing framework for the Company's ESG program implementation and oversight.

NOW, THEREFORE, the Company hereby adopts and implements the following ESG framework and commitments:

1.0 PURPOSE AND SCOPE

1.1 **Program Application**. This Document establishes comprehensive ESG standards applicable to all Company operations, subsidiaries, and controlled affiliates, specifically encompassing: (a) Development and deployment of the NexusCore™ Industrial AI Platform; (b) Machine learning and computer vision solutions; (c) Edge computing implementations; (d) All related professional services and support functions; and (e) Third-party integrations and collaborative partnerships utilizing Company technology.

1.2 **Corporate Governance Integration**. The ESG framework herein shall be incorporated into the Company's corporate governance structure and shall: (a) Align with the Company's Certificate of Incorporation and Bylaws; (b) Supplement existing corporate policies and procedures; (c) Be binding upon all directors, officers, employees, and contractors; (d) Establish reporting mechanisms to the Board of Directors and relevant committees; and (e) Define accountability measures for ESG performance metrics.

1.3 **Technology Integration**. The Company shall ensure ESG considerations are embedded within: (a) AI/ML algorithm development processes, including bias detection and mitigation

protocols; (b) Computer vision system implementations and associated data collection methodologies; (c) Edge computing deployments and energy efficiency optimization; (d) Data processing and analytics operations; (e) System architecture design and infrastructure planning; and (f) Quality assurance and validation procedures.

1.4 **Environmental Considerations**. The scope shall encompass: (a) Direct environmental impacts from Company operations; (b) Indirect impacts through customer implementations; (c) Supply chain environmental effects; (d) Technology-enabled environmental improvements; (e) Carbon footprint measurement and reduction initiatives; and (f) Resource consumption optimization strategies.

1.5 **Stakeholder Engagement**. The Company's ESG framework shall address: (a) Customer consultation and feedback mechanisms; (b) Employee participation and training programs; (c) Supplier assessment and compliance requirements; (d) Community impact evaluation procedures; and (e) Investor communication protocols.

1.6 **Implementation Timeline**. This Document shall: (a) Take effect immediately upon Board approval; (b) Require full compliance within 180 days of adoption; (c) Mandate quarterly progress reviews; and (d) Undergo annual comprehensive assessment.

1.7 **Geographic Application**. These standards shall apply to: (a) All domestic and international operations; (b) Remote work environments and distributed teams; (c) Field deployments and on-site implementations; and (d) Cloud-based services and data centers.

1.8 **Compliance Framework**. The Company shall maintain: (a) Documentation of ESG compliance measures; (b) Regular internal audits and assessments; (c) Third-party verification procedures; (d) Incident reporting and resolution protocols; and (e) Continuous improvement mechanisms.

1.9 **Exclusions and Limitations**. This Document shall not: (a) Supersede applicable laws or regulations; (b) Override existing contractual obligations; (c) Apply to non-controlled joint ventures; or (d) Extend to discontinued operations or divested assets.

2.0 ENVIRONMENTAL STANDARDS AND COMMITMENTS

2.1 **Carbon Footprint Reduction** (a) The Company commits to achieving net-zero carbon emissions by 2030 through: (i) 50% reduction in direct emissions by 2025; (ii) 75% reduction in indirect emissions by 2027; (iii) Carbon offset programs for remaining emissions; (iv) Annual third-party verification of emission calculations; (v) Quarterly progress reporting to stakeholders.

(b) Implementation of carbon accounting systems for: (i) Cloud computing operations; (ii) Edge device networks; (iii) Office facilities and data centers; (iv) Supply chain operations and vendor activities; (v) Employee business travel and remote work impacts.

(c) Establishment of carbon reduction initiatives including: (i) Green transportation program for employees; (ii) Sustainable procurement policies; (iii) Vendor sustainability requirements; (iv) Carbon-aware scheduling for computational workloads.

2.2 **Computing Operations Efficiency** (a) Mandatory efficiency standards for: (i) AI model training operations; (ii) Inference processing; (iii) Data center operations; (iv) Edge computing deployments; (v) Distributed computing networks.

(b) Energy efficiency requirements including: (i) Maximum power usage effectiveness (PUE) of 1.2 for data centers; (ii) Optimization of AI model training schedules; (iii) Implementation of energy-aware computing protocols; (iv) Mandatory sleep modes for idle systems; (v) Dynamic voltage and frequency scaling implementation.

(c) Computational efficiency measures: (i) Regular efficiency audits of AI models; (ii) Optimization of model architectures; (iii) Implementation of resource-aware scheduling; (iv) Workload consolidation requirements.

2.3 **Data Center Sustainability** (a) All Company-operated data centers shall: (i) Use 100% renewable energy by 2025; (ii) Implement water conservation measures; (iii) Achieve zero-waste operations by 2026; (iv) Maintain ISO 14001 environmental certification; (v) Implement heat recycling systems where feasible; (vi) Deploy smart cooling technologies.

(b) Third-party data center providers must: (i) Meet minimum sustainability standards; (ii) Provide environmental impact reporting; (iii) Demonstrate continuous improvement; (iv) Maintain relevant environmental certifications; (v) Participate in sustainability audits.

(c) Data center design requirements: (i) Use of renewable construction materials; (ii) Implementation of circular economy principles; (iii) Biodiversity impact mitigation measures; (iv) Local environmental impact assessments.

2.4 **Environmental Monitoring** (a) Implementation of real-time monitoring systems for: (i) Energy consumption; (ii) Resource utilization; (iii) Waste generation; (iv) Environmental compliance; (v) Water usage effectiveness (WUE); (vi) Carbon emissions per computation unit.

(b) Reporting and verification requirements: (i) Monthly environmental performance reports; (ii) Quarterly compliance audits; (iii) Annual sustainability impact assessments; (iv) Independent verification of metrics.

(c) Continuous improvement protocols: (i) Regular review of environmental targets; (ii) Implementation of best practices; (iii) Technology upgrade schedules; (iv) Staff training requirements.

2.5 **Environmental Risk Management** (a) Development and maintenance of: (i) Environmental risk assessment framework; (ii) Climate change adaptation strategies; (iii) Environmental incident response procedures; (iv) Sustainability governance structure.

(b) Stakeholder engagement requirements: (i) Regular environmental performance disclosure; (ii) Community impact assessments; (iii) Environmental grievance mechanisms; (iv) Sustainability partnership programs.

(c) Compliance and documentation: (i) Maintenance of environmental permits; (ii) Regular compliance reviews; (iii) Documentation of mitigation measures; (iv) Record retention requirements.

3.0 SOCIAL RESPONSIBILITY FRAMEWORK

3.1 **AI Ethics Guidelines** (a) Mandatory ethical principles for AI development: (i) Transparency in algorithmic decision-making, including: - Documentation of model architecture and training data sources; - Clear disclosure of AI system capabilities and limitations; - Regular auditing of algorithmic outputs and decision patterns; - Publication of transparency reports on system performance.

```
(ii) Fairness in model training and deployment, encompassing:
    - Regular bias testing across protected characteristics;
    - Balanced representation in training datasets;
    - Implementation of debiasing techniques;
    - Continuous monitoring of fairness metrics.

(iii) Human oversight of autonomous systems, requiring:
    - Designated human supervisors for all AI operations;
    - Clear escalation protocols for system anomalies;
    - Regular human review of critical decisions;
    - Maintenance of human override capabilities.

(iv) Prevention of discriminatory outcomes through:
    - Pre-deployment impact assessments;
    - Post-deployment monitoring systems;
    - Quarterly discrimination audits;
    - Remediation protocols for identified biases.
```

(b) Ethics review procedures including: (i) New algorithm development review process: - Initial ethics assessment; - Stakeholder consultation; - Documentation of potential risks; - Mitigation strategy development.

```
(ii) Model deployment requirements:
    - Safety testing protocols;
    - Performance benchmarking;
    - Risk assessment documentation;
```

```
            - Deployment approval procedures.

    (iii) Customer implementation guidelines:
        - Use case evaluation;
        - Customer training requirements;
        - Monitoring obligations;
        - Compliance reporting.
```

3.2 **Workforce Diversity** (a) Diversity targets including: (i) 40% women in technical roles by 2025: - Annual recruitment targets; - Retention metrics; - Career advancement tracking; - Leadership pipeline development.

```
    (ii) 30% underrepresented minorities in leadership by 2026:
        - Structured promotion pathways;
        - Leadership development programs;
        - Succession planning requirements;
        - Quarterly progress reviews.

    (iii) Pay equity measures including:
        - Annual compensation analysis;
        - Regular pay adjustment reviews;
        - Performance evaluation standardization;
        - Transparency in compensation decisions.
```

(b) Inclusion initiatives comprising: (i) Mandatory diversity training programs: - Quarterly unconscious bias workshops; - Cultural competency education; - Inclusive leadership training; - Anti-harassment protocols.

```
    (ii) Structured mentorship programs:
        - Cross-functional mentoring;
        - Leadership shadowing opportunities;
        - Peer support networks;
        - Career development coaching.

    (iii) Employee resource groups with:
        - Executive sponsorship requirements;
        - Operating budgets;
        - Strategic initiative authority;
        - Organizational influence channels.
```

3.3 **Community Engagement** (a) Technology education programs including: (i) K-12 STEM initiatives; (ii) Adult digital literacy programs; (iii) Coding bootcamps for underserved communities; (iv) Technical certification sponsorships.

(b) STEM scholarship funding through: (i) Annual grant programs; (ii) University partnerships; (iii) Research fellowships; (iv) Educational endowments.

(c) Local community partnerships involving: (i) Technology access initiatives; (ii) Digital infrastructure support; (iii) Innovation hub development; (iv) Small business technology assistance.

(d) Pro bono technology implementations including: (i) Nonprofit digital transformation; (ii) Community organization support; (iii) Emergency response systems; (iv) Public sector modernization projects.

3.4 **Data Privacy Standards** (a) Comprehensive privacy framework including: (i) Data minimization principles requiring: - Purpose limitation protocols; - Data retention schedules; - Collection limitation policies; - Regular data purging procedures.

```
(ii) Privacy-by-design requirements mandating:
   - Privacy impact assessments;
   - Default privacy settings;
   - User consent mechanisms;
   - Data protection measures.

(iii) Enhanced security protocols comprising:
   - Encryption standards;
   - Access control systems;
   - Security monitoring;
   - Incident response procedures.
```

(b) Regular privacy impact assessments including: (i) Quarterly privacy audits; (ii) Annual compliance reviews; (iii) Third-party evaluations; (iv) Remediation tracking systems.

4.0 GOVERNANCE STRUCTURE

4.1 **ESG Committee** (a) Composition: (i) Independent director chair, appointed by the Board of Directors for a three-year term; (ii) Chief AI Officer, responsible for technological compliance and innovation oversight; (iii) Environmental compliance officer, with relevant environmental certification; (iv) Ethics officer, maintaining independence from operational management; (v) Two additional independent directors with relevant ESG expertise; (vi) Corporate Secretary serving as Committee Secretary (non-voting).

(b) Responsibilities: (i) ESG strategy oversight and implementation validation; (ii) Performance monitoring against established KPIs; (iii) Comprehensive risk assessment and mitigation planning; (iv) Stakeholder reporting and engagement coordination; (v) Policy development and regular review of governance frameworks; (vi) Integration of ESG metrics into executive compensation structures; (vii) Oversight of third-party ESG ratings and assessments; (viii) Review of material ESG-related investments and initiatives.

4.2 **Reporting Requirements** (a) Quarterly ESG performance reports, including: (i) Key performance indicators tracking; (ii) Incident reports and remediation status; (iii) Progress against established targets; (iv) Emerging risks and opportunities assessment.

(b) Annual sustainability report incorporating: (i) TCFD-aligned climate disclosures; (ii) GRI Standards compliance documentation; (iii) SASB metrics relevant to industry classification; (iv) Independent third-party assurance statement.

(c) AI ethics compliance documentation, comprising: (i) Algorithm bias assessment results; (ii) Data privacy compliance certificates; (iii) AI system impact evaluations; (iv) Ethical framework implementation reports.

(d) Environmental impact disclosures, detailing: (i) Scope 1, 2, and 3 emissions calculations; (ii) Resource utilization metrics; (iii) Waste management performance; (iv) Environmental compliance certificates.

4.3 **Risk Management** (a) ESG risk assessment framework incorporating: (i) Quarterly risk reviews and updates; (ii) Material risk identification protocols; (iii) Stakeholder impact assessments; (iv) Financial materiality analysis; (v) Scenario planning requirements.

(b) Technology impact evaluation procedures: (i) AI system audit protocols; (ii) Data security assessment requirements; (iii) Privacy impact analysis methodology; (iv) Digital ethics compliance verification.

(c) Compliance monitoring systems including: (i) Real-time performance tracking; (ii) Automated alert mechanisms; (iii) Regulatory requirement mapping; (iv) Compliance testing protocols; (v) Documentation management systems.

(d) Incident response procedures comprising: (i) Escalation protocols and timelines; (ii) Stakeholder communication templates; (iii) Investigation requirements; (iv) Remediation tracking processes; (v) Post-incident review procedures.

4.4 **Committee Operations** (a) Meeting frequency: Monthly, with additional meetings as required; (b) Quorum: Majority of members including independent director chair; (c) Voting: Simple majority required for decisions; (d) Documentation: Detailed minutes maintained by Corporate Secretary; (e) Annual review of committee effectiveness and charter; (f) Regular training requirements for committee members; (g) Engagement with external ESG experts as needed.

4.5 **Accountability Measures** (a) Annual performance evaluation of committee members; (b) Regular review of governance structure effectiveness; (c) Independent assessment of ESG program maturity; (d) Stakeholder feedback integration mechanisms; (e) Transparency requirements for decision-making processes.

5.0 IMPLEMENTATION AND MONITORING

5.1 **Performance Metrics** (a) Environmental KPIs: (i) Carbon emissions, including Scope 1, 2, and 3 emissions as defined by the Greenhouse Gas Protocol; (ii) Energy efficiency metrics, measured in kilowatt-hours per computational unit; (iii) Waste reduction targets, including electronic waste disposal and recycling rates; (iv) Water usage optimization in cooling systems; (v) Renewable energy utilization percentage.

(b) Social KPIs: (i) Workforce diversity statistics across all organizational levels; (ii) AI ethics compliance metrics, including bias detection rates; (iii) Community impact measurements, including job creation and local economic benefits; (iv) Employee satisfaction and retention rates; (v) Training and development hours per employee.

(c) Governance KPIs: (i) Board diversity and independence metrics; (ii) Ethics violation reporting and resolution rates; (iii) Supplier ESG compliance scores; (iv) Cybersecurity incident response effectiveness; (v) Regulatory compliance achievement rates.

5.2 **Audit Procedures** (a) Annual ESG audit requirements: (i) Independent third-party verification of all environmental metrics; (ii) Quarterly internal audits of social impact programs; (iii) Monthly compliance checks of AI ethics guidelines; (iv) Semi-annual review of stakeholder engagement effectiveness.

(b) Third-party verification procedures: (i) Selection criteria for independent auditors; (ii) Scope and methodology requirements; (iii) Documentation standards and retention policies; (iv) Conflict of interest prevention measures.

(c) Continuous monitoring systems: (i) Real-time environmental impact tracking; (ii) Automated AI bias detection protocols; (iii) Employee feedback collection mechanisms; (iv) Stakeholder communication channels.

(d) Compliance documentation requirements: (i) Standardized reporting templates; (ii) Evidence retention schedules; (iii) Digital certification procedures; (iv) Chain of custody protocols.

5.3 **Stakeholder Reporting** (a) Board reporting requirements: (i) Monthly ESG performance dashboards; (ii) Quarterly comprehensive reviews; (iii) Immediate notification of material ESG incidents; (iv) Annual strategic ESG planning sessions.

(b) Public disclosure obligations: (i) Annual ESG report publication timeline; (ii) Mandatory disclosure elements; (iii) Verification requirements; (iv) Distribution channels.

(c) Customer impact assessment procedures: (i) Quarterly satisfaction surveys; (ii) Environmental impact disclosures; (iii) AI ethics compliance reports; (iv) Service improvement feedback loops.

(d) Employee engagement mechanisms: (i) Monthly pulse surveys; (ii) Bi-annual comprehensive assessments; (iii) Continuous feedback channels; (iv) Action plan implementation tracking.

5.4 **Continuous Improvement Process** (a) Annual review and update requirements: (i) Performance metric evaluation; (ii) Target adjustment procedures; (iii) Implementation strategy refinement; (iv) Stakeholder feedback incorporation.

(b) Innovation and best practice adoption: (i) Industry benchmark analysis; (ii) Technology advancement integration; (iii) Regulatory compliance updates; (iv) Stakeholder recommendation implementation.

(c) Corrective action procedures: (i) Non-compliance response protocols; (ii) Performance improvement plans; (iii) Remediation tracking systems; (iv) Effectiveness verification methods.

(d) Documentation and reporting updates: (i) Procedure revision protocols; (ii) Communication requirements; (iii) Training program updates; (iv) Stakeholder notification processes.