

ENVIRONMENTAL, SOCIAL AND GOVERNANCE POLICY AND PROCEDURES

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 in an environmentally and socially sustainable manner while maintaining high standards of corporate governance;

WHEREAS, the Board of Directors (the "Board") has determined it is 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 the following ESG Policy and Procedures:

1.0 ENVIRONMENTAL, SOCIAL AND GOVERNANCE POLICY STATEMENT

1.1 Purpose and Scope

This Environmental, Social and Governance Policy (the "Policy") establishes the framework through which Nexus Industrial Intelligence, Inc. shall integrate ESG considerations into its business operations, technology development, and corporate decision-making processes. This Policy applies to all Company operations, employees, contractors, and business partners globally. The Policy shall serve as the foundational document guiding the Company's commitment to sustainable and responsible business practices across all jurisdictions in which it operates.

1.2 ESG Governance Structure

- (a) The Board shall maintain ultimate oversight of ESG matters through its ESG Committee (the "Committee"), which shall meet no less than quarterly.
- (b) The Chief Executive Officer shall appoint an ESG Officer responsible for day-to-day implementation of this Policy, who shall: (i) Develop and maintain ESG metrics and reporting frameworks (ii) Coordinate cross-functional ESG initiatives (iii) Present quarterly progress reports to the Committee (iv) Ensure alignment with corporate strategic objectives

(c) Department heads shall integrate ESG considerations into their respective operational areas and shall: (i) Establish department-specific ESG targets (ii) Monitor and report on ESG performance metrics (iii) Implement corrective actions as necessary (iv) Maintain documented evidence of ESG integration

1.3 Regulatory Compliance Framework

The Company shall:

(a) Comply with all applicable environmental, labor, and corporate governance laws and regulations;

(b) Adhere to international standards and frameworks including: (i) Task Force on Climate-related Financial Disclosures (TCFD) (ii) Sustainability Accounting Standards Board (SASB) guidelines (iii) Global Reporting Initiative (GRI) Standards (iv) UN Sustainable Development Goals (SDGs) (v) ISO 14001 Environmental Management Systems (vi) ISO 26000 Social Responsibility Guidelines

(c) Maintain documented evidence of compliance through: (i) Regular internal audits (ii) Third-party verification (iii) Annual compliance certifications (iv) Continuous monitoring systems

1.4 Integration with Business Operations

ESG considerations shall be incorporated into:

(a) Product development and deployment processes, including: (i) Environmental impact assessments (ii) Lifecycle analysis (iii) Sustainable design principles (iv) Ethical AI development guidelines

(b) Supply chain management through: (i) Supplier ESG screening (ii) Regular supplier audits (iii) Sustainable procurement practices (iv) Carbon footprint monitoring

(c) Customer engagement via: (i) ESG-focused product documentation (ii) Sustainability reporting (iii) Transparent communication channels (iv) Stakeholder feedback mechanisms

(d) Employee training and development through: (i) Mandatory ESG awareness programs (ii) Role-specific ESG training (iii) Performance metrics tied to ESG goals (iv) Recognition of ESG achievements

(e) Risk assessment and management, including: (i) Climate-related risks (ii) Social impact evaluation (iii) Governance risk monitoring (iv) Regular risk review and mitigation planning

2.0 ENVIRONMENTAL IMPACT AND SUSTAINABILITY

2.1 Carbon Footprint Management

The Company commits to:

- (a) Achieving carbon neutrality in computing operations by 2026, through: (i) Implementation of verified carbon offset programs (ii) Direct investment in renewable energy infrastructure (iii) Systematic reduction of operational emissions (iv) Development of carbon-aware computing protocols
- (b) Implementing energy-efficient algorithms and computing practices, including: (i) Optimization of model training procedures (ii) Adoption of distributed computing frameworks (iii) Implementation of workload scheduling during off-peak hours (iv) Regular optimization of computational resources
- (c) Measuring and reporting Scope 1, 2, and 3 emissions annually, encompassing: (i) Direct emissions from owned or controlled sources (ii) Indirect emissions from purchased electricity (iii) All indirect emissions occurring in the value chain (iv) Quarterly progress reports to stakeholders
- (d) Establishing science-based targets for emissions reduction, through: (i) Alignment with Paris Agreement objectives (ii) Third-party verification of targets (iii) Annual review and adjustment of reduction strategies (iv) Integration with corporate performance metrics

2.2 Energy Efficiency Standards

All edge computing devices and hardware shall:

- (a) Meet or exceed ENERGY STAR® certification requirements by: (i) Maintaining current certification standards (ii) Implementing automatic power-down features (iii) Adhering to standby power consumption limits (iv) Documentation of compliance measures
- (b) Incorporate power management optimization features including: (i) Dynamic voltage and frequency scaling (ii) Workload-based power allocation (iii) Thermal management systems (iv) Real-time power consumption monitoring
- (c) Utilize renewable energy sources where feasible through: (i) On-site renewable energy generation (ii) Power purchase agreements (PPAs) (iii) Renewable energy certificates (RECs) (iv) Local grid decarbonization initiatives
- (d) Undergo regular energy efficiency audits comprising: (i) Quarterly performance assessments (ii) Power usage effectiveness (PUE) monitoring (iii) Thermal efficiency evaluation (iv) Equipment modernization planning

2.3 Environmental Impact Assessment

The Company shall conduct:

- (a) Annual environmental impact assessments of all major operations, including: (i) Data center environmental performance (ii) Network infrastructure impact (iii) Office facility sustainability (iv) Remote work environmental implications
- (b) Lifecycle analyses of hardware components through: (i) Material sourcing evaluation (ii) Manufacturing impact assessment (iii) Operational energy consumption analysis (iv) End-of-life disposal planning
- (c) Regular audits of data center efficiency, examining: (i) Cooling system optimization (ii) Server utilization rates (iii) Infrastructure efficiency metrics (iv) Waste heat recovery potential
- (d) Supply chain sustainability evaluations covering: (i) Vendor environmental compliance (ii) Transportation logistics efficiency (iii) Packaging sustainability (iv) Supplier environmental performance metrics

2.4 Sustainable Technology Development

Development practices shall incorporate:

- (a) Green software engineering principles through: (i) Energy-aware coding practices (ii) Resource optimization techniques (iii) Cloud efficiency strategies (iv) Environmental impact monitoring tools
- (b) Circular economy considerations in hardware design, including: (i) Modular component design (ii) Repair and upgrade capability (iii) Material recovery planning (iv) Recycled content requirements
- (c) Waste reduction strategies encompassing: (i) Electronic waste management (ii) Packaging optimization (iii) Digital waste reduction (iv) Resource conservation protocols
- (d) Sustainable packaging requirements through: (i) Biodegradable materials usage (ii) Minimal packaging design (iii) Recycled content standards (iv) Reusable packaging systems

All provisions within this section shall be subject to annual review and updates to maintain alignment with evolving environmental standards and technological capabilities. The Company shall maintain detailed documentation of compliance with these requirements and report progress to relevant stakeholders on a quarterly basis.

3.0 SOCIAL RESPONSIBILITY AND AI ETHICS

3.1 AI Ethics Guidelines

The Company shall adhere to the following principles:

- (a) Transparency in AI decision-making processes, including: (i) Documentation of algorithmic decision pathways (ii) Regular publication of AI system performance metrics (iii) Clear

disclosure of AI system limitations and confidence levels (iv) Maintenance of detailed audit trails for all AI-driven decisions

(b) Fairness and non-discrimination in algorithm design, encompassing: (i) Regular bias testing and mitigation protocols (ii) Demographic impact assessments (iii) Implementation of fairness metrics across protected categories (iv) Third-party validation of algorithmic fairness

(c) Human oversight of automated systems, requiring: (i) Designated human supervisors for all AI operations (ii) Clear procedures for human intervention (iii) Regular review of automated decisions (iv) Emergency override protocols

(d) Regular ethical impact assessments, including: (i) Quarterly reviews of AI system outcomes (ii) Assessment of unintended consequences (iii) Stakeholder impact evaluation (iv) Documentation of remediation efforts

3.2 Workforce Impact Considerations

The Company commits to:

(a) Proactive workforce transition planning through: (i) Early identification of roles affected by automation (ii) Development of transition timelines (iii) Individual career path mapping (iv) Establishment of transition support services

(b) Skills development and retraining programs, including: (i) Fully funded technical training initiatives (ii) Cross-functional skill development (iii) Partnership with educational institutions (iv) Certification support programs

(c) Fair labor practices and living wages, ensuring: (i) Regular compensation reviews against market standards (ii) Transparent promotion criteria (iii) Equal pay for equivalent work (iv) Comprehensive benefits packages

(d) Diversity, equity, and inclusion initiatives, comprising: (i) Targeted recruitment programs (ii) Mentorship opportunities (iii) Regular DEI training (iv) Progress monitoring and reporting

3.3 Data Privacy and Protection

All operations shall maintain:

(a) Strict compliance with GDPR, CCPA, and other applicable privacy regulations through: (i) Appointment of Data Protection Officers (ii) Regular compliance audits (iii) Updated privacy impact assessments (iv) Cross-border data transfer protocols

(b) Regular security audits and penetration testing, including: (i) Quarterly vulnerability assessments (ii) Annual third-party security audits (iii) Continuous monitoring systems (iv) Incident response protocols

(c) Data minimization and purpose limitation practices, requiring: (i) Regular data inventory reviews (ii) Purpose specification documentation (iii) Data retention schedules (iv) Deletion verification procedures

(d) Transparent data collection and usage policies, comprising: (i) Clear privacy notices (ii) Consent management systems (iii) Data subject access procedures (iv) Regular policy updates

3.4 Stakeholder Engagement

The Company shall:

(a) Maintain regular dialogue with affected communities through: (i) Quarterly community forums (ii) Online feedback platforms (iii) Community advisory boards (iv) Regular impact surveys

(b) Conduct annual stakeholder materiality assessments, including: (i) Identification of key stakeholders (ii) Priority issue mapping (iii) Impact measurement (iv) Response strategy development

(c) Publish annual ESG reports containing: (i) AI ethics compliance metrics (ii) Workforce transition data (iii) Privacy compliance statistics (iv) Stakeholder engagement outcomes

(d) Establish grievance mechanisms featuring: (i) Multiple reporting channels (ii) Clear escalation procedures (iii) Response time commitments (iv) Resolution tracking systems

3.5 Implementation and Enforcement

The Company shall:

(a) Establish an AI Ethics Committee responsible for: (i) Policy oversight and updates (ii) Compliance monitoring (iii) Issue resolution (iv) Regular reporting to the Board

(b) Maintain documentation of: (i) All AI system deployments (ii) Impact assessments (iii) Remediation actions (iv) Stakeholder communications

4.0 GOVERNANCE AND RISK MANAGEMENT

4.1 ESG Oversight Structure

(a) The Board ESG Committee shall: (i) Review ESG strategy quarterly, including assessment of emerging environmental and social risks (ii) Approve major ESG initiatives and associated budget allocations exceeding \$1 million (iii) Monitor ESG performance against established key performance indicators (KPIs) (iv) Report to full Board bi-annually on material ESG matters and progress (v) Evaluate and approve ESG-related disclosure frameworks (vi) Review and validate annual sustainability reports (vii) Oversee stakeholder engagement strategies

(b) Management responsibilities include: (i) Implementation of Board-approved ESG initiatives (ii) Regular reporting to Committee on initiative progress (iii) Resource allocation within approved budgets (iv) Performance monitoring and metrics tracking (v) Development of ESG implementation roadmaps (vi) Coordination with business units on ESG integration (vii) Management of ESG-related vendor relationships

4.2 Risk Assessment Procedures

The Company shall:

(a) Conduct quarterly ESG risk assessments incorporating: (i) Climate-related physical and transition risks (ii) Social impact evaluations (iii) Governance structure effectiveness (iv) Supply chain sustainability (v) Regulatory compliance status (vi) Stakeholder feedback analysis

(b) Maintain risk registers that: (i) Document identified risks and their potential impacts (ii) Track risk severity and likelihood metrics (iii) Record historical risk patterns (iv) Include emerging risk indicators (v) Detail responsible parties for risk management

(c) Develop mitigation strategies including: (i) Specific action plans for high-priority risks (ii) Resource allocation requirements (iii) Implementation timelines (iv) Success metrics and monitoring protocols (v) Contingency planning measures

(d) Report material risks to Board through: (i) Quarterly risk summary reports (ii) Immediate notification of critical risks (iii) Annual comprehensive risk reviews (iv) Impact assessment updates

4.3 Compliance Monitoring

Monitoring shall include:

(a) Regular internal audits comprising: (i) Quarterly compliance reviews (ii) Documentation verification (iii) Process effectiveness assessment (iv) Employee awareness evaluation (v) Policy implementation verification

(b) Third-party verification through: (i) Annual external ESG audits (ii) Certification maintenance reviews (iii) Independent assurance statements (iv) Stakeholder feedback assessment

(c) Compliance tracking systems featuring: (i) Real-time monitoring capabilities (ii) Automated alert mechanisms (iii) Performance dashboard reporting (iv) Document management integration (v) Audit trail maintenance

(d) Incident reporting procedures including: (i) Standardized reporting protocols (ii) Escalation procedures (iii) Investigation requirements (iv) Corrective action tracking (v) Lessons learned documentation

4.4 Performance Review and Improvement

(a) Annual review of governance effectiveness (b) Regular updates to risk assessment methodologies (c) Continuous improvement of monitoring systems (d) Periodic stakeholder feedback integration (e) Regular policy and procedure updates (f) Documentation of best practices and lessons learned

5.0 IMPLEMENTATION AND MONITORING

5.1 Implementation Timeline

The Company shall adhere to the following implementation schedule:

(a) Complete initial ESG assessment by Q2 2024, including: (i) Comprehensive baseline analysis of current ESG performance (ii) Gap analysis against industry standards and peer benchmarks (iii) Resource allocation and budget determination (iv) Formation of ESG implementation task force

(b) Implement core programs by Q4 2024, encompassing: (i) Development of department-specific ESG protocols (ii) Employee training and certification programs (iii) Implementation of monitoring systems (iv) Establishment of reporting frameworks (v) Integration of ESG criteria into procurement processes

(c) Achieve full compliance by Q2 2025, demonstrating: (i) Complete integration of ESG principles across operations (ii) Verified compliance with all regulatory requirements (iii) External validation of ESG performance metrics (iv) Stakeholder communication protocols implementation

5.2 Performance Metrics

The Company shall measure and monitor the following key performance indicators:

(a) Environmental metrics shall include: (i) Carbon emissions, measured quarterly through: - Scope 1, 2, and 3 emissions tracking - Carbon intensity per revenue unit - Supply chain emissions assessment (ii) Energy efficiency, monitored through: - Power usage effectiveness (PUE) - Renewable energy utilization percentage - Data center energy optimization metrics (iii) Waste reduction, tracked via: - Electronic waste disposal rates - Water consumption patterns - Recycling program effectiveness

(b) Social metrics shall encompass: (i) Workforce diversity measurements: - Gender representation at all levels - Ethnic diversity percentages - Age distribution analysis (ii) Training and development: - Hours per employee annually - Certification completion rates - Skills gap assessment results (iii) Community engagement metrics: - Investment in local initiatives - Volunteer hours contributed - Impact assessment scores

(c) Governance metrics shall track: (i) Board composition and effectiveness: - Independence ratios - Expertise diversity - Meeting attendance rates (ii) ESG disclosure quality: - Reporting comprehensiveness - Third-party verification status - Stakeholder feedback integration (iii) Risk management effectiveness: - Incident response times - Compliance violation rates - Risk mitigation success rates

5.3 Monitoring and Audit Procedures

The Company shall establish:

- (a) Quarterly internal audits covering: (i) ESG performance against targets (ii) Compliance with implementation timeline (iii) Data accuracy and reliability
- (b) Annual external audits including: (i) Independent verification of ESG metrics (ii) Compliance certification (iii) Stakeholder engagement assessment
- (c) Monthly monitoring reports detailing: (i) Progress against key metrics (ii) Deviation analyses (iii) Corrective action tracking

5.4 Continuous Improvement

The Company shall maintain ongoing enhancement through:

- (a) Annual Policy review incorporating: (i) Emerging ESG standards and regulations (ii) Industry best practices (iii) Stakeholder feedback and recommendations
- (b) Quarterly metric evaluation including: (i) Target adjustment as needed (ii) Performance trend analysis (iii) Benchmark comparison updates
- (c) Ongoing stakeholder engagement via: (i) Regular consultation sessions (ii) Feedback incorporation mechanisms (iii) Transparent communication channels
- (d) Adaptive management through: (i) Regular assessment of emerging risks (ii) Integration of new technologies (iii) Response to changing market conditions

The Company shall document all implementation and monitoring activities in accordance with regulatory requirements and maintain records for a minimum of seven (7) years from the date of creation.