ENVIRONMENTAL, SOCIAL AND GOVERNANCE POLICY STATEMENT

Effective Date: January 15, 2024

PREAMBLE

WHEREAS, Nexus Industrial Intelligence, Inc., a Delaware corporation with its principal place of business at 2500 Innovation Drive, Palo Alto, California 94304 ("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 the highest standards of corporate governance;

WHEREAS, the Company acknowledges the importance of establishing comprehensive environmental, social, and governance ("ESG") policies that align with its technological capabilities and ethical principles;

NOW, THEREFORE, the Company hereby adopts this Environmental, Social and Governance Policy Statement (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 business activities of the Company, including but not limited to its development and deployment of artificial intelligence solutions, software products, and related services. The Policy establishes binding commitments and frameworks for environmental stewardship, social responsibility, and corporate governance. This scope extends to all subsidiaries, joint ventures where the Company maintains operational control, and third-party vendors operating under the Company's direction.

1.2 ESG Mission Statement

The Company commits to leveraging its artificial intelligence and machine learning capabilities to drive sustainable industrial transformation while adhering to the highest standards of ethical technology deployment, environmental protection, and social

responsibility. The Company shall pursue continuous innovation that creates measurable positive impact for stakeholders while minimizing environmental footprint. This mission encompasses the development of AI-driven solutions that optimize resource utilization, reduce industrial waste, and promote sustainable manufacturing practices across client operations.

1.3 Regulatory Compliance Declaration

The Company shall comply with all applicable laws, regulations, and standards relating to environmental protection, labor practices, data privacy, artificial intelligence governance, and corporate conduct in all jurisdictions where it operates. This includes, but is not limited to, compliance with:

(a) Securities and Exchange Commission ESG disclosure requirements; (b) State and federal environmental regulations; (c) Data protection and privacy laws; (d) Artificial intelligence ethics guidelines and frameworks; (e) Industry-specific ESG standards and best practices; (f) International labor and human rights conventions; (g) Anti-corruption and anti-bribery legislation; (h) Climate change reporting requirements; (i) Sustainable procurement standards.

1.4 Governance Structure

The Board of Directors shall maintain ultimate oversight of ESG matters through its ESG Committee, which shall:

(a) Review and approve ESG strategies and policies; (b) Monitor ESG performance and compliance; (c) Evaluate ESG risks and opportunities; (d) Report to stakeholders on ESG matters; (e) Conduct quarterly assessments of ESG implementation; (f) Establish performance metrics and targets; (g) Oversee ESG-related disclosures and communications.

1.5 Implementation Framework

The Company shall implement this Policy through:

(a) Regular employee training on ESG principles and practices; (b) Integration of ESG criteria into procurement and vendor selection; (c) Development of AI solutions with embedded ESG considerations; (d) Annual sustainability audits and impact assessments; (e) Stakeholder engagement programs; (f) Transparent reporting of ESG metrics and progress; (g) Investment in renewable energy and efficient technologies; (h) Partnership with environmental and social organizations; (i) Regular review and updating of ESG policies and procedures.

1.6 Accountability and Enforcement

The Company shall maintain robust mechanisms for:

(a) ESG compliance monitoring and verification; (b) Regular independent third-party assessments; (c) Stakeholder feedback incorporation; (d) Remediation of ESG-related

incidents; (e) Performance-linked executive compensation; (f) Public disclosure of ESG achievements and challenges.

2.0 ENVIRONMENTAL IMPACT AND SUSTAINABILITY

2.1 Carbon Footprint Reduction

The Company commits to:

(a) Achieving carbon neutrality in direct operations by 2030 through: (i) Implementation of advanced carbon capture technologies; (ii) Investment in verified carbon offset projects; (iii) Development of on-site renewable energy generation; (iv) Establishment of internal carbon pricing mechanisms.

(b) Reducing Scope 1 and 2 emissions by 50% by 2027 (baseline year 2023) through: (i) Modernization of facility infrastructure; (ii) Replacement of legacy equipment with energy-efficient alternatives; (iii) Implementation of smart building management systems; (iv) Employee training and awareness programs.

(c) Implementing AI-optimized energy management across facilities, including: (i) Real-time consumption monitoring and adjustment; (ii) Predictive maintenance scheduling; (iii) Load balancing optimization; (iv) Automated efficiency reporting.

(d) Annual third-party verification of emissions data, comprising: (i) Independent auditor selection process; (ii) Comprehensive emissions inventory review; (iii) Verification against ISO 14064-3 standards; (iv) Public disclosure of verification results.

2.2 Energy Efficiency Measures

The Company shall:

(a) Deploy AI-powered energy optimization in all facilities through: (i) Machine learning algorithms for consumption prediction; (ii) Automated HVAC and lighting control systems; (iii) Smart grid integration capabilities; (iv) Energy usage pattern analysis and optimization.

(b) Maintain ISO 50001 energy management certification by: (i) Regular internal audits and assessments; (ii) Documentation of energy performance indicators; (iii) Continuous improvement of energy management systems; (iv) Annual certification renewal processes.

(c) Source 100% renewable energy by 2028 through: (i) Power purchase agreements (PPAs); (ii) On-site renewable energy installations; (iii) Renewable energy certificate procurement; (iv) Community solar project participation.

(d) Implement green computing practices in data centers, including: (i) Server virtualization and consolidation; (ii) Cold aisle containment systems; (iii) Free cooling technologies; (iv) Power usage effectiveness (PUE) optimization.

2.3 Waste Management Protocols

The Company establishes the following waste reduction targets:

(a) Zero landfill waste by 2026 through: (i) Comprehensive waste sorting programs; (ii) Composting of organic materials; (iii) Waste-to-energy conversion; (iv) Supplier packaging requirements.

(b) 95% recycling rate for electronic waste, ensuring: (i) Certified e-waste recycling partnerships; (ii) Asset recovery programs; (iii) Component reuse initiatives; (iv) Proper disposal documentation.

(c) Paperless operations where technically feasible, including: (i) Digital document management systems; (ii) Electronic signature protocols; (iii) Cloud-based collaboration tools; (iv) Digital archiving solutions.

(d) Sustainable procurement practices, comprising: (i) Vendor environmental assessment criteria; (ii) Life-cycle analysis requirements; (iii) Eco-friendly product specifications; (iv) Supply chain sustainability audits.

2.4 Environmental Monitoring Systems

The Company shall maintain:

(a) Real-time environmental impact monitoring through: (i) IoT sensor networks; (ii) Environmental data analytics platform; (iii) Automated alert systems; (iv) Performance dashboard reporting.

(b) AI-powered predictive environmental analytics, including: (i) Environmental risk forecasting; (ii) Impact scenario modeling; (iii) Mitigation strategy optimization; (iv) Compliance prediction capabilities.

(c) Quarterly environmental audits covering: (i) Compliance verification; (ii) Performance metric evaluation; (iii) Improvement opportunity identification; (iv) Stakeholder engagement assessment.

(d) Public disclosure of environmental metrics through: (i) Annual sustainability reports; (ii) Real-time performance dashboards; (iii) Regulatory compliance documentation; (iv) Stakeholder communication channels.

3.0 SOCIAL RESPONSIBILITY AND ETHICS

3.1 AI Ethics Framework

The Company adopts the following AI ethics principles:

(a) Transparency in AI decision-making, including: (i) Documentation of algorithmic processes and decision pathways; (ii) Regular disclosure reports on AI system performance metrics; (iii)

Clear communication of AI limitations and confidence levels; (iv) Establishment of an AI transparency portal for stakeholders.

(b) Regular bias testing and mitigation through: (i) Quarterly algorithmic audits by independent third parties; (ii) Diverse training data validation protocols; (iii) Implementation of debiasing techniques and algorithms; (iv) Documentation of bias mitigation efforts and outcomes.

(c) Human oversight of critical AI systems, ensuring: (i) Designated human supervisors for each AI system; (ii) Clear escalation protocols for AI decisions; (iii) Regular human review of AI system outputs; (iv) Authority to override automated decisions when necessary.

(d) Ethical impact assessments for new AI deployments, comprising: (i) Pre-deployment societal impact analysis; (ii) Stakeholder consultation processes; (iii) Risk mitigation strategies; (iv) Post-deployment monitoring protocols.

3.2 Data Privacy Standards

The Company shall:

(a) Maintain ISO 27701 privacy certification through: (i) Annual third-party audits; (ii) Continuous monitoring of compliance requirements; (iii) Regular staff training on privacy standards; (iv) Documentation of all privacy-related processes.

(b) Implement privacy-by-design principles, including: (i) Data minimization protocols; (ii) Purpose limitation requirements; (iii) Privacy-enhancing technologies; (iv) Regular privacy architecture reviews.

(c) Conduct regular privacy impact assessments: (i) Before implementing new technologies; (ii) When processing sensitive data; (iii) For cross-border data transfers; (iv) Following significant system changes.

(d) Exceed regulatory requirements for data protection by: (i) Implementing stricter data retention policies; (ii) Enhancing security measures beyond requirements; (iii) Providing additional data subject rights; (iv) Maintaining comprehensive audit trails.

3.3 Diversity and Inclusion

The Company commits to:

(a) Achieving 40% women in technical roles by 2026 through: (i) Targeted recruitment initiatives; (ii) Mentorship programs; (iii) Career development support; (iv) Retention-focused policies.

(b) Reaching 30% underrepresented minorities in leadership by 2025 via: (i) Leadership development programs; (ii) Succession planning initiatives; (iii) Sponsorship opportunities; (iv) Regular progress monitoring.

(c) Maintaining pay equity across all demographics by: (i) Annual compensation reviews; (ii) Third-party pay equity audits; (iii) Transparent salary bands; (iv) Remediation protocols for identified gaps.

(d) Implementing inclusive AI development practices through: (i) Diverse development teams; (ii) Cultural sensitivity training; (iii) Inclusive design principles; (iv) Regular inclusion impact assessments.

3.4 Community Impact Initiatives

The Company shall:

(a) Invest 2% of annual profits in STEM education by: (i) Funding educational programs; (ii) Providing technology resources; (iii) Supporting teacher training; (iv) Developing curriculum materials.

(b) Provide AI training for underserved communities through: (i) Free online courses; (ii) Local workshop programs; (iii) Mentorship opportunities; (iv) Resource provision.

(c) Support local environmental initiatives via: (i) Green technology programs; (ii) Environmental impact reduction; (iii) Community clean-up events; (iv) Sustainability education.

(d) Enable pro-bono AI solutions for nonprofits by: (i) Technical resource allocation; (ii) Staff volunteer programs; (iii) Project management support; (iv) Impact measurement protocols.

3.5 Implementation and Monitoring

The Company shall:

(a) Establish a Social Responsibility Committee to: (i) Oversee initiative implementation; (ii) Monitor progress against targets; (iii) Report quarterly to the Board; (iv) Recommend policy adjustments.

(b) Conduct annual social impact assessments including: (i) Stakeholder feedback collection; (ii) Progress measurement; (iii) Impact evaluation; (iv) Public reporting of outcomes.

4.0 CORPORATE GOVERNANCE AND RISK MANAGEMENT

4.1 Board Oversight

The Board shall:

(a) Maintain dedicated ESG Committee with no fewer than five (5) members, including at least three (3) independent directors; (b) Review ESG performance quarterly through standardized metrics and comprehensive dashboard reporting; (c) Approve ESG targets and metrics aligned with international frameworks including TCFD, GRI, and SASB standards; (d) Ensure ESG

risk management through regular assessment and mitigation strategies; (e) Conduct annual review of ESG strategy and implementation effectiveness; (f) Allocate sufficient resources for ESG initiatives and oversight functions; (g) Establish clear lines of accountability for ESG performance throughout organizational hierarchy.

4.2 ESG Committee Structure

The ESG Committee shall:

(a) Meet monthly to review performance metrics, incidents, and emerging risks; (b) Include independent directors comprising at least 60% of committee membership; (c) Engage external ESG experts for annual independent assessments; (d) Report directly to full Board through quarterly comprehensive reports; (e) Maintain subject matter expertise in climate change, social impact, and governance; (f) Establish specialized subcommittees for specific ESG focus areas as needed; (g) Review and approve all material ESG disclosures and communications; (h) Coordinate with other board committees to ensure integrated oversight approach.

4.3 Risk Assessment Framework

The Company shall maintain:

(a) AI risk assessment protocols including: (i) Algorithmic bias monitoring and mitigation procedures; (ii) Regular testing of AI systems for unintended consequences; (iii) Documentation of AI decision-making processes; (iv) Ethics review for new AI applications.

(b) Environmental risk monitoring encompassing: (i) Climate change impact assessments; (ii) Resource consumption tracking; (iii) Emissions measurement and verification; (iv) Supply chain environmental compliance.

(c) Social impact evaluation including: (i) Human rights due diligence; (ii) Community engagement metrics; (iii) Workforce diversity and inclusion measures; (iv) Labor practices assessment.

(d) Quarterly risk reporting with: (i) Key risk indicators and trends; (ii) Mitigation strategy effectiveness; (iii) Emerging risk identification; (iv) Stakeholder feedback integration.

4.4 Compliance Monitoring

The Company shall:

(a) Conduct regular compliance audits through: (i) Semi-annual internal audits; (ii) Annual third-party verification; (iii) Continuous monitoring systems; (iv) Risk-based assessment protocols.

(b) Maintain whistleblower mechanisms including: (i) Anonymous reporting channels; (ii) Non-retaliation policies; (iii) Independent investigation procedures; (iv) Regular effectiveness reviews.

(c) Engage independent verification through: (i) Accredited third-party auditors; (ii) Specialized technical experts; (iii) Industry certification bodies; (iv) Stakeholder assurance panels.

(d) Report compliance metrics covering: (i) Incident rates and resolution times; (ii) Training completion rates; (iii) Policy adherence measures; (iv) Regulatory compliance status; (v) Corrective action effectiveness.

4.5 Implementation and Review

The Company shall:

(a) Review and update this governance framework annually; (b) Maintain documentation of all oversight activities; (c) Ensure adequate resources for implementation; (d) Provide regular training for relevant personnel; (e) Integrate governance requirements into operational procedures; (f) Monitor emerging best practices and regulatory requirements; (g) Adjust framework components as needed to maintain effectiveness.

5.0 IMPLEMENTATION AND REPORTING

5.1 ESG Metrics and KPIs

The Company shall track and maintain comprehensive records of:

(a) Environmental performance metrics, including: (i) Carbon emissions and reduction targets; (ii) Energy efficiency measurements; (iii) Waste management statistics; (iv) Resource utilization rates; (v) AI-driven optimization outcomes.

(b) Social impact indicators, encompassing: (i) Workforce diversity metrics; (ii) Employee satisfaction scores; (iii) Community engagement levels; (iv) Supply chain compliance rates; (v) Human rights assessment results.

(c) Governance effectiveness measures, including: (i) Board composition analytics; (ii) Policy compliance rates; (iii) Risk management effectiveness; (iv) Ethics violation reports; (v) Stakeholder satisfaction indices.

(d) AI ethics compliance data, comprising: (i) Algorithm bias assessments; (ii) Data privacy compliance; (iii) Ethical decision-making metrics; (iv) Transparency ratings; (v) Safety protocol adherence.

5.2 Reporting Requirements

The Company shall maintain the following reporting obligations:

(a) Issue annual ESG report containing: (i) Comprehensive performance analysis; (ii) Progress against stated targets; (iii) Independent verification results; (iv) Forward-looking commitments.

(b) Maintain ESG data dashboard with: (i) Real-time performance metrics; (ii) Historical trend analysis; (iii) Benchmark comparisons; (iv) Stakeholder access protocols.

(c) Provide quarterly updates addressing: (i) Material changes in performance; (ii) Emerging risks and opportunities; (iii) Remediation actions taken; (iv) Stakeholder feedback implementation.

5.3 Stakeholder Communication

The Company commits to maintaining:

(a) Regular stakeholder engagement through: (i) Quarterly consultation sessions; (ii) Digital feedback platforms; (iii) Annual stakeholder surveys; (iv) Community outreach programs.

(b) Transparent ESG disclosure via: (i) Public reporting platforms; (ii) Regulatory filings; (iii) Corporate communications; (iv) Stakeholder briefings.

(c) Response to ESG inquiries within: (i) 48 hours for urgent matters; (ii) 5 business days for standard requests; (iii) 15 business days for complex issues.

(d) Public ESG goals with: (i) Measurable targets; (ii) Implementation timelines; (iii) Progress indicators; (iv) Verification mechanisms.