

# **ORGANIZATIONAL AND CORPORATE DOCUMENT 17**

## **PREAMBLE AND RECITALS**

WHEREAS, Nexus Industrial Intelligence, Inc., a Delaware corporation (hereinafter referred to as the "Corporation"), was duly incorporated under the Delaware General Corporation Law on March 15, 2018, with its principal place of business at 2500 Innovation Drive, Wilmington, Delaware 19801, pursuant to Delaware General Corporation Law §102;

WHEREAS, the Corporation develops and deploys proprietary artificial intelligence and machine learning solutions for industrial process optimization, including its flagship NexusCore™ Industrial AI Platform, serving Fortune 500 manufacturers, refineries, and industrial facilities across North America, Europe, and Asia;

WHEREAS, the Corporation has secured Series C venture capital funding totaling \$175 million from leading institutional investors and seeks to establish comprehensive corporate governance and intellectual property protection frameworks appropriate to its growth stage and technological focus;

WHEREAS, the Corporation maintains a portfolio of thirty-seven issued patents, forty-two pending patent applications, and substantial trade secret protections covering its proprietary technologies across multiple jurisdictions;

WHEREAS, the Board of Directors, in accordance with its fiduciary duties under Delaware law and pursuant to Article IV, Section 4.1 of the Corporation's Bylaws, has determined it to be in the best interests of the Corporation and its stockholders to adopt this Organizational and Corporate Document to memorialize certain corporate governance matters and intellectual property protections; and

WHEREAS, this Document shall serve as a binding framework for corporate operations, intellectual property management, and governance procedures in accordance with applicable state and federal laws.

NOW, THEREFORE, the Corporation hereby adopts the following provisions:

## **DEFINITIONS AND INTERPRETATIONS**

1.1 Defined Terms. For purposes of this Document, the following terms shall have the meanings specified below:

"Artificial Intelligence Systems" means the Corporation's proprietary machine learning algorithms, neural networks, and computational models that enable automated decision-

making and predictive analytics, including supervised and unsupervised learning systems, deep learning architectures, and reinforcement learning mechanisms deployed across the Corporation's technology stack.

"NexusCore™ Platform" means the Corporation's enterprise software suite that combines computer vision, machine learning, predictive analytics, and process optimization algorithms, including all associated source code, documentation, and improvements thereto, whether existing now or developed in the future, encompassing both cloud-based and edge computing implementations.

"Industrial IoT Integration" means the technical specifications, protocols, and interfaces enabling the NexusCore™ Platform to collect and process data from industrial control systems and Internet of Things sensors, including but not limited to MQTT, OPC-UA, and proprietary industrial communication protocols.

"Proprietary Technology" means all technology, software, algorithms, methods, processes, and know-how developed by or for the Corporation, including but not limited to: (a) The NexusCore™ Platform; (b) Artificial Intelligence Systems; (c) Computer vision algorithms; (d) Edge computing implementations; (e) Industrial process optimization methodologies; (f) Data preprocessing and feature extraction techniques; (g) Model training and validation frameworks; and (h) System integration architectures.

"Derivative Works" means any modification, enhancement, improvement, or derivative work based upon or derived from the Proprietary Technology, whether developed independently or in collaboration with third parties.

"Technical Documentation" means all specifications, manuals, guides, training materials, and other documentation related to the implementation, operation, and maintenance of the Proprietary Technology.

"Confidential Information" means all non-public information relating to the Proprietary Technology, including but not limited to algorithms, architectures, source code, training data, model parameters, and performance metrics.

1.2 Interpretation. In this Document: (a) Section headings are for convenience only and shall not affect interpretation; (b) Words importing the singular include the plural and vice versa; (c) References to Sections are to Sections of this Document unless otherwise specified; (d) The terms "hereof," "herein," and "hereunder" refer to this Document as a whole; (e) Technical terms shall be interpreted according to their generally accepted meaning within the artificial intelligence and industrial technology industries; (f) References to algorithms, models, or systems include all components, subsystems, and associated intellectual property; (g) References to standards, protocols, or specifications include subsequent versions or revisions thereof; (h) The term "including" means "including without limitation" and is used for illustrative purposes only; (i) References to time periods shall be computed in calendar days

unless otherwise specified; (j) Any reference to laws, regulations, or standards includes amendments, modifications, or replacements thereof.

1.3 Precedence. In the event of any conflict or inconsistency between the definitions in this Section and other sections of this Document, the definitions in this Section shall prevail unless explicitly stated otherwise.

## **CORPORATE STRUCTURE AND GOVERNANCE**

### **3.1 Board of Directors**

(a) Composition. The Board of Directors shall consist of seven (7) directors, including: (i) Two (2) Founder Directors, who must maintain minimum ownership of 5% of outstanding shares; (ii) Three (3) Venture Capital Directors, appointed by majority vote of Series C holders; and (iii) Two (2) Independent Directors, selected for industry expertise and having no prior affiliation with the Corporation.

(b) Voting Rights. Each director shall have one vote on all matters presented to the Board. In the event of a tie, the Chairman shall cast the deciding vote.

(c) Term and Removal. Directors shall serve three-year terms with staggered elections. Any director may be removed by: (i) Two-thirds majority vote of shareholders; or (ii) Unanimous vote of remaining Board members for cause.

(d) Meetings and Quorum. The Board shall meet at least quarterly. Quorum requires presence of: (i) At least one Founder Director; (ii) At least two Venture Capital Directors; and (iii) One Independent Director.

### **3.2 Officers**

(a) Required Officers. The Corporation shall have the following officers: (i) Chief Executive Officer, responsible for overall corporate strategy and execution; (ii) Chief Technology Officer, overseeing technical infrastructure and development; (iii) Chief Financial Officer, managing financial operations and reporting; (iv) Chief AI Officer, directing artificial intelligence initiatives; and (v) Secretary, maintaining corporate records and ensuring regulatory compliance.

(b) Responsibilities. Officers shall have such responsibilities as determined by the Board and set forth in the Corporation's Bylaws. Officers must: (i) Submit quarterly performance reports; (ii) Maintain compliance with industry regulations; (iii) Execute strategic initiatives approved by the Board; and (iv) Adhere to corporate ethics guidelines.

(c) Appointment and Removal. Officers shall be appointed by majority Board vote and may be removed: (i) With cause by simple majority Board vote; or (ii) Without cause by two-thirds Board vote.

### **3.3 Committees**

(a) Standing Committees. The Board shall maintain the following standing committees: (i) Audit Committee, overseeing financial reporting and internal controls; (ii) Compensation Committee, determining executive compensation and incentives; (iii) Technology and Innovation Committee, evaluating technical initiatives; and (iv) AI Ethics Committee, ensuring responsible AI development practices.

(b) Committee Composition. Each committee shall include: (i) At least one Venture Capital Director and one Independent Director; (ii) Minimum three and maximum five members; (iii) Independent chair for Audit and Compensation Committees; and (iv) Relevant subject matter experts as needed.

(c) Committee Operations. Committees shall: (i) Meet at least monthly; (ii) Maintain detailed meeting minutes; (iii) Report quarterly to full Board; and (iv) Obtain Board approval for material decisions.

### 3.4 Venture Capital Rights

(a) Protective Provisions. The following actions require approval of holders of at least 66 $\frac{2}{3}$ % of the Series C Preferred Stock: (i) Sale or merger of the Corporation; (ii) Creation of senior securities; (iii) Material changes to the NexusCore™ Platform; (iv) Annual budget approval; (v) Issuance of additional equity exceeding \$5 million; (vi) Modification of Board composition; and (vii) Amendment of these protective provisions.

(b) Information Rights. Series C holders shall receive: (i) Monthly financial statements; (ii) Quarterly business updates; (iii) Annual audited financials; and (iv) Access to management upon reasonable request.

(c) Board Observer Rights. Series C holders may collectively appoint: (i) Two non-voting Board observers; (ii) Committee observers as appropriate; and (iii) Technical advisors for due diligence.

### 3.5 Governance Standards

(a) The Corporation shall maintain: (i) Written corporate governance guidelines; (ii) Code of business conduct and ethics; (iii) Insider trading policy; (iv) Related party transaction policy; and (v) Whistleblower protection policy.

(b) Annual Review. The Board shall annually review: (i) Corporate governance practices; (ii) Committee effectiveness; (iii) Officer performance; and (iv) Compliance programs.

## INTELLECTUAL PROPERTY PROTECTION

### 4.1 Ownership of Intellectual Property

(a) The Corporation shall own all right, title, and interest in and to: (i) The NexusCore™ Platform; (ii) All Artificial Intelligence Systems; (iii) All improvements and derivatives thereof; (iv) All associated intellectual property rights; (v) Any custom implementations,

modifications, or adaptations; and (vi) All documentation, specifications, and technical materials.

(b) Employee and Contractor Innovations: (i) All inventions, discoveries, and improvements conceived during employment; (ii) Works created using Corporation resources or during working hours; (iii) Developments related to Corporation's business or research; and (iv) Innovations arising from access to Corporation's proprietary information.

#### 4.2 Protection Measures

(a) The Corporation shall: (i) File and maintain patent applications for core technologies; (ii) Implement robust trade secret protection protocols; (iii) Require confidentiality agreements from all employees and contractors; (iv) Maintain source code in secure repositories; (v) Conduct regular IP audits and assessments; (vi) Monitor market developments for potential infringement; and (vii) Establish geographic protection strategies for international markets.

(b) Documentation Requirements: (i) Maintain detailed invention records and laboratory notebooks; (ii) Document development milestones and technical achievements; (iii) Record all third-party technology licenses and dependencies; and (iv) Archive all IP-related correspondence and legal opinions.

#### 4.3 AI Model Protection

(a) Training Data Rights. The Corporation shall: (i) Maintain ownership of all training data; (ii) Implement data access controls; (iii) Establish model versioning protocols; (iv) Document data provenance and usage rights; (v) Implement data retention and destruction policies; and (vi) Maintain records of data preprocessing and augmentation.

(b) Model Deployment. All AI model deployments shall: (i) Include anti-tampering measures; (ii) Implement secure inference protocols; (iii) Maintain audit trails of model updates; (iv) Employ encryption for model weights and architecture; (v) Implement access control mechanisms; and (vi) Monitor for unauthorized replication or use.

#### 4.4 Enforcement and Remedies

(a) The Corporation shall actively enforce its intellectual property rights through: (i) Regular monitoring of competitive products and services; (ii) Investigation of potential infringement; (iii) Cease and desist notifications when appropriate; (iv) Litigation when necessary to protect Corporation interests; and (v) Pursuit of monetary damages and injunctive relief.

(b) Breach Response Protocol: (i) Immediate investigation of suspected IP violations; (ii) Documentation of unauthorized use or disclosure; (iii) Implementation of containment measures; (iv) Notification to relevant stakeholders; and (v) Engagement of legal counsel for enforcement actions.

#### 4.5 Licensing and Commercialization

(a) The Corporation may, at its discretion: (i) Grant licenses to third parties for specific applications; (ii) Establish royalty rates and payment terms; (iii) Define territorial restrictions and field-of-use limitations; (iv) Require quality control measures; and (v) Reserve rights for future development.

(b) License Agreement Requirements: (i) Clear scope definition and limitations; (ii) Confidentiality obligations; (iii) Performance metrics and reporting requirements; (iv) Termination provisions; and (v) Dispute resolution procedures.

## **SIGNATURE BLOCK**

IN WITNESS WHEREOF, the undersigned has executed this Document as of January 15, 2024.

NEXUS INDUSTRIAL INTELLIGENCE, INC.

By: \_\_\_\_\_ Name: Dr. Sarah Chen Title: Chief Executive Officer

## **EXHIBIT A**

Technical Specifications for NexusCore™ Platform

## **EXHIBIT B**

AI Model Architecture and Protection Protocols

## **APPENDIX 1**

Venture Capital Protective Provisions

## **APPENDIX 2**

Committee Charters and Governance Guidelines