

ESG MATTERS DOCUMENT 21

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 artificial intelligence and machine learning solutions for industrial applications;

WHEREAS, the Company recognizes its responsibility to implement comprehensive environmental, social, and governance ("ESG") practices in connection with its technology development and deployment;

WHEREAS, the Company desires to establish binding ESG commitments and governance frameworks to ensure responsible innovation;

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

1.0 ESG POLICY STATEMENT AND GOVERNANCE FRAMEWORK

1.1 ESG Mission Statement

The Company commits to developing and deploying industrial AI solutions that create sustainable value while minimizing environmental impact, ensuring social responsibility, and maintaining strong corporate governance. The Company shall pursue the following strategic objectives:

(a) Achievement of carbon neutrality in AI computing operations by 2026, including: (i) Implementation of renewable energy sources for data centers; (ii) Deployment of energy-efficient computing architectures; (iii) Carbon offset programs for residual emissions; (iv) Annual third-party verification of carbon metrics;

(b) Implementation of ethical AI development practices across all product lines, encompassing: (i) Algorithmic bias detection and mitigation protocols; (ii) Regular ethical impact assessments; (iii) Responsible AI development guidelines; (iv) Stakeholder consultation mechanisms;

(c) Protection of stakeholder privacy and data security through: (i) Advanced encryption protocols; (ii) Regular security audits; (iii) Data minimization practices; (iv) Privacy-by-design principles;

(d) Transparent reporting of ESG metrics and performance via: (i) Quarterly public disclosure reports; (ii) Standardized ESG reporting frameworks; (iii) Independent verification of metrics; (iv) Stakeholder engagement forums.

1.2 Board Oversight

The Board of Directors shall maintain ultimate oversight responsibility for ESG matters through:

(a) Quarterly review of ESG performance metrics, including: (i) Environmental impact assessments; (ii) Social responsibility indicators; (iii) Governance compliance reports; (iv) Stakeholder feedback analysis;

(b) Annual approval of ESG strategy and objectives, comprising: (i) Long-term sustainability targets; (ii) Resource allocation plans; (iii) Risk mitigation strategies; (iv) Performance benchmarks;

(c) Regular assessment of ESG-related risks and opportunities through: (i) Monthly risk assessment reports; (ii) External market analysis; (iii) Technology impact studies; (iv) Competitive benchmarking;

(d) Integration of ESG considerations into strategic planning via: (i) Annual strategy reviews; (ii) Investment decision frameworks; (iii) Product development guidelines; (iv) Partnership evaluation criteria.

1.3 ESG Committee

1.3.1 Composition

The Company shall maintain an ESG Committee comprising: (a) Chief Executive Officer (Committee Chair) (b) Chief Technology Officer (c) Chief AI Officer (d) Vice President of Operations (e) General Counsel (f) Two (2) independent Board members (g) Chief Sustainability Officer (h) Head of Risk Management

1.3.2 Responsibilities

The ESG Committee shall: (a) Develop and implement ESG policies and procedures, including: (i) Environmental management systems; (ii) Social impact frameworks; (iii) Governance protocols; (iv) Compliance mechanisms;

(b) Monitor ESG performance and compliance through: (i) Monthly performance reviews; (ii) Compliance audits; (iii) Stakeholder feedback; (iv) Impact assessments;

(c) Report quarterly to the Board on ESG matters via: (i) Comprehensive performance reports; (ii) Risk assessment updates; (iii) Strategic initiative progress; (iv) Stakeholder engagement summaries;

(d) Oversee stakeholder communications regarding ESG initiatives through: (i) Regular disclosure reports; (ii) Stakeholder engagement programs; (iii) Public relations strategies; (iv) Crisis communication protocols.

1.4 Management Accountability

Senior management shall be accountable for ESG performance through: (a) Integration of ESG metrics into performance evaluations, including: (i) Individual performance targets; (ii) Department-specific objectives; (iii) Compensation linkages; (iv) Career development criteria;

(b) Regular reporting to the ESG Committee via: (i) Monthly progress updates; (ii) Performance metrics; (iii) Risk assessments; (iv) Initiative status reports;

(c) Implementation of ESG initiatives within respective functions through: (i) Departmental action plans; (ii) Resource allocation; (iii) Staff training programs; (iv) Progress monitoring;

(d) Compliance with ESG policies and procedures via: (i) Regular compliance audits; (ii) Policy adherence reviews; (iii) Corrective action plans; (iv) Performance improvement programs.

2.0 ENVIRONMENTAL IMPACT MANAGEMENT

2.1 Carbon Footprint Monitoring

2.1.1 Computing Operations

The Company shall: (a) Monitor and report energy consumption from AI computing operations through standardized measurement protocols and automated tracking systems; (b) Implement real-time energy usage tracking systems with granular monitoring capabilities at the server, cluster, and facility levels; (c) Establish quarterly carbon footprint reduction targets aligned with science-based initiatives and industry best practices; (d) Offset remaining carbon emissions through verified programs meeting international certification standards; (e) Conduct annual audits of carbon accounting methodologies and measurement accuracy; (f) Maintain detailed records of all carbon offset purchases and verification documentation.

2.1.2 Edge Computing Devices

For deployed edge computing devices, the Company shall: (a) Track device-level energy consumption using standardized measurement protocols; (b) Implement power management protocols including automated sleep modes and dynamic voltage scaling; (c) Optimize algorithm efficiency for reduced energy usage through regular code reviews and updates; (d)

Report aggregate environmental impact metrics on a monthly basis; (e) Establish device-specific energy budgets and consumption thresholds; (f) Implement predictive maintenance protocols to optimize device efficiency.

2.2 Energy Efficiency Standards

2.2.1 Development Environment

All development environments shall: (a) Utilize energy-efficient hardware meeting or exceeding ENERGY STAR® certification requirements; (b) Implement automated power scaling based on computational load and usage patterns; (c) Monitor and optimize code efficiency through established benchmarking protocols; (d) Report energy efficiency metrics through standardized dashboards; (e) Maintain documentation of all efficiency optimization measures; (f) Conduct quarterly efficiency audits and improvement assessments.

2.2.2 Deployed Solutions

Deployed solutions must: (a) Meet minimum efficiency standards as defined in Schedule A of this document; (b) Include power management capabilities with automated optimization features; (c) Support remote optimization and efficiency monitoring; (d) Report performance efficiency metrics through standardized interfaces; (e) Implement load balancing protocols to maximize resource utilization; (f) Maintain compliance with industry-standard energy efficiency frameworks.

2.3 Data Center Requirements

2.3.1 Facility Standards

The Company shall require its data center providers to: (a) Maintain minimum PUE ratings of 1.5 or lower; (b) Use renewable energy sources for at least 75% of total energy consumption; (c) Implement water conservation measures including closed-loop cooling systems; (d) Report environmental performance metrics monthly; (e) Maintain ISO 14001 environmental management certification; (f) Implement waste heat recovery systems where technically feasible.

2.3.2 Operational Requirements

Data center operations must: (a) Implement real-time environmental monitoring systems; (b) Maintain temperature and humidity within optimal efficiency ranges; (c) Conduct quarterly energy efficiency assessments; (d) Report water usage effectiveness (WUE) metrics; (e) Maintain emergency response protocols for environmental incidents; (f) Document all environmental control system maintenance activities.

2.4 Environmental Impact Reporting

2.4.1 Metrics

The Company shall track and report: (a) Total energy consumption, categorized by source and use type; (b) Carbon emissions by source, including Scope 1, 2, and 3 emissions; (c) Water usage, including cooling system consumption and facility operations; (d) Waste generation and disposal, including electronic waste handling; (e) Environmental incident reports and remediation measures; (f) Progress towards established environmental targets.

2.4.2 Reporting Frequency

Environmental impact reports shall be: (a) Generated monthly for internal review by the Environmental Committee; (b) Reported quarterly to the ESG Committee with trend analysis; (c) Published annually in sustainability reports with external verification; (d) Verified by third-party auditors meeting ISO 14064-3 standards; (e) Made available to relevant regulatory authorities upon request; (f) Archived for a minimum period of seven years.

2.4.3 Compliance Documentation

The Company shall maintain: (a) Records of all environmental permits and licenses; (b) Documentation of compliance with applicable environmental regulations; (c) Evidence of environmental training and awareness programs; (d) Incident reports and corrective action documentation; (e) Environmental management system documentation; (f) Records of environmental performance reviews and audits.

2.5 Continuous Improvement

2.5.1 Review Process

The Company shall: (a) Conduct annual reviews of environmental management practices; (b) Update environmental targets based on performance data; (c) Implement identified improvement opportunities; (d) Maintain documentation of all improvement initiatives; (e) Report progress on improvement objectives quarterly; (f) Engage stakeholders in environmental performance reviews.

2.5.2 Innovation Requirements

The Company shall: (a) Research and implement emerging environmental technologies; (b) Participate in industry environmental initiatives; (c) Maintain partnerships with environmental research organizations; (d) Document all environmental innovation projects; (e) Assess the effectiveness of implemented innovations; (f) Share best practices through industry forums and publications.

3.0 AI ETHICS AND SOCIAL RESPONSIBILITY

3.1 AI Bias Prevention

3.1.1 Development Standards

The Company shall: (a) Implement comprehensive bias detection protocols across all AI development stages; (b) Maintain diverse training datasets that represent all relevant demographic groups; (c) Conduct quarterly bias audits using industry-standard methodologies; (d) Document all bias mitigation efforts in accordance with regulatory requirements; (e) Establish cross-functional review boards to evaluate bias detection results; (f) Implement statistical fairness metrics across protected characteristics.

3.1.2 Deployment Requirements

All deployed AI solutions must: (a) Include real-time bias monitoring capabilities with automated alerts; (b) Support continuous bias detection across operational parameters; (c) Enable automated and manual bias correction mechanisms; (d) Report bias metrics through standardized dashboards; (e) Maintain historical bias tracking records for compliance purposes; (f) Implement feedback loops for continuous improvement.

3.2 Algorithm Transparency

3.2.1 Documentation Requirements

The Company shall maintain: (a) Detailed algorithm documentation including: (i) Model architecture specifications; (ii) Training methodology descriptions; (iii) Parameter selection justifications; (iv) Performance optimization records; (b) Comprehensive decision-making audit trails that record: (i) Input data characteristics; (ii) Processing steps; (iii) Output generation logic; (iv) Confidence metrics; (c) Performance validation records documenting: (i) Testing methodologies; (ii) Validation datasets; (iii) Error rates; (iv) Performance boundaries; (d) Impact assessment reports evaluating: (i) Societal implications; (ii) Environmental effects; (iii) Economic consequences; (iv) Stakeholder impacts.

3.2.2 Disclosure Obligations

The Company shall provide: (a) Algorithm functionality explanations that detail: (i) Core operational principles; (ii) Decision criteria; (iii) Limitation boundaries; (iv) Risk factors; (b) Decision-making transparency through: (i) Process visualization tools; (ii) Explanation interfaces; (iii) Audit capabilities; (iv) Documentation access; (c) Performance metrics including: (i) Accuracy measurements; (ii) Reliability indicators; (iii) Error rates; (iv) Confidence scores.

3.3 Human Oversight

3.3.1 Oversight Requirements

The Company shall maintain: (a) Human supervision of AI systems through: (i) Dedicated oversight teams; (ii) Real-time monitoring protocols; (iii) Performance review schedules; (iv) Intervention procedures; (b) Override capabilities including: (i) Emergency shutdown protocols; (ii) Manual control mechanisms; (iii) Decision reversal procedures; (iv) System reset capabilities; (c) Regular performance reviews examining: (i) System reliability; (ii) Decision accuracy; (iii) Safety compliance; (iv) Operational efficiency; (d) Incident response protocols covering: (i) Emergency procedures; (ii) Stakeholder notifications; (iii) Recovery processes; (iv) Documentation requirements.

3.3.2 Training Requirements

Personnel shall receive: (a) Comprehensive AI ethics training covering: (i) Ethical principles; (ii) Regulatory requirements; (iii) Best practices; (iv) Case studies; (b) Oversight procedure training including: (i) Monitoring protocols; (ii) Intervention procedures; (iii) Documentation requirements; (iv) Compliance standards; (c) Emergency response training addressing: (i) Critical incidents; (ii) System failures; (iii) Safety protocols; (iv) Recovery procedures.

3.4 Workforce Impact

3.4.1 Impact Assessment

The Company shall: (a) Assess workforce displacement risk through: (i) Job role analysis; (ii) Skills gap assessment; (iii) Timeline projections; (iv) Impact severity ratings; (b) Identify reskilling opportunities including: (i) Technical training programs; (ii) Role transition paths; (iii) Skill development plans; (iv) Career advancement options; (c) Develop transition programs incorporating: (i) Skills assessment; (ii) Training curriculum; (iii) Progress monitoring; (iv) Success metrics.

3.4.2 Mitigation Measures

The Company shall implement: (a) Comprehensive reskilling programs offering: (i) Technical skills development; (ii) Professional certification; (iii) Practical training; (iv) Performance assessment; (b) Career transition support including: (i) Career counseling; (ii) Job placement assistance; (iii) Interview preparation; (iv) Resume development; (c) Alternative role development through: (i) Job redesign; (ii) New position creation; (iii) Skill mapping; (iv) Placement programs; (d) Impact monitoring systems tracking: (i) Transition success rates; (ii) Employment retention; (iii) Career progression; (iv) Satisfaction metrics.

4.0 DATA GOVERNANCE AND PRIVACY

4.1 Data Collection Standards

4.1.1 Collection Requirements

The Company shall: (a) Define clear and specific data collection purposes aligned with business objectives; (b) Implement comprehensive collection controls, including automated data validation; (c) Maintain detailed collection records documenting source, timestamp, and purpose; (d) Review collection practices quarterly or upon significant operational changes; (e) Establish data quality metrics and validation protocols; (f) Document the legal basis for each category of collected data.

4.1.2 Data Minimization

The Company shall: (a) Collect only data demonstrably necessary for specified business purposes; (b) Implement data reduction protocols, including automated filtering systems; (c) Conduct regular data necessity reviews at intervals not exceeding six months; (d) Document retention decisions with supporting justification; (e) Maintain an inventory of data elements with necessity classifications; (f) Implement technical controls to prevent collection of excessive data.

4.2 Privacy Protection

4.2.1 Technical Measures

The Company shall implement: (a) Industry-standard encryption requirements for data at rest and in transit; (b) Role-based access controls with regular permission reviews; (c) Anonymization protocols for sensitive data processing; (d) Continuous security monitoring with automated alerts; (e) Multi-factor authentication for all system access; (f) Regular penetration testing and vulnerability assessments; (g) Data loss prevention systems with real-time monitoring.

4.2.2 Administrative Controls

The Company shall maintain: (a) Comprehensive privacy policies reviewed annually; (b) Mandatory training programs for all personnel handling data; (c) Regular audit procedures with documented findings; (d) Incident response plans tested bi-annually; (e) Privacy impact assessments for new processing activities; (f) Vendor management programs including privacy requirements; (g) Documentation of all privacy-related decisions and assessments.

4.3 Cross-Border Data Transfer

4.3.1 Transfer Requirements

All data transfers must: (a) Comply with applicable local, national, and international laws; (b) Utilize approved transfer mechanisms including standard contractual clauses; (c) Maintain detailed transfer records including purpose and recipient; (d) Undergo security review prior to implementation; (e) Include data protection agreements with all recipients; (f) Implement geographical restrictions where required by law; (g) Maintain transfer impact assessments for high-risk transfers.

4.3.2 Compliance Monitoring

The Company shall: (a) Monitor transfer compliance through automated systems; (b) Conduct quarterly compliance audits of all transfers; (c) Update transfer protocols based on regulatory changes; (d) Report violations to appropriate authorities within 72 hours; (e) Maintain a transfer registry with real-time updates; (f) Implement corrective actions for identified deficiencies; (g) Review recipient compliance annually.

4.4 Data Retention

4.4.1 Retention Requirements

The Company shall: (a) Define retention periods based on legal and business requirements; (b) Implement automated deletion protocols for expired data; (c) Maintain comprehensive retention records with justification; (d) Review retention practices annually; (e) Document exceptions to retention schedules; (f) Implement legal holds when required; (g) Maintain separate retention schedules for different data categories; (h) Consider privacy risks in retention period determinations.

4.4.2 Disposal Procedures

The Company shall: (a) Implement secure deletion methods meeting industry standards; (b) Maintain detailed disposal records including method and date; (c) Verify data destruction through independent certification; (d) Audit disposal practices quarterly; (e) Train personnel on proper disposal procedures; (f) Document chain of custody for disposal activities; (g) Implement special procedures for sensitive data disposal; (h) Maintain disposal logs for seven years.

4.5 Compliance Documentation

4.5.1 Record Keeping

The Company shall maintain: (a) Complete documentation of all data governance activities; (b) Evidence of compliance with this policy; (c) Regular compliance reports to management; (d) Records of all privacy-related decisions; (e) Documentation of all data processing

activities; (f) Training records for all relevant personnel; (g) Audit trails for all data access and modifications.

4.5.2 Policy Review

The Company shall: (a) Review this policy annually; (b) Update procedures based on regulatory changes; (c) Maintain version control of all policy documents; (d) Document all policy exceptions; (e) Obtain management approval for policy changes; (f) Communicate updates to all affected personnel; (g) Maintain archive of previous policy versions.

5.0 COMPLIANCE AND REPORTING

5.1 ESG Metrics and KPIs

5.1.1 Required Metrics

The Company shall track: (a) Environmental performance, including but not limited to: (i) Carbon emissions (Scope 1, 2, and 3); (ii) Energy consumption and efficiency metrics; (iii) Waste management and recycling rates; (iv) Water usage and conservation measures; (b) Social impact measures, encompassing: (i) Workforce diversity and inclusion statistics; (ii) Employee health and safety incidents; (iii) Community engagement metrics; (iv) Supply chain labor practices; (c) Governance effectiveness, including: (i) Board composition and independence; (ii) Executive compensation alignment; (iii) Risk management effectiveness; (iv) Ethical business conduct measures; (d) Compliance status across all jurisdictions.

5.1.2 Performance Targets

The Company shall: (a) Set annual ESG targets aligned with: (i) Industry best practices; (ii) Regulatory requirements; (iii) Stakeholder expectations; (iv) Corporate strategic objectives; (b) Monitor progress quarterly through: (i) Automated data collection systems; (ii) Department-level assessments; (iii) Management reviews; (iv) Stakeholder feedback; (c) Report performance using standardized metrics; (d) Adjust targets based on material changes.

5.2 Reporting Requirements

5.2.1 Internal Reporting

The Company shall provide: (a) Monthly management reports containing: (i) Key performance indicators; (ii) Variance analyses; (iii) Risk assessments; (iv) Remediation plans; (b) Quarterly Board updates including: (i) Strategic progress reviews; (ii) Compliance assessments; (iii) Material risk updates; (iv) Stakeholder feedback summaries; (c) Annual performance reviews incorporating: (i) Trend analyses; (ii) Benchmark comparisons; (iii) Goal achievement assessments; (iv) Forward-looking objectives; (d) Incident notifications within 24 hours.

5.2.2 External Reporting

The Company shall publish: (a) Annual sustainability report following: (i) GRI Standards; (ii) SASB Framework; (iii) TCFD Recommendations; (iv) UN SDG Alignment; (b) Quarterly ESG updates through: (i) Investor presentations; (ii) Stakeholder newsletters; (iii) Website updates; (iv) Regulatory filings; (c) Impact assessments addressing: (i) Environmental effects; (ii) Social implications; (iii) Economic impacts; (iv) Governance outcomes; (d) Compliance certifications as required.

5.3 Third-Party Verification

5.3.1 Audit Requirements

The Company shall: (a) Engage independent auditors with: (i) Relevant ESG expertise; (ii) Industry knowledge; (iii) Professional certifications; (iv) Independence qualifications; (b) Conduct annual ESG audits covering: (i) Data accuracy; (ii) Process effectiveness; (iii) Control adequacy; (iv) Reporting integrity; (c) Verify performance metrics through: (i) Documentation review; (ii) Site inspections; (iii) Stakeholder interviews; (iv) System testing; (d) Publish audit results promptly.

5.3.2 Certification Requirements

The Company shall maintain: (a) ESG certifications from: (i) Recognized bodies; (ii) Industry associations; (iii) Regulatory authorities; (iv) Standard-setting organizations; (b) Compliance attestations regarding: (i) Regulatory requirements; (ii) Industry standards; (iii) Corporate policies; (iv) Stakeholder commitments; (c) Performance verifications through: (i) Third-party assessments; (ii) Expert reviews; (iii) Peer comparisons; (iv) Benchmark analyses; (d) Audit documentation retention.

5.4 Stakeholder Communication

5.4.1 Communication Protocols

The Company shall: (a) Maintain stakeholder engagement through: (i) Regular meetings; (ii) Digital platforms; (iii) Feedback mechanisms; (iv) Advisory panels; (b) Provide updates via: (i) Formal reports; (ii) Digital communications; (iii) Direct engagement; (iv) Public disclosures; (c) Address concerns through: (i) Established procedures; (ii) Timely responses; (iii) Action plans; (iv) Follow-up protocols; (d) Document all communications.

5.4.2 Disclosure Requirements

The Company shall disclose: (a) Material ESG matters including: (i) Significant impacts; (ii) Strategic changes; (iii) Performance variations; (iv) Emerging risks; (b) Performance metrics through: (i) Standardized formats; (ii) Comparable measures; (iii) Transparent methodologies; (iv) Verified data; (c) Compliance status updates; (d) Impact assessment results.