

# **EMPLOYMENT AND COMPENSATION AGREEMENT**

THIS EMPLOYMENT AND COMPENSATION AGREEMENT (this "Agreement") is made and entered into as of January 15, 2024 (the "Effective Date"), by and between NEXUS INDUSTRIAL INTELLIGENCE, INC., a Delaware corporation with its principal place of business at 2200 Innovation Drive, Suite 400, Wilmington, Delaware 19801 (the "Company"), and [EMPLOYEE NAME], an individual residing at [EMPLOYEE ADDRESS] (the "Executive").

WHEREAS, the Company is engaged in the business of developing and commercializing proprietary machine learning and computer vision solutions for industrial process optimization and predictive maintenance (the "Business");

WHEREAS, the Company desires to employ the Executive, and the Executive desires to be employed by the Company, on the terms and conditions set forth herein; and

WHEREAS, the Board of Directors of the Company has approved this Agreement and authorized its execution and delivery on behalf of the Company.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

## **1.0 DEFINITIONS AND INTERPRETATION**

1.1 Defined Terms. For purposes of this Agreement, the following terms shall have the meanings set forth below:

"Artificial Intelligence Technology" means any and all artificial intelligence, machine learning, deep learning, neural networks, computer vision systems, algorithms, models, training data, and related technology developed, acquired, or used by the Company, including but not limited to predictive analytics systems, natural language processing engines, automated decision-making frameworks, and associated computational infrastructure.

"Cause" means (a) Executive's material breach of this Agreement; (b) Executive's gross negligence or willful misconduct; (c) Executive's conviction of, or plea of nolo contendere to, any felony; (d) Executive's material violation of Company policies; (e) Executive's material failure to perform assigned duties; (f) Executive's unauthorized disclosure of Confidential Information; or (g) Executive's engagement in any activity that constitutes a conflict of interest.

"Confidential Information" means all non-public information concerning the Company's technology, business, and operations, including but not limited to: (i) Artificial Intelligence Technology; (ii) source code and algorithms; (iii) training data and models; (iv) customer information; (v) financial data; (vi) business strategies; (vii) research and development initiatives; (viii) technical specifications; (ix) employee information; (x) manufacturing processes; and (xi) supplier relationships.

"Intellectual Property" means all patents, copyrights, trade secrets, trademarks, mask works, and other intellectual property rights in any jurisdiction worldwide, including: (a) all applications and registrations; (b) all rights to obtain renewals, extensions, continuations, or similar legal protections; and (c) all rights to pursue actions and remedies for infringement.

"Performance Metrics" means quantifiable measures of Executive's performance, including: (a) revenue targets; (b) product development milestones; (c) customer acquisition goals; (d) operational efficiency benchmarks; and (e) team development objectives.

"Proprietary Rights" means any and all right, title, and interest in and to: (a) Intellectual Property; (b) Confidential Information; (c) goodwill and customer relationships; and (d) all modifications, improvements, and derivative works thereof.

"Technical Documentation" means all documentation related to the Company's technology, including specifications, manuals, code comments, technical drawings, API documentation, and training materials.

#### 1.2 Interpretation. In this Agreement:

(a) headings are for convenience only and shall not affect interpretation; (b) "including" means "including without limitation"; (c) singular includes plural and vice versa; (d) references to Sections mean Sections of this Agreement; (e) references to any gender include all genders; (f) "shall" and "will" express mandatory requirements; (g) "may" expresses permissive actions; (h) references to time periods in days mean calendar days unless specified as business days; (i) any reference to laws includes amendments, modifications, and successor legislation; (j) references to documents include amendments, supplements, and replacements; and (k) if any provision is held invalid, the remainder of the Agreement shall continue in full force.

## **2.0 EMPLOYMENT TERMS AND DUTIES**

2.1 Position. The Company hereby employs Executive as [TITLE], reporting to [SUPERVISOR TITLE]. Executive shall perform such duties as are customarily associated with such position and as reasonably assigned by the Company. The position may evolve as the Company grows, and Executive agrees to assume additional responsibilities consistent with their role and expertise. Any material changes to Executive's position or reporting structure shall be documented in writing and signed by both parties.

2.2 Term. Executive's employment shall commence on the Effective Date and continue until terminated pursuant to Section 5.0 (the "Term"). Executive's employment is at-will and may be terminated by either party at any time. Nothing in this Agreement guarantees employment for any specific period or modifies the at-will nature of the employment relationship.

2.3 Duties and Responsibilities. Executive shall: (a) Devote full business time and efforts to the Company, maintaining such commitment as their primary business priority; (b) Comply with Company policies and procedures, including but not limited to ethics guidelines, security protocols, and operational standards; (c) Protect Company's Confidential Information through implementation of appropriate safeguards and adherence to security protocols; (d) Supervise development of Artificial Intelligence Technology, including: (i) Oversight of AI architecture and implementation strategies (ii) Direction of machine learning model development and deployment (iii) Establishment of ethical AI guidelines and compliance frameworks (iv) Management of AI risk assessment and mitigation procedures (v) Coordination of AI integration with existing Company systems; (e) Participate in strategic planning and product development, including: (i) Contributing to technology roadmap development (ii) Evaluating competitive landscape and market opportunities (iii) Assessing technical feasibility of proposed initiatives (iv) Providing expert guidance on technology investments; (f) Manage technical teams and resources as assigned, including: (i) Recruitment and development of technical talent (ii) Resource allocation and budget management (iii) Performance evaluation and professional development (iv) Team structure optimization and workflow improvement.

2.4 Work Location and Arrangements. (a) Primary Location. Executive shall primarily work from the Company's headquarters located at [ADDRESS]. (b) Remote Work. Executive may work remotely subject to the following conditions: (i) Advance approval from Executive's supervisor (ii) Maintenance of regular business hours in applicable time zone (iii) Availability for in-person meetings with reasonable notice (iv) Establishment of secure and productive remote work environment (v) Compliance with Company's remote work policies (c) Travel Requirements. Executive shall travel as reasonably required to fulfill their duties, including: (i) Client meetings and presentations (ii) Industry conferences and events (iii) Company offices and facilities (iv) Technical partner locations (d) Travel Expenses. Business travel expenses shall be reimbursed pursuant to Company's travel policy.

2.5 Performance Standards and Review. (a) Executive shall maintain high standards of professional conduct and performance, including: (i) Meeting or exceeding established performance metrics (ii) Demonstrating leadership in technical innovation (iii) Fostering collaborative relationships across departments (iv) Ensuring timely delivery of project milestones (b) Performance reviews shall be conducted: (i) Annually, with written documentation (ii) Including objective and subjective criteria (iii) Addressing achievement of established goals (iv) Establishing future performance objectives

2.6 Compliance and Reporting. (a) Executive shall ensure compliance with: (i) Applicable laws and regulations (ii) Industry standards and best practices (iii) Company policies and procedures

(iv) Professional licensing requirements (b) Executive shall provide regular reports on: (i) Project status and milestones (ii) Team performance and metrics (iii) Technical challenges and solutions (iv) Resource utilization and needs (c) Executive shall maintain accurate records of: (i) Technical documentation and specifications (ii) Team member contributions and performance (iii) Project expenses and resource allocation (iv) Intellectual property developments

### **3.0 COMPENSATION AND BENEFITS**

3.1 Base Salary. The Company shall pay Executive an annual base salary of \$[AMOUNT], payable in accordance with Company's standard payroll practices. Such salary shall be subject to annual review by the Board of Directors and may be increased, but not decreased, except in connection with an across-the-board reduction affecting all senior executives. Base salary payments shall be made in equal installments pursuant to the Company's normal payroll schedule, less applicable withholdings and deductions required by law.

3.2 Annual Bonus. (a) Eligibility. Executive shall be eligible for an annual performance bonus targeted at [X]% of base salary, based on achievement of objectives established by the Board. (b) Performance Metrics. The Board shall establish written performance criteria within the first 90 days of each fiscal year, which may include company financial targets, strategic objectives, operational goals, and individual performance metrics. (c) Payment Timeline. Any earned bonus shall be paid no later than March 15 of the year following the performance year, provided Executive remains employed through the payment date. (d) Pro-ration. The annual bonus shall be pro-rated for any partial year of employment based on the number of days employed during such year.

3.3 Equity Compensation. (a) Initial Grant. Executive shall receive an option to purchase [NUMBER] shares of Company common stock (the "Option") under the Company's equity incentive plan. (b) Vesting Schedule. The Option shall vest over 4 years with 25% vesting after 12 months and the remainder vesting monthly thereafter, subject to Executive's continued service. (c) Exercise Price. The Option exercise price shall be fair market value on the grant date, as determined by the Board in compliance with Section 409A of the Internal Revenue Code. (d) Exercise Period. Executive shall have the right to exercise vested Options for up to 90 days following termination of employment, except in cases of termination for Cause. (e) Acceleration. In the event of a Change in Control, 50% of unvested Options shall immediately vest, with remaining unvested Options subject to double-trigger acceleration. (f) Additional Grants. Executive shall be eligible for additional equity grants at the Board's discretion, based on performance and market conditions. (g) Terms. The Option shall be subject to the Company's standard option agreement and equity incentive plan documents.

3.4 Benefits. (a) Standard Benefits. Executive shall be eligible to participate in Company's standard benefit plans, including: (i) Health, dental, and vision insurance with coverage for

Executive and eligible dependents (ii) Life insurance providing coverage of 2x annual base salary (iii) Short-term and long-term disability insurance (iv) 401(k) plan with Company matching up to 4% of eligible compensation (v) Paid time off per Company policy (b) Premium Coverage. Company shall pay 90% of premium costs for Executive's health, dental, and vision coverage, and 100% of premiums for life and disability insurance. (c) COBRA. Upon termination, Executive shall be eligible for continuation coverage under COBRA at Executive's expense.

3.5 Expense Reimbursement. (a) Business Expenses. Company shall reimburse Executive for reasonable business expenses incurred in performing duties hereunder, in accordance with Company's expense reimbursement policies. (b) Documentation. Executive shall submit appropriate documentation for all reimbursable expenses within 30 days of incurrence. (c) Professional Development. Company shall cover reasonable costs for professional memberships, continuing education, and industry conferences, subject to prior approval.

3.6 Additional Compensation Terms. (a) Withholding. All compensation shall be subject to applicable tax withholding and other required deductions. (b) Section 409A. All compensation arrangements are intended to comply with or be exempt from Section 409A of the Internal Revenue Code. (c) Clawback. All compensation shall be subject to any clawback or recoupment policy adopted by the Company or required by law. (d) Review. Compensation terms shall be reviewed annually by the Board or Compensation Committee.

3.7 Relocation Benefits. (a) Moving Expenses. Company shall reimburse reasonable moving expenses up to \$[AMOUNT] for Executive's relocation to within 50 miles of Company headquarters. (b) Temporary Housing. Company shall provide up to three months of temporary housing assistance. (c) Tax Gross-Up. Relocation benefits shall be grossed up for applicable taxes.

3.8 Compensation Recovery. (a) The Company may require reimbursement of any bonus or incentive compensation paid to Executive if: (i) Payment was based on materially inaccurate financial statements or performance metrics (ii) Executive engaged in intentional misconduct affecting compensation criteria (iii) Required by law or applicable regulations (b) Recovery Period. Recovery rights shall extend for 36 months following payment. (c) Offset Rights. Company may offset recovery amounts against any other compensation owed to Executive.

3.9 Benefits Administration. (a) Plan Documents. All benefits shall be governed by applicable plan documents and insurance policies. (b) Modifications. Company reserves the right to modify, amend, or terminate any benefit program, provided changes apply uniformly to all executives. (c) Waiting Periods. Standard benefit waiting periods shall be waived for Executive where permitted by carriers. (d) Continuation. Benefits shall continue during any paid leave of absence and as required by law during unpaid leaves.

## **4.0 INTELLECTUAL PROPERTY AND CONFIDENTIALITY**

4.1 Assignment of Inventions. Executive hereby assigns to Company all right, title, and interest in: (a) All Intellectual Property created during employment, including but not limited to patents, copyrights, trademarks, trade secrets, designs, processes, methodologies, and innovations, whether or not patentable or registrable under copyright or similar laws (b) All Artificial Intelligence Technology developed, including algorithms, models, training data, neural networks, machine learning systems, decision trees, and any derivative works or improvements thereof (c) All work product and deliverables, including software code, documentation, specifications, reports, presentations, and any other materials created in connection with employment (d) All improvements to Company technology, whether incremental or substantial, including optimizations, modifications, adaptations, and enhancements

4.2 Confidentiality Obligations. Executive shall: (a) Maintain strict confidentiality of Confidential Information, defined as any non-public information relating to Company's business, technology, operations, customers, employees, or strategic plans (b) Use Confidential Information solely for Company business purposes and not for personal gain or benefit (c) Return all materials containing Confidential Information upon termination, including physical documents, electronic files, storage devices, and any copies thereof (d) Notify Company immediately of any unauthorized disclosure or suspected breach of confidentiality (e) Implement reasonable security measures to prevent unauthorized access to Confidential Information (f) Limit access to Confidential Information to authorized personnel on a need-to-know basis

4.3 Intellectual Property Protection. Executive shall: (a) Promptly disclose to Company all Intellectual Property created during employment (b) Assist Company in obtaining and maintaining intellectual property rights (c) Execute all necessary documents to perfect Company's ownership rights (d) Maintain detailed records of all development activities and innovations (e) Cooperate in patent applications and prosecution processes (f) Preserve evidence of invention dates and development milestones

4.4 Artificial Intelligence Provisions. Executive acknowledges that: (a) All AI training data, whether collected, curated, or generated, is Company property (b) Model architectures, hyperparameters, and weights are proprietary information (c) Testing and validation methodologies are trade secrets (d) Performance metrics and benchmarking results are confidential (e) AI deployment configurations and optimization techniques belong to Company (f) Third-party AI tools usage must be approved and properly licensed

4.5 Restrictive Covenants. During employment and for 12 months after termination, Executive shall not: (a) Compete with Company's Business, directly or indirectly, in any capacity (b) Solicit Company employees, contractors, customers, or business partners (c) Disparage Company, its technology, products, or services (d) Develop competing AI systems or

algorithms (e) Use Company's proprietary methodologies or knowledge (f) Assist others in activities prohibited by this agreement

4.6 Enforcement and Remedies: (a) Executive acknowledges that monetary damages alone would be insufficient (b) Company entitled to injunctive relief without posting bond (c) Violation may result in immediate termination and legal action (d) Executive responsible for Company's legal fees in enforcement (e) Each violation subject to liquidated damages of \$50,000 (f) Obligations survive termination of employment

4.7 Return of Materials. Upon termination, Executive shall: (a) Return all Company devices, equipment, and materials (b) Delete all Confidential Information from personal devices (c) Provide written certification of compliance (d) Submit to verification of compliance if requested (e) Cooperate in transition of ongoing projects (f) Maintain confidentiality obligations indefinitely

4.8 Exceptions and Limitations: (a) Nothing prevents disclosure required by law or court order (b) Protected whistleblower activities are preserved (c) General knowledge and skills acquired during employment may be used (d) Independent innovations created outside scope of employment (e) Open-source components subject to respective licenses (f) Pre-existing intellectual property properly documented and excluded

4.9 Survival and Severability: (a) Obligations continue beyond employment termination (b) Invalid provisions shall be modified to maximum enforceable extent (c) Remaining provisions remain in full force and effect (d) Waiver of any breach does not waive subsequent breaches (e) Agreement binding on heirs, successors, and assigns (f) Modifications must be in writing and signed by both parties

## **5.0 GENERAL PROVISIONS**

5.1 Governing Law. This Agreement shall be governed by Delaware law.

5.2 Arbitration. All disputes shall be resolved by binding arbitration in Delaware.

5.3 Entire Agreement. This Agreement constitutes the entire agreement between the parties.

5.4 Amendments. This Agreement may only be amended in writing signed by both parties.

5.5 Severability. If any provision is invalid, the remainder shall remain in effect.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Effective Date.

NEXUS INDUSTRIAL INTELLIGENCE, INC.

By: \_\_\_\_\_ Name: Title:

EXECUTIVE:

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[EMPLOYEE NAME]

[EXHIBITS AND APPENDICES TO FOLLOW]