



RI TRANSPARENCY REPORT

2020

Nexxus

About this report

The PRI Reporting Framework is a key step in the journey towards building a common language and industry standard for reporting responsible investment (RI) activities. This RI Transparency Report is one of the key outputs of this Framework. Its primary objective is to enable signatory transparency on RI activities and facilitate dialogue between investors and their clients, beneficiaries and other stakeholders. A copy of this report will be publicly disclosed for all reporting signatories on the [PRI website](#), ensuring accountability of the PRI Initiative and its signatories.

This report is an export of the individual Signatory organisation's response to the PRI during the reporting period specified above. It includes their responses to mandatory indicators, as well as responses to voluntary indicators the signatory has agreed to make public. The information is presented exactly as it was reported. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory to select are presented in this report. Presenting the information exactly as reported is a result of signatory feedback which suggested the PRI not summarise the information.

PRI disclaimer

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OO 01.1	Select the services and funds you offer
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Select the services and funds you offer	% of asset under management (AUM) in ranges
Fund management	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50%
Fund of funds, manager of managers, sub-advised products	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50%
Other	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50%
Total 100%	

OO 01.2	Additional information. [Optional]
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Nexus is an alternative asset manager which, through its mezzanine debt and private equity funds, provides flexible capital solutions to mid-sized companies with growth potential in Mexico, Spain and Portugal. Founded in 1995, it has managed seven funds (through 9 financial vehicles) with commitments and co-investments for over US\$1,630 million. Today Nexus manages a portfolio of 17 companies and 5 mezzanine loans in six [AMVB1] funds located in Mexico and Spain: Nexus IV CKD & Nexus V LP (US\$310m commitments), Nexus VI CKD & Nexus VI LP (US\$ 550m commitments), Nexus Mezzanine (US\$180m commitments) and Nexus Iberia (US\$180m commitments). Nexus' focus is to create value by achieving sustainable growth and help transform companies: "Transform to Transcend". (www.nexuscapital.com).

OO 02.1	Select the location of your organisation's headquarters.
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Mexico

OO 02.2	Indicate the number of countries in which you have offices (including your headquarters).
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- 1
 2-5
 6-10
 >10

OO 02.3	Indicate the approximate number of staff in your organisation in full-time equivalents (FTE).
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41

OO 02.4	Additional information. [Optional]
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Nexus is headquartered in Mexico City (Mexico) and has a regional office in Madrid (Spain).

OO 03.1	Indicate whether you have subsidiaries within your organisation that are also PRI signatories in their own right.
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- Yes
 No

OO 04.1	Indicate the year end date for your reporting year.
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31/12/2019

OO 04.2	Indicate your total AUM at the end of your reporting year.
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Total AUM
 1,035,447,074 USD
 1035447074 USD

OO 04.4	Indicate the assets which are subject to an execution and/or advisory approach. Provide this figure based on the end of your reporting year
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- Not applicable as we do not have any assets under execution and/or advisory approach

00 05.1 Provide an approximate percentage breakdown of your AUM at the end of your reporting year using the following asset classes and investment strategies:

	Internally managed (%)	Externally managed (%)
Listed equity	0	0
Fixed income	17	0
Private equity	83	0
Property	0	0
Infrastructure	0	0
Commodities	0	0
Hedge funds	0	0
Fund of hedge funds	0	0
Forestry	0	0
Farmland	0	0
Inclusive finance	0	0
Cash	0	0
Money market instruments	0	0
Other (1), specify	0	0
Other (2), specify	0	0

00 06.1 Select how you would like to disclose your asset class mix.

- as percentage breakdown
- as broad ranges

00 06.3 Indicate whether your organisation has any off-balance sheet assets [Optional].

- Yes
- No

00 06.5 Indicate whether your organisation uses fiduciary managers.

- Yes, we use a fiduciary manager and our response to 00 5.1 is reflective of their management of our assets.
- No, we do not use fiduciary managers.

00 07.1 Provide to the nearest 5% the percentage breakdown of your Fixed Income AUM at the end of your reporting year, using the following categories.

Internally managed	0	SSA
	0	Corporate (financial)
	100	Corporate (non-financial)
	0	Securitised

00 09.1 Indicate the breakdown of your organisation's AUM by market.

17

83	Developed Markets
0	Emerging Markets
0	Frontier Markets
	Other Markets
OO 09.2	Additional information. [Optional]
Our funds are located in Mexico and Spain.	

OO 10	Mandatory	Gateway	General
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OO 10.1	Select the active ownership activities your organisation implemented in the reporting year.
	Fixed income Corporate (non-financial) – engagement
	<input checked="" type="checkbox"/> We engage with companies on ESG factors via our staff, collaborations or service providers. <input type="checkbox"/> We do not engage directly and do not require external managers to engage with companies on ESG factors. Please explain why you do not.

OO 11	Mandatory	Gateway	General
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OO 11.1	Select the internally managed asset classes in which you addressed ESG incorporation into your investment decisions and/or your active ownership practices (during the reporting year).
	Fixed income - corporate (non-financial)
	<input checked="" type="checkbox"/> We address ESG incorporation. <input type="checkbox"/> We do not do ESG incorporation.
	Private equity
	<input checked="" type="checkbox"/> We address ESG incorporation. <input type="checkbox"/> We do not do ESG incorporation.

OO 12	Mandatory	Gateway	General
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OO 12.1	Below are all applicable modules or sections you may report on. Those which are mandatory to report (asset classes representing 10% or more of your AUM) are already ticked and read-only. Those which are voluntary to report on can be opted into by ticking the box.
	Core modules
	<input checked="" type="checkbox"/> Organisational Overview <input checked="" type="checkbox"/> Strategy and Governance
	RI implementation directly or via service providers
	Direct - Fixed Income
	<input checked="" type="checkbox"/> Fixed income - Corporate (non-financial)
	Direct - Other asset classes with dedicated modules
	<input checked="" type="checkbox"/> Private Equity
	Closing module
	<input checked="" type="checkbox"/> Closing module

OO FI 01	Mandatory to Report, Voluntary to Disclose	Gateway	General
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OO FI 01.1	Provide a breakdown of your internally managed fixed income securities by active and passive strategies	
Corporate (non-financial)	Passive	0
	Active - quantitative (quant)	0
	Active - fundamental and active - other	100

OO FI 03	Mandatory	Descriptive	General
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OO FI 03.3 Additional information. [Optional]

Our internally managed fixed income is managed through Nexus Mezzanine Fund, a multi-industry, diversified fund that can offer strategic financing solutions to mid-sized companies in Mexico. Nexus Mezzanine Fund looks to provide tailored-made structures, to support their growth and temporary liquidity needs that enable midsized companies to transition into a professionalised business model. The fund seeks to provide financing solutions to a diversified portfolio of either high-growth companies or companies with transitory liquidity needs (expansions, recaps, ownership consolidations, last mile, etc.) of different sectors such as specialized consumption, logistics, real estate, financial, education, tourism and healthcare, among others.

If you are invested in private debt and reporting on ratings is not relevant for you, please indicate below

OO FI 03.2 is not applicable as our internally managed fixed income assets are invested only in private debt.

OO PE 01 Mandatory Descriptive General

OO PE 01.1 Provide a breakdown of your organisation's internally managed private equity investments by investment strategy.

Investment strategy	Percentage of your internally managed private equity holdings (in terms of AUM)
Venture capital	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%
Growth capital	<input checked="" type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0%
(Leveraged) buy-out	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%
Distressed/Turnaround/Special Situations	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%
Secondaries	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%
Other investment strategy, specify (1)	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%
Other investment strategy, specify (2)	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%
Total 100%	

OO PE 02 Mandatory to Report, Voluntary to Disclose Descriptive General

OO PE 02.1 Indicate the level of ownership you typically hold in your private equity investments.

- a majority stake (>50%)
- 50% stake
- a significant minority stake (between 10-50%)
- a minority stake (<10%)
- a mix of ownership stakes

OO PE 02.2 Additional information. [Optional]

Nexus seeks to hold a significant minority stake with certain corporate rights that allow them to execute strategic decisions in the portfolio companies. It

may also hold majority investments in Nexus Iberia's fund.

00 Checks

Checks

If there are any messages below, please review them before continuing. If there are no messages below, please save this page and continue.

SG 01.1 Indicate if you have an investment policy that covers your responsible investment approach.

✓ Yes

SG 01.2 Indicate the components/types and coverage of your policy.

Policy components/types	Coverage by AUM
<input checked="" type="checkbox"/> Policy setting out your overall approach	<input checked="" type="checkbox"/> Applicable policies cover all AUM <input type="checkbox"/> Applicable policies cover a majority of AUM <input type="checkbox"/> Applicable policies cover a minority of AUM
<input checked="" type="checkbox"/> Formalised guidelines on environmental factors	
<input checked="" type="checkbox"/> Formalised guidelines on social factors	
<input checked="" type="checkbox"/> Formalised guidelines on corporate governance factors	
<input checked="" type="checkbox"/> Fiduciary (or equivalent) duties	
<input type="checkbox"/> Asset class-specific RI guidelines	
<input checked="" type="checkbox"/> Sector specific RI guidelines	
<input checked="" type="checkbox"/> Screening / exclusions policy	
<input type="checkbox"/> Other, specify (1)	
<input type="checkbox"/> Other, specify(2)	

SG 01.3 Indicate if the investment policy covers any of the following

- Your organisation’s definition of ESG and/or responsible investment and it’s relation to investments
- Your investment objectives that take ESG factors/real economy influence into account
- Time horizon of your investment
- Governance structure of organisational ESG responsibilities
- ESG incorporation approaches
- Active ownership approaches
- Reporting
- Climate change
- Understanding and incorporating client / beneficiary sustainability preferences
- Other RI considerations, specify (1)
- Other RI considerations, specify (2)

SG 01.4 Describe your organisation’s investment principles and overall investment strategy, interpretation of fiduciary (or equivalent) duties, and how they consider ESG factors and real economy impact.

At Nexxus we "Transform to Transcend", which means that we are focused on creating value and providing financing solutions to achieve sustainable growth and help transform companies for the better in Mexico, Spain and Portugal.

We do this via strategic advisory and improvement of corporate governance and practices in our investee companies through private equity funds. Also, by structuring tailor-made debt facilities for those medium size companies that require flexible financing solutions to boost their performance via mezzanine debt.

We understand that acting as responsible investors is part of our fiduciary duty in a context where our investors actively work to align their financial and sustainability objectives.

It is Nexxus' investment belief that the incorporation of social, environmental and good corporate governance (Environmental, Social and Governance or ESG) factors in our investment and financing processes, as well as in the management of our portfolio companies, contributes to the creation of value, besides being an effective way to manage risk in our investment activity.

SG 01.5 Provide a brief description of the key elements, any variations or exceptions to your investment policy that covers your responsible investment approach. [Optional]

Nexxus' responsible investment policy is applicable to both equity investments through private equity funds and provision of financing solutions through mezzanine debt.

In Nexxus we believe that the incorporation of social, environmental and good corporate governance (Environmental, Social and Governance or ESG) factors in our investment and financing processes, as well as in the management of our portfolio companies, contributes to the creation of value, besides being an effective way to manage risk in our investment activity.

We acknowledge that acting as responsible investors is part of our fiduciary duty in a context where our investors actively work to align their financial and sustainability objectives. We understand that acting as responsible investors is a gradual process of incorporating best practices and a process of continuous improvement to which we are committed.

In addition, we believe that our activity must actively contribute to achieve the Sustainable Development Goals (SDGs) and we will seek to align our activities to make this possible, with strongly emphasis on Gender Equality (SDG 5), Decent Work and Economic Growth (SDG 8), Industry, Innovation and Infrastructure (SDG 9) and Reduce Inequalities (SDG 10).

When it comes to investment, we aim to comply with best practices as responsible investors and have made public our commitment to responsible investment by adhering to the United Nations Principles for Responsible Investment.

In order to provide an effective response to the commitments assumed as a responsible investor it is necessary to have an adequate ESG governance structure. For this purpose: (i) we provide training to the investment teams in ESG matters, (ii) we have appointed senior members of both México and Spain, as ESG responsible and (iii) we have hired the services for expert advice of an ESG consultant. We also engage with the portfolio companies to promote the implementation of ESG policies as well as the appointment of an ESG responsible that coordinates the

company's ESG activity.

To our portfolio companies we request a periodic report of the ESG activities carried out during each year.

We act as responsible investors in our day to day, integrating ESG factors in each of the phases of our investment and financing process:

1. Pre - Investment / Financing: we have decided to exclude from our investment and financing universe a number of activities that are contrary to our principles and involve high reputational risk.

2. Evaluation: companies that meet our investment/financing criteria are subject to a preliminary screening that includes major ESG risks and opportunities.

3. First Investment/Credit Committee, Negotiation of the Memorandum of Understanding and Approval of the Due Diligence Budget, including ESG DD.

4. Due Diligence includes a specific ESG due diligence process, performed by an external service provider in order to (i) review if the target companies meet ESG requirements, as provided in the Responsible Investment Policy; and (ii) identify short and long-term ESG risks and opportunities. The results of the analysis are included in a conclusions and recommendations report. This report contains details of the most relevant issues from an ESG perspective, to be taken into consideration when making an investment or taking a financing decision. In addition, the report includes recommendations to mitigate the identified ESG risks and identifies the potential ESG opportunities to be tapped during the investment or financing period.

5. Investment Committee or Credit Committee Approval: once the transaction team is satisfied with the results of the Due Diligence analysis, the relevant team will prepare the Investment Memorandum and submit it to the Investment or Credit Committee for the final approval of the transaction. The Investment Memorandum shall include, at least, a specific section devoted to the main ESG risks and opportunities identified in the Due Diligence. In the same committee, a 180-day plan (the "Plan") is also presented, which includes some recommended actions in the Due Diligence. The Plan will include at least good corporate governance and business continuity measures in order to align and retain key talent.

6. Value Creation: during the investment phase, at least one of the senior members of the investment team joins the board of directors of the portfolio company. He is involved in key operational and strategic decisions and ensures the implementation of the following ESG measures:

(i) Adherence of the portfolio company to Nexxus' ESG policy;

(ii) Appointment of an ESG responsible at portfolio company level;

(iii) Inclusion of the ESG issues in the agenda of at least two meetings of the Board of Directors per year;

(iv) Approval of ESG measures within the framework of the Plan, Value Creation Plan and Business Plan; and

(v) Definition and calculation of Key Performance Indicators (ESG KPIs).

In the debt financing processes, the credit agreement and other transaction documents include the obligation of the borrower to comply with ESG issues in connection with Nexxus' Responsible Investment Policy. Likewise, the borrower will be requested to prepare a recurring report on the compliance with such obligations.

7. Exit or mezzanine debt maturity: we aim to prove that Nexxus has contributed to the creation of a more sustainable company, from a social and environmental point of view with the implementation of ESG matters.

We will provide regular and transparent ESG information to our investors and stakeholders by completing the UN PRI Transparency Report on a yearly basis.

In addition to all of the above, we consider essential to lead by example and we try to apply ESG best practices in our operations as an alternative asset manager, for instance within our internal corporate governance structure, in the relationship with our investors and stakeholders and with the private equity industry and society as a whole.

No

SG 01 CC	Mandatory to Report, Voluntary to Disclose	Descriptive	General
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Private

SG 02	Mandatory	Core Assessed	PRI 6
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SG 02.1 Indicate which of your investment policy documents (if any) are publicly available. Provide a URL and an attachment of the document.

Policy setting out your overall approach

	URL/Attachment
<input checked="" type="checkbox"/> URL	https://www.nexxuscapital.com/investor-relations/
<input type="checkbox"/> Attachment (will be made public)	

Formalised guidelines on environmental factors

Formalised guidelines on social factors

Formalised guidelines on corporate governance factors

Fiduciary (or equivalent) duties

	URL/Attachment
<input checked="" type="checkbox"/> URL	https://www.nexxuscapital.com/investor-relations/
<input type="checkbox"/> Attachment (will be made public)	

Sector specific RI guidelines

Screening / exclusions policy

	URL/Attachment
<input type="checkbox"/>	

- URL
<https://www.nexxuscapital.com/investor-relations/>
- Attachment (will be made public)
- We do not publicly disclose our investment policy documents

SG 02.2 Indicate if any of your investment policy components are publicly available. Provide URL and an attachment of the document.

- Your organisation's definition of ESG and/or responsible investment and it's relation to investments

URL/Attachment
<input checked="" type="checkbox"/> URL https://www.nexxuscapital.com/investor-relations/ <input type="checkbox"/> Attachment

- Your investment objectives that take ESG factors/real economy influence into account

URL/Attachment
<input checked="" type="checkbox"/> URL https://www.nexxuscapital.com/investor-relations/ <input type="checkbox"/> Attachment

- Time horizon of your investment

URL/Attachment
<input checked="" type="checkbox"/> URL https://www.nexxuscapital.com/investor-relations/ <input type="checkbox"/> Attachment

- Governance structure of organisational ESG responsibilities

URL/Attachment
<input checked="" type="checkbox"/> URL https://www.nexxuscapital.com/investor-relations/ <input type="checkbox"/> Attachment

- ESG incorporation approaches

URL/Attachment
<input checked="" type="checkbox"/> URL https://www.nexxuscapital.com/investor-relations/ <input type="checkbox"/> Attachment

- Active ownership approaches

URL/Attachment
<input checked="" type="checkbox"/> URL https://www.nexxuscapital.com/investor-relations/ <input type="checkbox"/> Attachment

- Reporting

URL/Attachment
<input checked="" type="checkbox"/> URL https://www.nexxuscapital.com/investor-relations/ <input type="checkbox"/> Attachment

- Climate change

- Understanding and incorporating client / beneficiary sustainability preferences

URL/Attachment
<input checked="" type="checkbox"/> URL https://www.nexxuscapital.com/investor-relations/ <input type="checkbox"/> Attachment

- We do not publicly disclose any investment policy components

SG 02.3 Additional information [Optional].

Nexxus has 3 trusts listed in the Mexican stock exchanges: Bolsa Mexicana de Valores (BMV) and Bolsa Institucional de Valores (BIVA). The shared URL is a

link to Nexxus VI Trust Agreement. The remaining trusts mirror the policies described in this section and are also publicly available in the BMV and BIVA websites.

SG 03	Mandatory	Core Assessed	General
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SG 03.1	Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.
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Yes

SG 03.2	Describe your policy on managing potential conflicts of interest in the investment process.
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Nexxus' employees must carry out their activities and functions inherent to their positions, always for the benefit of Nexxus, putting, at any time, the legitimate interests of Nexxus over their individual interests, or those of third parties or others of any kind.

All Nexxus' employees must inform the compliance department annually and in writing of any relationship or commercial transaction with a person or entity in which that person has a direct or indirect interest, or if such relationship or transaction could create the appearance of a conflict of interest or even make it appear as a possible misconduct or act of corruption. In any case, a Nexxus' employee who is in a real or apparent potential conflict of interest must refrain himself or herself from participating in any investment, deal or transaction of the company in which he or she may be involved.

In the event that it is determined that there is no potential conflict of interest, the written approval of a partner and/or shareholder of Nexxus must be obtained.

No

SG 04	Voluntary	Descriptive	General
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SG 04.1	Indicate if your organisation has a process for identifying and managing incidents that occur within investee entities.
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Yes

No

SG 04.2	Describe your process on managing incidents
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Our RI policy describes a process to identify and manage ESG incidents within the portfolio companies.

Before investing or lending to a company, we perform an ESG due diligence to assess ESG risks. The ESG Due Diligence process ensures that the following aspects are covered when analysing new investment opportunities:

1. Respect of workers' human rights
2. Maintain safe and healthy work conditions for employees and contractors
3. Prudent and responsible environmental management of operations, ensuring an efficient use of natural resources as well as mitigation of environmental risks and issues
4. Maintain high standards of business integrity, avoid corruption in any of its forms and complying with laws and regulation applicable against bribery, fraud and money laundering
5. Apply a good business management establishing clear responsibilities, procedures and controls and applying best corporate governance practices
6. Follow as a standard an inclusion and diversity policy

The results of the ESG due diligence are included in a conclusions and recommendations report. This report contains details of the most relevant issues from an ESG perspective, to be taken into consideration when making an investment or taking a lending decision. In addition, the report includes recommendations to mitigate the identified ESG risks and identifies the potential ESG opportunities to be developed during the investment or financing period.

In case the due diligence identifies material ESG risks, Nexxus requires that the investee or borrower commits to take the appropriate decisions to mitigate those risks in order to move forward with the investment or finance.

In case Nexxus comes across an ESG issue during the investment period, the RI policy describes that Nexxus will support the portfolio company in dealing with such issues by working closely with the responsible team in developing action plans with adequate objectives, timetables and resources.

Within the borrowers universe, any ESG issue has to be included in the report to be provided to Nexxus on a regular basis, according to the credit agreement and other transaction documents. Nexxus will undertake the necessary actions to assess its materiality and decide how it should be communicated to stakeholders.

SG 05	Mandatory	Gateway/Core Assessed	General
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SG 05.1	Indicate if and how frequently your organisation sets and reviews objectives for its responsible investment activities.
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Quarterly or more frequently

Biannually

Annually

Less frequently than annually

Ad-hoc basis

It is not set/reviewed

SG 05.2	Additional information. [Optional]
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Nexxus sets the ESG objectives for its portfolio companies at least annually. These objectives correspond to the measures adopted in the 180-day plan and Value Creation Plan.

The degree of achievement of the ESG objectives is reviewed at least annually by the Board of Directors of the portfolio companies and by Nexxus' ESG team. The review process includes the assessment of the progress in relevant ESG issues by monitoring ESG KPIs.

Nexxus sets and reviews the objectives for its responsible investment activities on an annual basis. This task is performed by Nexxus' ESG team with the support of external ESG consultants. The external consultants' services include ESG training, the definition of active management actions at portfolio level, RI promotion activities within the investment community, ESG transparency and reporting.

SG 06.1

List the main responsible investment objectives that your organisation set for the reporting year.

Responsible investment processes

- Provide training on ESG incorporation
- Provide training on ESG engagement
- Improved communication of ESG activities within the organisation
- Improved engagement to encourage change with regards to management of ESG issues
- Improved ESG incorporation into investment decision making processes

Key performance indicator

Carry out specific ESG due diligence as part of the investment due diligence process for new investments.

Progress achieved

Nexus has performed ESG due diligence for all new investments completed during 2019.

- Other, specify (1)

Review of the Responsible Investment Policy according to best practices.

Key performance indicator

Carry out a Responsible Investment Policy review.

Progress achieved

As a result of the review some improvements have been made to the RI policy. The main changes included in the new version are:

- We have included three new sections describing (i) our RI beliefs, (ii) our RI principles and commitments and our (iii) ESG governance (which includes the incorporation of senior members from Nexus).
- We have introduced changes in the description of the integration of ESG factors in our investment process. It is now more detailed and structured.
- We have simplified the exclusions and the description of ESG factors that are desirable in portfolio companies.

- Other, specify (2)
- Other, specify (3)
- None of the above

Financial performance of investments

- Increase portfolio performance by consideration of ESG factors
- Other, specify (1)
- Other, specify (2)
- Other, specify (3)
- None of the above

ESG characteristics of investments

- Over or underweight companies based on ESG characteristics
- Improve ESG ratings of portfolio
- Setting carbon reduction targets for portfolio
- Other, specify (1)
- Other, specify (2)
- Other, specify (3)
- None of the above

Other activities

- Joining and/or participation in RI initiatives

Key performance indicator

Participate in RI initiatives

Progress achieved

Share ESG best practices with the investment community - Nexus is a member of the Latin America Private Equity Association and has contributed to the sixth edition of "The Latin American Private Equity Deal Book & ESG Cases" with an ESG case of Grupo Turistore.

Promote gender diversity in Private Equity - Nexus Iberia Managing partner Maite Ballester is leading Level 20 in Spain, a not for profit organisation dedicated to improving gender diversity in the European private equity industry.

- Encouraging others to join a RI initiative
- Documentation of best practice case studies

Key performance indicator

Issuance of an annual ESG report describing best practice case studies.

Progress achieved

We are committed to improve our transparency with regard to ESG. In addition to complete this Transparency Report, Nexus, as a first step, is about publish its first annual ESG report in Iberia providing detailed information of all the ESG activity performed during 2019. Our aim is to extend this initiative to the ESG activities of Nexus in Mexico in the near future to respond to the growing interest in ESG matters of our investors and other stakeholders.

- Using case studies to demonstrate engagement and ESG incorporation to clients
- Other, specify (1)
- Other, specify (2)
- Other, specify (3)
- None of the above

SG 07	Mandatory	Core Assessed	General
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SG 07.1 Indicate the internal and/or external roles used by your organisation, and indicate for each whether they have oversight and/or implementation responsibilities for responsible investment.

Roles

- Board members or trustees
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Internal Roles (triggers other options)

Select from the below internal roles

- Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Operating Officer (COO), Investment Committee
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Other Chief-level staff or head of department, specify
 - Chief Legal Officer
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Portfolio managers
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Investment analysts
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Dedicated responsible investment staff
- Investor relations
- Other role, specify (1)
- Other role, specify (2)

- External managers or service providers

SG 07.2 For the roles for which you have RI oversight/accountability or implementation responsibilities, indicate how you execute these responsibilities.

Nexus has appointed an ESG team that includes senior members. It is composed by partners, members of the investment team, investor relations team and members of the legal team, all from México and Spain. The team is supported by external ESG experts.

SG 07.3 Indicate the number of dedicated responsible investment staff your organisation has.

0

SG 07.4 Additional information. [Optional]

Nexus' ESG integration process involves the entire organization and all Nexus' employees participate according to their roles and responsibilities..

SG 07 CC	Mandatory to Report, Voluntary to Disclose	Descriptive	General
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Private

SG 08	Voluntary	Additional Assessed	General
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Private

SG 09	Mandatory	Core Assessed	PRI 4,5
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SG 09.1 Select the collaborative organisation and/or initiatives of which your organisation is a member or in which it participated during the reporting year, and the role you played.

Principles for Responsible Investment

Your organisation's role in the initiative during the reporting period (see definitions)

Basic

- Asian Corporate Governance Association
- Australian Council of Superannuation Investors
- AVCA: Sustainability Committee
- France Invest – La Commission ESG
- BVCA – Responsible Investment Advisory Board
- CDP Climate Change
- CDP Forests
- CDP Water
- CFA Institute Centre for Financial Market Integrity
- Climate Action 100+
- Code for Responsible Investment in SA (CRISA)
- Council of Institutional Investors (CII)
- Eumedion
- Extractive Industries Transparency Initiative (EITI)
- ESG Research Australia
- Invest Europe Responsible Investment Roundtable
- Global Investors Governance Network (GIGN)
- Global Impact Investing Network (GIIN)
- Global Real Estate Sustainability Benchmark (GRESB)
- Green Bond Principles
- HKVCA: ESG Committee
- Institutional Investors Group on Climate Change (IIGCC)
- Interfaith Center on Corporate Responsibility (ICCR)
- International Corporate Governance Network (ICGN)
- Investor Group on Climate Change, Australia/New Zealand (IGCC)
- International Integrated Reporting Council (IIRC)
- Investor Network on Climate Risk (INCR)/CERES
- Local Authority Pension Fund Forum
- Principles for Financial Action in the 21st Century
- Principles for Sustainable Insurance
- Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify
- Responsible Finance Principles in Inclusive Finance
- Shareholder Association for Research and Education (Share)
- United Nations Environmental Program Finance Initiative (UNEP FI)
- United Nations Global Compact
- Other collaborative organisation/initiative, specify
- Other collaborative organisation/initiative, specify
- Other collaborative organisation/initiative, specify
- Other collaborative organisation/initiative, specify

SG 10	Mandatory	Core Assessed	PRI 4
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SG 10.1 Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.

Yes

SG 10.2 Indicate the actions your organisation has taken to promote responsible investment independently of collaborative initiatives. Provide a description of your role in contributing to the objectives of the selected action and the typical frequency of your participation/contribution.

- Provided or supported education or training programmes (this includes peer to peer RI support) Your education or training may be for clients, investment managers, actuaries, broker/dealers, investment consultants, legal advisers etc.)
- Provided financial support for academic or industry research on responsible investment

- Provided input and/or collaborated with academia on RI related work
- Encouraged better transparency and disclosure of responsible investment practices across the investment industry
- Spoke publicly at events and conferences to promote responsible investment

Description
We have publicly spoken at several events where we have promoted responsible investment and shared best practices with the attendants.

Frequency of contribution
<input type="radio"/> Quarterly or more frequently <input type="radio"/> Biannually <input type="radio"/> Annually <input type="radio"/> Less frequently than annually <input checked="" type="radio"/> Ad hoc <input type="radio"/> Other

- Wrote and published in-house research papers on responsible investment
- Encouraged the adoption of the PRI
- Responded to RI related consultations by non-governmental organisations (OECD, FSB etc.)
- Wrote and published articles on responsible investment in the media
- A member of PRI advisory committees/ working groups, specify
- On the Board of, or officially advising, other RI organisations (e.g. local SIFs)
- Other, specify

specify description
Provided ESG cases to The Latin America Private Equity Deal Book and ESG Cases published by the LAVCA

Description
Nexus contributes to The Latin America Private Equity Deal Book and ESG Case published by the LAVCA providing an ESG case of one of our portfolio companies. LAVCA is the Association for Private Capital Investment in Latin America, a not-for-profit membership organization dedicated to supporting the growth of private capital in Latin America and the Caribbean. The Latin America Private Equity Deal Book and ESG Cases profiles investments from leading private equity players in Latin America. Cases include information about deal execution, investment strategy, ESG and IRR.

Frequency of contribution
<input type="radio"/> Quarterly or more frequently <input type="radio"/> Biannually <input checked="" type="radio"/> Annually <input type="radio"/> Less frequently than annually <input type="radio"/> Ad hoc <input type="radio"/> Other

No

SG 11	Voluntary	Additional Assessed	PRI 4,5,6
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Private

SG 12	Mandatory	Core Assessed	PRI 4
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SG 12.1	Indicate whether your organisation uses investment consultants.
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- Yes, we use investment consultants

SG 12.4	Indicate whether you use investment consultants for any the following services. Describe the responsible investment components of these services.
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- Custodial services
- Investment policy development

Describe how responsible investment is incorporated
Nexus has received support from ESG consultants to review its Responsible Investment policy and adapt it to industry best practices.

- Strategic asset allocation
- Investment research
- Other, specify (1)

Describe how responsible investment is incorporated
Nexus has also used ESG consultants to perform ESG Due Diligence and provide ESG recommendations to be included in the 180 days plan and Value Creation Plan.

- Other, specify (2)

	Describe how responsible investment is incorporated
	ESG consultants provide support in reporting activities such as the revision of the Transparency Report prior to its submission and the execution of the annual ESG report to stakeholders.
<input type="checkbox"/>	Other, specify (3)
<input type="checkbox"/>	None of the above
<input type="checkbox"/>	No, we do not use investment consultants.

SG 13	Mandatory	Descriptive	PRI 1
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SG 13.1	Indicate whether the organisation carries out scenario analysis and/or modelling, and if it does, provide a description of the scenario analysis (by asset class, sector, strategic asset allocation, etc.).
---------	--

Yes, in order to assess future ESG factors

Describe
Scenario analysis is used by Nexxus' analyst as a risk management tool to assess the impact of potential negative events (including ESG issues) in the cash flow generation of the investee or borrower.

- Yes, in order to assess future climate-related risks and opportunities
- No, our organisation does not currently carry out scenario analysis and/or modelling

SG 13.2	Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between sectors or geographic markets.
---------	---

We do the following
<input type="checkbox"/> Allocation between asset classes <input type="checkbox"/> Determining fixed income duration <input type="checkbox"/> Allocation of assets between geographic markets <input type="checkbox"/> Sector weightings <input type="checkbox"/> Other, specify <input checked="" type="checkbox"/> We do not consider ESG issues in strategic asset allocation

SG 14	Mandatory to Report, Voluntary to Disclose	Additional Assessed	PRI 1
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Private

SG 14 CC	Voluntary		General
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SG 14.6 CC	Provide further details on the key metric(s) used to assess climate-related risks and opportunities.
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Metric Type	Coverage	Purpose	Metric Unit	Metric Methodology
Carbon footprint (scope 1 and 2)				

SG 15	Mandatory to Report, Voluntary to Disclose	Descriptive	PRI 1
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Private

SG 18	Voluntary	Descriptive	General
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Private

SG 19	Mandatory	Core Assessed	PRI 2, 6
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SG 19.1	Indicate whether your organisation typically discloses asset class specific information proactively. Select the frequency of the disclosure to clients/beneficiaries and the public, and provide a URL to the public information.
---------	---

Fixed income

Do you disclose?

- We do not disclose to either clients/beneficiaries or the public.
- We disclose to clients/beneficiaries only.
- We disclose to the public

The information disclosed to clients/beneficiaries is the same
--

- Yes
- No

Disclosure to public and URL

Disclosure to public and URL

- Broad approach to RI incorporation
- Detailed explanation of RI incorporation strategy used

Quarterly
https://www.nexuscapital.com/investor-relations/ https://www.nexuscapital.com/investor-relations/

Private equity

Do you disclose?

- We do not disclose to either clients/beneficiaries or the public.
- We disclose to clients/beneficiaries only.
- We disclose to the public

Disclosure to clients/beneficiaries

Disclosure to clients/beneficiaries

- ESG information in relationship to our pre-investment activities
- ESG information in relationship to our post-investment monitoring and ownership activities
- Information on our portfolio companies' ESG performance
- Other

Annually

SG 19.2 Additional information [Optional]

Nexus issues a report to its investors regarding ESG activities within the year in question for some of the funds. The report outlines all the initiatives carried out during the preceding year, both by Nexus and by each of the portfolio companies. It includes a detailed description of the ESG incorporation process and a description of the ESG activities performed by portfolio companies and a set of KPIs to measure key ESG factors.

Nexus Mezzanine quarterly report to investors includes ESG information regarding corporate governance and risk management.

SG Checks Checks

- If there are any messages below, please review them before continuing. If there are no messages below, please save this page and continue.

FI 01.1	Indicate (1) Which ESG incorporation strategy and/or combination of strategies you apply to your actively managed fixed income investments; and (2) The proportion (+/- 5%) of your total actively managed fixed income investments each strategy applies to.
---------	---

Corporate (non-financial)	Screening alone	0
	Thematic alone	0
	Integration alone	0
	Screening + integration strategies	100
	Thematic + integration strategies	0
	Screening + thematic strategies	0
	All three strategies combined	0
	No incorporation strategies applied	0

FI 01.2	Describe your reasons for choosing a particular ESG incorporation strategy and how combinations of strategies are used.
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Nexus is an alternative asset manager which through its mezzanine debt and private equity funds, provides flexible capital solutions to mid-sized companies with growth potential in Mexico, Spain and Portugal.

Nexus Mezzanine Fund is a multi-industry, diversified fund that can offer strategic financing solutions, often not available, to mid-size companies in Mexico. NMF looks to provide custom made structures, to support their growth and temporally liquidity needs that enable mid-sized companies to transition into an institutional business model.

Nexus applies a combination of screening and ESG integration strategies to its debt financing. The reasons to choose this ESG combination strategy are threefold:

- Fiduciary duty, understanding that ESG considerations are at the heart of Nexus Mezzanine Fund investors' strategy.
- Our understanding that the combination of both ESG strategies contributes to a better risk management; and
- Through the mezzanine financing, Nexus has a real opportunity to influence the adoption of ESG considerations within its Borrowers, and from a wider perspective, in Mexico's mid-sized companies market

FI 01.3	Additional information [Optional].
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We act as responsible investors in our day-to-day, integrating ESG factors in each of the phases of our financing process.

- Pre-Financing: exclusions list
- Evaluation: major ESG risks analyzed.
- First Credit Committee: ESG considerations.
- Due Diligence: Deep dive analysis of ESG risks
- Credit Committee Approval: ESG risks consideration
- Documentation: ESG reporting obligations included in the Loan Agreement
- Credit monitoring: borrower report of ESG risks and ESG issues discussed at our yearly Portfolio Review until amortisation.

During the pre-financing phase we apply a negative screening to potential borrowers prior to analyse a financing transaction and we rule out financing companies that participate in any of the following businesses or activities:

- Illegal economic activities: production, marketing or other activity, which is illegal under the laws or regulations of the jurisdiction of origin;
- Tobacco and distilled alcoholic beverages - the production and trade of tobacco and distilled alcoholic beverages and related products;
- Production and trade of weapons and ammunition: the financing of the production and trade of weapons and ammunition of any kind, including chemical weapons and the mining, processing and/or sale of uranium for weapons purposes
- Casinos: the financing of casinos and equivalent undertakings.
- Restrictions in the information technology sector: research, development or technical applications related to electronic data programs or solutions specifically aimed at internet gambling and online casinos
- Life sciences sector: where support is given to the funding of research, development or technical applications related to; (i) human cloning for research or therapeutic purposes; or (ii) genetically modified organisms (GMOs)
- Dams that do not comply with the World Commission on Dams (WCD Framework)
- Mining or trade in rough diamonds not certified by the Kimberley Process;
- Artisanal mining (mining using rustic tools usually unregulated)
- Manufacture, storage and transport of Persistent Organic Pollutants (as defined in the Stockholm Convention) and of certain hazardous industrial chemicals and pesticides (as defined in the Rotterdam Convention)
- Nuclear energy-related activities that do not meet the standards outlined by the International Atomic Energy Agency;
- Illegal logging and subsequent marketing of timber and related forest products; and
- Energy sector activities or projects within or adjacent to UNESCO World Heritage sites

FI 14.1	Indicate the proportion of your fixed income assets on which you engage. Please exclude any engagements carried out solely in your capacity as a shareholder.
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Category	Proportion of assets
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Corporate (non-financial)	<input checked="" type="checkbox"/> >50% <input type="checkbox"/> 26-50% <input type="checkbox"/> 5-25% <input type="checkbox"/> More than 0%, less than 5%
	FI 14.2 Indicate your motivations for conducting engagement (Corporate, non-financial fixed income assets)
	<input checked="" type="checkbox"/> To gain an understanding of ESG strategy and/or management <input checked="" type="checkbox"/> To encourage improved/increased ESG disclosure <input checked="" type="checkbox"/> To influence issuer practice (or identify the need to influence) on ESG issue

FI 15	Mandatory to Report, Voluntary to Disclose	Additional Assessed	PRI 1,2
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FI 15.1 Indicate how you typically engage with issuers as a fixed income investor, or as both a fixed income and listed equity investor. (Please do not include engagements where you are both a bondholder and shareholder but engage as a listed equity investor only.)

Type of engagement	Corporate (non-financial)
Individual/Internal staff engagements	<input checked="" type="checkbox"/>
Collaborative engagements	<input type="checkbox"/>
Service provider engagements	<input type="checkbox"/>

FI 15.2 Indicate how your organisation prioritises engagements with issuers.

	Corporate (non-financial)
Size of holdings	<input type="checkbox"/>
Credit quality of the issuer	<input type="checkbox"/>
Duration of holdings	<input type="checkbox"/>
Quality of transparency on ESG	<input type="checkbox"/>
Specific markets and/or sectors	<input type="checkbox"/>
Specific ESG themes	<input checked="" type="checkbox"/>
Issuers in the lowest ranks of ESG benchmarks	<input type="checkbox"/>
Issuers in the highest ranks of ESG benchmarks	<input type="checkbox"/>
Specific issues considered priorities for the investor based on input from clients and beneficiaries	<input type="checkbox"/>
Other	<input type="checkbox"/>

FI 15.3 Indicate when your organisation conducts engagements with issuers.

	Corporate (non-financial)
We engage pre-investment.	<input checked="" type="checkbox"/>
We engage post-investment.	<input checked="" type="checkbox"/>
We engage proactively in anticipation of specific ESG risks and/or opportunities.	<input checked="" type="checkbox"/>
We engage in reaction to ESG issues that have already affected the issuer.	<input checked="" type="checkbox"/>
We engage prior to ESG-related divestments.	<input type="checkbox"/>
Other, describe	<input type="checkbox"/>

FI 15.4 Indicate what your organisation conducts engagements with issuers on.

	Corporate (non-financial)
We engage on ESG risks and opportunities affecting a specific bond issuer or its issuer.	<input checked="" type="checkbox"/>
We engage on ESG risks and opportunities affecting the entire industry or region that the issuer belongs to.	<input checked="" type="checkbox"/>
We engage on specific ESG themes across issuers and industries (e.g., human rights).	<input checked="" type="checkbox"/>
Other, describe	<input type="checkbox"/>

FI 15.5 Indicate how your organisation ensures that information and insights collected through engagement can feed into the investment decision-making process.

	Corporate (non-financial)
Ensuring regular cross-team meetings and presentations.	<input checked="" type="checkbox"/>
Sharing engagement data across platforms that is accessible to ESG and investment teams.	<input checked="" type="checkbox"/>
Encouraging ESG and investment teams to join engagement meetings and roadshows.	<input type="checkbox"/>
Delegating some engagement dialogue to portfolio managers/credit analysts.	<input type="checkbox"/>
Involving portfolio managers when defining an engagement programme and developing engagement decisions.	<input checked="" type="checkbox"/>
Establishing mechanisms to rebalance portfolio holdings based on levels of interaction and outcomes of engagements.	<input type="checkbox"/>
Considering active ownership as a mechanism to assess potential future investments.	<input checked="" type="checkbox"/>
Other, describe	<input type="checkbox"/>
We do not ensure that information and insights collected through engagement can feed into the investment decision-making process.	<input type="checkbox"/>

FI 16	Mandatory to Report, Voluntary to Disclose	Additional Assessed	PRI 1,2
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FI 16.1 Indicate if your publicly available policy documents explicitly refer to fixed income engagement separately from engagements in relation to other asset classes.

Yes

FI 16.2 Please attach or provide a URL to your fixed income engagement policy document. [Optional]

<https://www.nexuscapital.com/investor-relations/>

No

FI 16.3 Additional information [OPTIONAL]

The compliance with the Nexus Responsible Investment Policy is included as a Borrower obligation, within the credit agreement and other operation documents. Likewise, the Borrower has to comply with the Loan Agreement Information Undertakings clause which includes a periodic ESG report.

FI 17	Mandatory to Report, Voluntary to Disclose	Additional Assessed	General
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Private

FI 18	Voluntary	Descriptive	PRI 1,2
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FI 18.1 Provide examples of how your incorporation of ESG analysis and/or your engagement of issuers has affected your fixed income investment outcomes during the reporting year.

Example 1

Corporate (non-financial)	
ESG issue and explanation	Borrower: leading payment solutions company in Mexico. Results from the ESG analysis: the company has a strong ESG policy in place that was highly valued by the Credit Committee.
Integration	
Impact on investment decision or performance	Positive effect on fixed income investment outcome: ESG improvements undertaken have had positive impact in energy cost reduction, employee engagement and productivity (Super Empresa Award), service quality (ISO 9001) and risk management (improved cyber-security) that ultimately has translated into better financial results and increased capacity for debt repayment.

Example 2

Corporate (non-financial)	
ESG issue and explanation	Borrower: financial institution that provides credit and other financial services to low income borrowers Results from the ESG analysis: high social impact of the business, strong governance and employee wellbeing culture (Great Places to Work)
Integration	
Impact on investment decision or performance	ESG investment decision drivers: <ul style="list-style-type: none"> Core business highly aligned with Nexus ESG policy principles Strong governance structure with best in class risk management practices

- Example 3
- Example 4
- Example 5

PE 01	Voluntary	Descriptive	PRI 1-6
PE 01.1	Provide a brief overview of your organisation's approach to responsible investment in private equity.		
<p>In Nexus we believe that the incorporation of social, environmental and good corporate governance (Environmental, Social and Governance or ESG) factors in our investment process, as well as in the management of our portfolio companies contributes to the creation of value, besides being an effective way to manage risk in our investment activity.</p> <p>We act as responsible investors in our day to day, integrating ESG factors in each of the phases of our investment process:</p> <p>1. Pre - Investment: we have decided to exclude from our investment universe a number of activities that are contrary to our principles and involve high reputational risk. Therefore, we rule out investing in companies that participate in any of the following businesses or activities:</p> <ol style="list-style-type: none"> 1. Illegal economic activities: production, marketing or other activity, which is illegal under the laws or regulations of the jurisdiction of origin; 2. Tobacco and distilled alcoholic beverages - the production and trade of tobacco and distilled alcoholic beverages and related products; 3. Production and trade of weapons and ammunition: the production and trade of weapons and ammunition of any kind, including chemical weapons and the mining, processing and/or sale of uranium for weapons purposes 4. Casinos and equivalent undertakings. 5. Restrictions in the information technology sector: research, development or technical applications related to electronic data programs or solutions specifically aimed at internet gambling and online casinos 6. Life sciences sector: where support is given to the funding of research, development or technical applications related to; (i) human cloning for research or therapeutic purposes; or (ii) genetically modified organisms (GMOs) 7. Dams that do not comply with the World Commission on Dams (WCD Framework) 8. Mining or trade in rough diamonds not certified by the Kimberley Process; 9. Artisanal mining (mining using rustic tools usually unregulated) 10. Manufacture, storage and transport of Persistent Organic Pollutants (as defined in the Stockholm Convention) and of certain hazardous industrial chemicals and pesticides (as defined in the Rotterdam Convention) 11. Nuclear energy-related activities that do not meet the standards outlined by the International Atomic Energy Agency; 12. Illegal logging and subsequent marketing of timber and related forest products; and 13. Energy sector activities or projects within or adjacent to UNESCO World Heritage sites. <p>This list of exclusions is periodically reviewed to include controversial issues that are identified in the ongoing dialogue with our investors.</p> <p>2. Evaluation: those companies that meet our investment criteria are subject to a prior analysis process by the investment team which includes (i) description of the company's business, (ii) analysis of the sector, (iii) investment thesis, (iv) operation structure, (v) potential strengths, opportunities and risks (including major ESG risks and), (vi) expected returns, and (vii) preliminary business plan. This analysis is set out in a document called Deal Alert.</p> <p>3. First Investment Committee, Negotiation of the Memorandum of Understanding and Approval of the Due Diligence Budget: in case it is decided to proceed with the transaction, the responsible team will start the negotiation of a Memorandum of Understanding with the company on the basis of a non-binding assessment. At this stage, a report is also prepared for the Investment Committee which includes, among others, the budget approval for the due diligence analysis, including on ESG matters.</p> <p>4. Due Diligence Analysis: it will include a specific ESG due diligence analysis that shall be performed by an external provider in order to identify short and long-term ESG risks and opportunities. The results of the analysis should be included in a report of conclusions and recommendations that should contain details of the most relevant issues from an ESG perspective for making an investment decision and recommendations for mitigating the identified ESG risks and exploiting the potential opportunities encountered during the investment period.</p> <p>5. Investment Committee Approval: once the transaction team is satisfied with the results of the due diligence analysis, the relevant team will prepare the Investment Memorandum and submit it to the Investment Committee for final approval of the transaction. The Investment Memorandum should include at least a specific section devoted to the main ESG risks and opportunities identified in the Due Diligence phase. In the same committee, the 180-day Plan is also presented, which includes some of the actions recommended in the Due Diligence phase. The 180-day plan will include at least good corporate governance and business continuity measures (measures to align and retain key talent).</p> <p>6. Value Creation: during the investment phase, at least one of the senior members of the investment team will join the board of directors of the portfolio company. He will be involved in key operational and strategic decisions and will also ensure the implementation of the following ESG measures:</p> <ol style="list-style-type: none"> (i) The endorsement of the portfolio company to the Nexus ESG policy; (ii) The appointment of an ESG responsible in the portfolio company; (iii) The inclusion of the ESG issues in the agenda of at least two meetings of the Board of Directors per year; (iv) The approval of ESG measures within the framework of the 180 Day Plan, Value Creation Plan and Business Plan; and (v) The definition and calculation of ESG KPIs.. <p>7. Divestment: our objective is to be able to demonstrate at exit that the ESG actions that we have undertaken during the investment period have contributed to the creation of value and a more sustainable company, from a social and environmental point of view.</p>			

PE 02	Mandatory	Core Assessed	PRI 2
PE 02.1	Indicate whether your organisation's investment activities are guided by a responsible investment policy / follow responsible investment guidelines.		
<p>✓ Our investment activities are guided by a responsible investment policy</p>			
PE 02.2	Describe how your organisation outlines expectations on staff and portfolio companies' approach towards ESG issues in investment activities.		
<p>Our investment activities are guided by a responsible investment policy which covers the following:</p> <ul style="list-style-type: none"> • Nexus' Responsible Investment Beliefs • Guiding Principles and Commitments • ESG governance • Integration of ESG factors into the investment process: (i) Pre- investment, (ii) Evaluation, (iii) First Investment Committee, (iv) Negotiation of the Memorandum of Understanding and Approval of the Due Diligence Budget, (iv) Due Diligence Analysis, (v) Investment Committee Approval, (vi) Value Creation, (vii) Divestment. • Transparency and Communication • Internal and external promotion of Responsible Investment <p>With respect to our Guiding Principles and Commitments, we are committed in our activity and in that of our portfolio companies to act in accordance with the values and principles recognized in the United Nations Global Compact in the areas of human rights, labor rights, the environment and the fight against corruption, and in the main international agreements in this respect signed within the framework of the United</p>			

Nations, the International Labor Organization or the OECD.

Our integration process follows the guidelines and best practices of UN PRI, LAVCA, EVCA and BVCA.

We also use the Sustainable Development Objectives to align our sustainable objectives and actions.

- Our investment activities are not guided by a responsible investment policy
- We do not have a responsible investment policy

PE 03	Mandatory	Core Assessed	PRI 1,4,6
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PE 03.1 Indicate if your most recent fund placement documents (private placement memorandums (PPM) or similar) refer to responsible investment.

Yes

PE 03.2 Indicate how your most recent fund placement documents (PPM or similar) refer to the following responsible investment:

- Policy and commitment to responsible investment
- Approach to ESG issues in pre-investment processes
- Approach to ESG issues in post-investment processes
- Approach to ESG reporting

PE 03.3 Describe how your organisation refers to responsible investment in fund placement documents (PPMs or similar). [Optional]

The PPM of Nexus Iberia Fund I includes as a general statement that the investment guidelines of the fund aims to incorporate ESG factors into investment decisions, to better manage risk and generate sustainable, long term returns. It also mentions that Nexus is a signatory of the Principles for Responsible Investment, demonstrating its commitment to responsible investment.

With regard to the approach to ESG issues in pre-investment processes, the PPM includes the analysis of ESG risks in the Due Diligence.

- No
- Not applicable as our organisation does not fundraise

PE 04	Voluntary	Additional Assessed	PRI 4
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PE 04.1 Indicate whether your organisation made formal commitments to responsible investment in the, Limited Partnership Agreement (LPA) of your most recent fund(s), or through side letters when requested by investors.

Yes

If yes

- In LPA, incorporated in the original draft as standard procedure
- In LPA, as requested by investors
- In side letter(s)
- Other

No

PE 05	Mandatory	Gateway	PRI 1
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PE 05.1 During due-diligence indicate if your organisation typically incorporates ESG issues when selecting private equity investments.

Yes

PE 05.2 Describe your organisation's approach to incorporating ESG issues in private equity investment selection.

The ESG due diligence is performed by an external provider and covers at the following items:

- (i) Analysis of the adequacy of the investment to the exclusions and restrictions defined in the ESG policy.
- (ii) High level analysis of the geographies and sectors in which the company operates from an ESG perspective.
- (iii) Specific analysis of the company to assess ESG risks and opportunities.

The ESG Due Diligence process ensures that the following aspects are covered when analysing new investment opportunities:

1. Respect of workers' human rights
2. Maintain safe and healthy work conditions for employees and contractors
3. Prudent and responsible environmental management of operations, ensuring an efficient use of natural resources as well as mitigation of environmental risks and issues
4. Maintain high standards of business integrity, avoid corruption in any of its forms and complying with laws and regulation applicable against bribery, fraud and money laundering
5. Apply a good business management establishing clear responsibilities, procedures and controls and applying best corporate governance practices
6. Follow as a standard an inclusion and diversity policy

The results of the analysis are included in a conclusions and recommendations report. This report contains details of the most relevant issues from an ESG perspective, to be taken into consideration when making an investment decision. In addition, the report includes recommendations to mitigate the identified ESG risks and identifies the potential ESG opportunities to be tapped during the investment period.

In those cases where the due diligence identifies material ESG risks, Nexus will require that the investee commits to apply the appropriate measures to mitigate those risks. Nexus will support the investee by developing action plans with precise objectives, deadlines and resources.

No

PE 06	Mandatory	Core Assessed	PRI 1,3				
PE 06.1	Indicate what type of ESG information your organisation typically considers during your private equity investment selection process.						
	<input checked="" type="checkbox"/> Raw data from target company <input type="checkbox"/> Benchmarks against other companies <input checked="" type="checkbox"/> Sector level data/benchmarks <input checked="" type="checkbox"/> Country level data/benchmarks <input checked="" type="checkbox"/> Reporting standards, industry codes and certifications <input checked="" type="checkbox"/> International initiatives, declarations or standards <input checked="" type="checkbox"/> Engagements with stakeholders (e.g. customers and suppliers) <input checked="" type="checkbox"/> Advice from external resources <input type="checkbox"/> Other, specify <input type="checkbox"/> We do not track this information						
PE 06.2	Describe how this information is reported to, considered and documented by the Investment Committee or similar.						
	<p>This information is analysed during the ESG due diligence. The conclusions from the due diligence are incorporated to the Investment Memorandum and submitted to the Investment Committee. In those cases where the due diligence identifies material ESG risks, Nexus may decide not to invest or may require the investee to apply the appropriate measures to mitigate those risks. The mitigating actions are then included in the 180 days plan or Value Creation plan and subject to periodic monitoring.</p>						
PE 07	Voluntary	Additional Assessed	PRI 1,2				
PE 07.1	During deal structuring, what is the process for integrating ESG-related considerations into the deal documentation and/or the post-investment action plan?.						
	<input checked="" type="checkbox"/> Yes						
	<table border="1"> <tr> <td></td> <td>If yes</td> </tr> <tr> <td></td> <td> <input checked="" type="checkbox"/> Formally/through a post-investment action plan or value enhancement plan <input type="checkbox"/> Verbally/through dialogue <input type="checkbox"/> Other, specify </td> </tr> </table>				If yes		<input checked="" type="checkbox"/> Formally/through a post-investment action plan or value enhancement plan <input type="checkbox"/> Verbally/through dialogue <input type="checkbox"/> Other, specify
	If yes						
	<input checked="" type="checkbox"/> Formally/through a post-investment action plan or value enhancement plan <input type="checkbox"/> Verbally/through dialogue <input type="checkbox"/> Other, specify						
PE 07.2	Describe the nature of these improvements and provide examples (if any) from the reporting year						
	<p>The investments are presented to the Investment Committee for final approval and in the same committee, a 180-day plan is also presented including ESG measures such as good corporate governance and business continuity measures. During the investment phase, at least one of the senior members of the investment team will join the board of directors and will ensure the approval of ESG measures within the framework of the Value Creation Plan.</p>						
	<input type="checkbox"/> We do not set expectations for portfolio companies on ESG-related considerations						
PE 08	Voluntary	Additional Assessed	PRI 1				
	Private						
PE 09	Mandatory	Gateway/Core Assessed	PRI 2				
PE 09.1	Indicate whether your organisation incorporates ESG issues in investment monitoring of portfolio companies.						
	<input checked="" type="checkbox"/> Yes						
PE 09.2	Indicate the proportion of portfolio companies where your organisation included ESG performance in investment monitoring during the reporting year.						
	<input type="checkbox"/> >90% of portfolio companies <input type="checkbox"/> 51-90% of portfolio companies <input checked="" type="checkbox"/> 10-50% of portfolio companies <input type="checkbox"/> <10% of portfolio companies						
PE 09.3	Indicate ESG issues for which your organisation typically sets and monitors targets (KPIs or similar) and provide examples per issue.						
	<input type="checkbox"/> Environmental <input type="checkbox"/> Social <input type="checkbox"/> Governance <input checked="" type="checkbox"/> We do not set and/or monitor against targets						
	<input type="checkbox"/> No						
PE 09.4	Additional information. [Optional]						
	<p>In 2020 Nexus has approved to monitor a set of 12 KPI's that covers relevant ESG factors in their portfolio companies. Those KPI's will be included in the Annual Sustainability Report and shared with investors and other stakeholders.</p>						
PE 10	Mandatory	Core Assessed	PRI 2				

PE 10.1	Indicate if your organisation tracks the proportion of your portfolio companies that have an ESG/sustainability-related policy (or similar guidelines).
<input checked="" type="checkbox"/> Yes	
PE 10.2	Indicate what percentage of your portfolio companies has an ESG/sustainability policy (or similar guidelines).
<input type="checkbox"/> >90% of portfolio companies <input type="checkbox"/> 51-90% of portfolio companies <input checked="" type="checkbox"/> 10-50% of portfolio companies <input type="checkbox"/> <10% of portfolio companies <input type="checkbox"/> 0% of portfolio companies	
<input type="checkbox"/> No	

PE 11	Voluntary	Additional Assessed	PRI 2
Private			
PE 12	Voluntary	Descriptive	PRI 2,3
Private			
PE 13	Voluntary	Additional Assessed	PRI 2
Private			
PE 14	Voluntary	Additional Assessed	PRI 1,2
Private			

PE 15	Mandatory to Report, Voluntary to Disclose	Descriptive	PRI 1,2
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PE 15.1	Provide examples of ESG issues that you identified in your potential and/or existing private equity investments during the reporting year.
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Add Example 1

Investment Stage	Due diligence
ESG issues	ESG issues
	<input type="checkbox"/> Environmental <input checked="" type="checkbox"/> Social Lack of a professionalized and centralized HR function in a company with complex HR administration with hundreds of temporary contracts. <input checked="" type="checkbox"/> Governance Poor corporate governance structure relative to the complexity of the business. Lack of board of directors and excessive concentration of roles in two key persons.
Sector(s)	Advertising production
Impact (or potential impact) on the investment	<ul style="list-style-type: none"> The HR administration is decentralized in each project generating administrative errors sometimes that may lead to potential administrative fines and may affect the continuity of a project. A number of the temporary workers had signed consecutive contracts which arises concerns regarding its potential reclassification as permanent contracts with a compensation. The absence of a Human Resources department causes these risks to be inadequately managed. The excessive concentration of roles in two key persons is a threat to business continuity. The lack of a board of directors is contrary to corporate governance best practices and entails risks of lack of control and mismanagement practices (arbitrary remuneration, conflicts of interest, etc.)
Activities undertaken to influence the investment and its response	The 180-days plan includes specific social and corporate governance measures addressed to manage the abovementioned risks: <ul style="list-style-type: none"> Creation of a centralized HR department that will control and manage the hiring process. Creation of a diverse board of directors with independent members. Implement talent retention mechanism to ensure the retention of the key persons and underwrite a key person policy to cover the risk of death of key people in the business. Both actions are aimed to ensure business continuity.

Add Example 2

Investment Stage	Investment monitoring
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ESG issues	ESG issues
	<input checked="" type="checkbox"/> Environmental <p style="margin-left: 20px;">Company focused on distribution, logistics and ground transportation industry in Mexico with more than 8,000 units.</p> <input checked="" type="checkbox"/> Social <p style="margin-left: 20px;">Company focused on transportation, it acknowledges that Mexico is an emerging market with several social issues that must be addressed by the private sector.</p> <input type="checkbox"/> Governance
Sector(s)	Transportation and logistics.
Impact (or potential impact) on investment	<ul style="list-style-type: none"> Given the sector in which the company is focused and the number of units it operates, the carbon footprint, noise and other environmental effects are significantly higher compared to other industries. In addition, each division of the company (freight, integrated logistics, warehousing services, and personnel and student transportation) has different environmental impacts, hence, the company has to develop various programs to counter the environmental impact and address social issues in Mexico.
Activities undertaken to influence the investment and its response	<p>The company has developed 4 programs to counter its environmental impact and address social issues in Mexico:</p> <ol style="list-style-type: none"> Resting Better: Reducing Environmental Impact Program <p>When the truck operators are resting in the resting areas, the company promotes fuel savings and reduce its emissions by replacing the use of motor vehicles' AC with external electrical AC equipment. The energy source of some stations comes from solar panels which contributes to a cleaner program.</p> Environmental and Natural Resources Ministry's (SEMARNAT for its Spanish acronym) Certification as "Clean Transport" <ul style="list-style-type: none"> Constant renewal of its fleet; and Cargo division has implemented new technologies to reduce the fuel consumption and the CO2 emissions, particulate matter (PM) and nitrogen oxides (NOx). Making Mexico Greener Program (Environmental and Sustainability Project) <p>The company built a tree-nursery with a capacity of 100,000 trees, providing training on the management of the nursery, and raising awareness among children and their families on issues of good agricultural and environmental conservation practices.</p> DHBus: On Route for the Education in Low-Income Communities <p>A professional team of experienced educators educate children, teenagers and adults from low-income families on human rights, finance and sustainability in a mobile classroom.</p>

- Add Example 3
- Add Example 4
- Add Example 5

PE 15.2	Describe how you define and evaluate the materiality of ESG factors.
Risks that may have a material impact on the long term value of the business or material reputational damage.	

PE 16	Mandatory to Report, Voluntary to Disclose	Descriptive	PRI 6
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PE 16.1	Describe your organisation's approach to disclosing ESG incidents in private equity investments to your investor clients (LPs).
<p>In case Nexxus comes across an ESG issue during the investment period, the RI policy describes that Nexxus will support the portfolio company in dealing with such issues by working closely with the responsible team in developing action plans with adequate objectives, timetables and resources.</p> <p>Nexxus ESG responsible coordinates the ESG activity at portfolio level, dealing with ESG issues and deciding about their materiality and communication to stakeholders (including LPs).</p>	

CM1 01	Mandatory	Additional Assessed	General
CM1 01.1	Indicate whether the reported information you have provided for your PRI Transparency Report this year has undergone:		
<input type="checkbox"/> Third party assurance over selected responses from this year's PRI Transparency Report <input type="checkbox"/> Third party assurance over data points from other sources that have subsequently been used in your PRI responses this year <input type="checkbox"/> Third party assurance or audit of the correct implementation of RI processes (that have been reported to the PRI this year) <input type="checkbox"/> Internal audit of the correct implementation of RI processes and/or accuracy of RI data (that have been reported to the PRI this year) <input checked="" type="checkbox"/> Internal verification of responses before submission to the PRI (e.g. by the CEO or the board) <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Whole PRI Transparency Report has been internally verified <input type="checkbox"/> Selected data has been internally verified <input checked="" type="checkbox"/> Other, specify <p style="margin-left: 20px;">The report has been reviewed by Nexxus ESG consultants.</p> <input type="checkbox"/> None of the above			
CM1 02	Mandatory	Descriptive	General
CM1 02.1	We undertook third party assurance on last year's PRI Transparency Report		
<input type="radio"/> Whole PRI Transparency Report was assured last year <input type="radio"/> Selected data was assured in last year's PRI Transparency Report <input type="radio"/> We did not assure last year's PRI Transparency report <input checked="" type="radio"/> None of the above, we were in our preparation year and did not report last year.			
CM1 03	Mandatory	Descriptive	General
CM1 03.1	We undertake confidence building measures that are unspecific to the data contained in our PRI Transparency Report:		
<input type="checkbox"/> We adhere to an RI certification or labelling scheme <input type="checkbox"/> We carry out independent/third party assurance over a whole public report (such as a sustainability report) extracts of which are included in this year's PRI Transparency Report <input type="checkbox"/> ESG audit of holdings <input type="checkbox"/> Other, specify <input checked="" type="checkbox"/> None of the above			
CM1 04	Mandatory	Descriptive	General
CM1 04.1	Do you plan to conduct third party assurance of this year's PRI Transparency report?		
<input type="radio"/> Whole PRI Transparency Report will be assured <input type="radio"/> Selected data will be assured <input checked="" type="radio"/> We do not plan to assure this year's PRI Transparency report			
CM1 07	Mandatory	Descriptive	General
CM1 07.1	Indicate who has reviewed/verified internally the whole - or selected data of the - PRI Transparency Report . and if this applies to selected data please specify what data was reviewed		
<input type="checkbox"/> CEO or other Chief-Level staff <input type="checkbox"/> The Board <input type="checkbox"/> Investment Committee <input type="checkbox"/> Compliance Function <input checked="" type="checkbox"/> RI/ESG Team <input checked="" type="checkbox"/> Investment Teams <input checked="" type="checkbox"/> Legal Department <input type="checkbox"/> Other (specify)			