



LEA 02	Discipline: Mandatory	Principle: PRI 1, 2, 3
<p><b>Type of engagement</b></p> <p>Individual/ internal staff engagements</p> <p>Collaborative engagements</p> <p>Service provider engagements</p>	<p><b>Reason for interaction</b></p> <p><input checked="" type="checkbox"/> To support investment decisionmaking in a company's material ESG issues</p> <p><input checked="" type="checkbox"/> To influence corporate practice or identify the need for additional or enhanced ESG disclosure</p> <p><input checked="" type="checkbox"/> To engage internal ESG disclosure</p> <p><input type="checkbox"/> Other: specify</p> <p><input type="checkbox"/> We do not engage in internal staff</p> <p><input type="checkbox"/> To support investment decisionmaking in a company's material ESG issues</p> <p><input type="checkbox"/> To influence corporate practice or identify the need for additional or enhanced ESG disclosure</p> <p><input type="checkbox"/> We do not engage in collaborative engagements</p> <p><input type="checkbox"/> To support investment decisionmaking in a company's material ESG issues</p> <p><input type="checkbox"/> To influence corporate practice or identify the need for additional or enhanced ESG disclosure</p> <p><input type="checkbox"/> Other: specify</p> <p><input type="checkbox"/> We do not engage in service provider engagements</p> <p><input type="checkbox"/> To support investment decisionmaking in a company's material ESG issues</p> <p><input type="checkbox"/> To influence corporate practice or identify the need for additional or enhanced ESG disclosure</p> <p><input type="checkbox"/> Other: specify</p> <p><input type="checkbox"/> We do not engage in service provider engagements</p>	

# 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 2020 reporting cycle. 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. As a result, the reports can be extensive. However, to help easily locate information, there is a **Principles index** which highlights where the information can be found and summarises the indicators that signatories complete and disclose.

## Understanding the Principles Index

The Principles Index summarises the response status for the individual indicators and modules and shows how these relate to the six [Principles for Responsible Investment](#). It can be used by stakeholders as an 'at-a-glance' summary of reported information and to identify particular themes or areas of interest.

Indicators can refer to one or more Principles. Some indicators are not specific to any Principle. These are highlighted in the 'General' column. When multiple Principles are covered across numerous indicators, in order to avoid repetition, only the main Principle covered is highlighted.

All indicators within a module are presented below. The status of indicators is shown with the following symbols:

Symbol	Status
✓	The signatory has completed all mandatory parts of this indicator
☑	The signatory has completed some parts of this indicator
🔒	This indicator was not relevant for this signatory
-	The signatory did not complete any part of this indicator
Ⓜ	The signatory has flagged this indicator for internal review

Within the table, indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.

# Principles Index

Organisational Overview				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OO TG		🔒	n/a							
OO 01	Signatory category and services	✓	Public							✓
OO 02	Headquarters and operational countries	✓	Public							✓
OO 03	Subsidiaries that are separate PRI signatories	✓	Public							✓
OO 04	Reporting year and AUM	✓	Public							✓
OO 05	Breakdown of AUM by asset class	✓	Asset mix disclosed in OO 06							✓
OO 06	How would you like to disclose your asset class mix	✓	Public							✓
OO 07	Fixed income AUM breakdown	✓	Public							✓
OO 08	Segregated mandates or pooled funds	🔒	n/a							✓
OO 09	Breakdown of AUM by market	✓	Public							✓
OO 10	Active ownership practices for listed assets	✓	Public							✓
OO 11	ESG incorporation practices for all assets	✓	Public							✓
OO 12	Modules and sections required to complete	✓	Public							✓
OO LE 01	Breakdown of listed equity investments by passive and active strategies	🔒	n/a							✓
OO LE 02	Reporting on strategies that are <10% of actively managed listed equities	🔒	n/a							✓
OO FI 01	Breakdown of fixed income investments by passive and active strategies	✓	Public							✓
OO FI 02	Reporting on strategies that are <10% of actively managed fixed income	🔒	n/a							✓
OO FI 03	Fixed income breakdown by market and credit quality	✓	Public							✓
OO SAM 01	Breakdown of externally managed investments by passive and active strategies	🔒	n/a							✓
OO PE 01	Breakdown of private equity investments by strategy	✓	Public							✓
OO PE 02	Typical level of ownership in private equity investments	✓	Public							✓
OO PR 01	Breakdown of property investments	🔒	n/a							✓
OO PR 02	Breakdown of property assets by management	🔒	n/a							✓
OO PR 03	Largest property types	🔒	n/a							✓
OO INF 01	Breakdown of infrastructure investments	🔒	n/a							✓
OO INF 02	Breakdown of infrastructure assets by management	🔒	n/a							✓
OO INF 03	Largest infrastructure sectors	🔒	n/a							✓
OO HF 01	Breakdown of hedge funds investments by strategies	🔒	n/a							✓
OO End	Module confirmation page	✓	-							

CCStrategy and Governance				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
SG 01	RI policy and coverage	✓	Public							✓
SG 01 CC	Climate risk	✓	Private							✓
SG 02	Publicly available RI policy or guidance documents	✓	Public						✓	
SG 03	Conflicts of interest	✓	Public							✓
SG 04	Identifying incidents occurring within portfolios	✓	Public							✓
SG 05	RI goals and objectives	✓	Public							✓
SG 06	Main goals/objectives this year	✓	Public							✓
SG 07	RI roles and responsibilities	✓	Public							✓
SG 07 CC	Climate-issues roles and responsibilities	✓	Private							✓
SG 08	RI in performance management, reward and/or personal development	✓	Private							✓
SG 09	Collaborative organisations / initiatives	✓	Public				✓	✓		
SG 09.2	Assets managed by PRI signatories	🔒	n/a	✓						
SG 10	Promoting RI independently	✓	Public				✓			
SG 11	Dialogue with public policy makers or standard setters	✓	Private				✓	✓	✓	
SG 12	Role of investment consultants/fiduciary managers	✓	Public				✓			
SG 13	ESG issues in strategic asset allocation	✓	Public	✓						
SG 13 CC		🔒	n/a							✓
SG 14	Long term investment risks and opportunity	✓	Private	✓						
SG 14 CC		-	n/a							✓
SG 15	Allocation of assets to environmental and social themed areas	✓	Private	✓						
SG 16	ESG issues for internally managed assets not reported in framework	🔒	n/a							✓
SG 17	ESG issues for externally managed assets not reported in framework	🔒	n/a							✓
SG 18	Innovative features of approach to RI	✓	Private							✓
SG 19	Communication	✓	Public		✓				✓	
SG End	Module confirmation page	✓	-							

Direct - Fixed Income				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
FI 01	Incorporation strategies applied	✓	Public	✓						
FI 02	ESG issues and issuer research	✓	Public	✓						
FI 03	Processes to ensure analysis is robust	✓	Public	✓						
FI 04	Types of screening applied	✓	Public	✓						
FI 05	Examples of ESG factors in screening process	✓	Public	✓						
FI 06	Screening - ensuring criteria are met	✓	Public	✓						
FI 07	Thematic investing - overview	🔒	n/a	✓						
FI 08	Thematic investing - themed bond processes	🔒	n/a	✓						
FI 09	Thematic investing - assessing impact	🔒	n/a	✓						
FI 10	Integration overview	✓	Public	✓						
FI 11	Integration - ESG information in investment processes	✓	Public	✓						
FI 12	Integration - E,S and G issues reviewed	✓	Public	✓						
FI 13	ESG incorporation in passive funds	🔒	n/a	✓						
FI 14	Engagement overview and coverage	✓	Public		✓					
FI 15	Engagement method	✓	Public	✓	✓					
FI 16	Engagement policy disclosure	✓	Public	✓	✓					
FI 17	Financial/ESG performance	✓	Private							✓
FI 18	Examples - ESG incorporation or engagement	✓	Public	✓	✓					
FI End	Module confirmation page	✓	-							

Direct – Private Equity				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
PE 01	Description of approach to RI	✓	Public	✓					✓	
PE 02	Investment guidelines and RI	✓	Public		✓					
PE 03	Fund placement documents and RI	✓	Public	✓			✓		✓	
PE 04	Formal commitments to RI	✓	Public				✓			
PE 05	Incorporating ESG issues when selecting investments	✓	Public	✓						
PE 06	Types of ESG information considered in investment selection	✓	Public	✓		✓				
PE 07	Encouraging improvements in investees	✓	Public	✓	✓					
PE 08	ESG issues impact in selection process	✓	Private	✓						
PE 09	Proportion of companies monitored on their ESG performance	✓	Public		✓					
PE 10	Proportion of portfolio companies with sustainability policy	✓	Public		✓					
PE 11	Actions taken by portfolio companies to incorporate ESG issues into operations	✓	Private		✓					
PE 12	Type and frequency of reports received from portfolio companies	✓	Private		✓	✓				
PE 13	Disclosure of ESG issues in pre-exit	✓	Private		✓					
PE 14	ESG issues affected financial/ESG performance	✓	Private	✓	✓					
PE 15	Examples of ESG issues that affected your PE investments	✓	Public	✓	✓					
PE 16	Approach to disclosing ESG incidents	✓	Public						✓	
PE End	Module confirmation page	✓	-							

Confidence building measures				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
CM1 01	Assurance, verification, or review	✓	Public							✓
CM1 02	Assurance of last year's PRI data	✓	Public							✓
CM1 03	Other confidence building measures	✓	Public							✓
CM1 04	Assurance of this year's PRI data	✓	Public							✓
CM1 05	External assurance	🔒	n/a							✓
CM1 06	Assurance or internal audit	🔒	n/a							✓
CM1 07	Internal verification	✓	Public							✓
CM1 01 End	Module confirmation page	✓	-							

# Nexus

## Reported Information

## Public version

## Organisational Overview

## PRI disclaimer

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## Basic information

OO 01

Mandatory

Public

Gateway/Peering

General

OO 01.1

Select the services and funds you offer

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%	

Further options (may be selected in addition to the above)

- Hedge funds
- Fund of hedge funds

OO 01.2

Additional information. [Optional]

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](http://www.nexuscapital.com)).

OO 02

Mandatory

Public

Peering

General

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

Mexico

**OO 02.2** | Indicate the number of countries in which you have offices (including your headquarters).

- 1
- 2-5
- 6-10
- >10

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

**FTE**

41

**OO 02.4** | Additional information. [Optional]

Nexus is headquartered in Mexico City (Mexico) and has a regional office in Madrid (Spain).

<b>OO 03</b>	<b>Mandatory</b>	<b>Public</b>	<b>Descriptive</b>	<b>General</b>
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**OO 03.1** | Indicate whether you have subsidiaries within your organisation that are also PRI signatories in their own right.

- Yes
- No

<b>OO 04</b>	<b>Mandatory</b>	<b>Public</b>	<b>Gateway/Peering</b>	<b>General</b>
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**OO 04.1** | Indicate the year end date for your reporting year.

31/12/2019

**OO 04.2** | Indicate your total AUM at the end of your reporting year.

Include the AUM of subsidiaries, but exclude advisory/execution only assets, and exclude the assets of your PRI signatory subsidiaries that you have chosen not to report on in OO 03.2

	trillions	billions	millions	thousands	hundreds
Total AUM		1	035	447	074
Currency	USD				
Assets in USD		1	035	447	074

Not applicable as we are in the fund-raising process

**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

Not applicable as we do not have any assets under execution and/or advisory approach

**OO 06**

**Mandatory**

**Public**

**Descriptive**

**General**

**OO 06.1**

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

 as percentage breakdown

	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

 as broad ranges**OO 06.2**

Publish asset class mix as per attached image [Optional].

**OO 06.3**

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

 Yes No

**OO 06.5** Indicate whether your organisation uses fiduciary managers.

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

<b>OO 07</b>	<b>Mandatory to Report Voluntary to Disclose</b>	<b>Public</b>	<b>Gateway</b>	<b>General</b>
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**OO 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.

<b>Internally managed</b>	SSA	0
	Corporate (financial)	0
	Corporate (non-financial)	100
	Securitised	0
	Total	100%

<b>OO 09</b>	<b>Mandatory</b>	<b>Public</b>	<b>Peering</b>	<b>General</b>
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**OO 09.1** Indicate the breakdown of your organisation's AUM by market.

Developed Markets	17
Emerging Markets	83
Frontier Markets	0

Other Markets
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0

Total 100%
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100%

<b>OO 09.2</b>	Additional information. [Optional]
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Our funds are located in Mexico and Spain.

### Asset class implementation gateway indicators

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

<b>OO 11</b>	<b>Mandatory</b>	<b>Public</b>	<b>Gateway</b>	<b>General</b>
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<b>OO 11.1</b>	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).
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Fixed income - corporate (non-financial)
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- We address ESG incorporation.
- We do not do ESG incorporation.

Private equity
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- We address ESG incorporation.
- We do not do ESG incorporation.

<b>OO 12</b>	<b>Mandatory</b>	<b>Public</b>	<b>Gateway</b>	<b>General</b>
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<b>OO 12.1</b>	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.
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Core modules

- Organisational Overview
- Strategy and Governance

RI implementation directly or via service providers

Direct - Fixed Income

- Fixed income - Corporate (non-financial)

Direct - Other asset classes with dedicated modules

- Private Equity

Closing module

- Closing module

Peering questions

OO FI 01	Mandatory to Report Voluntary to Disclose	Public	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

<b>Corporate (non-financial)</b>	Passive	0
	Active - quantitative (quant)	0
	Active - fundamental and active - other	100
	Total	100%

OO FI 03	Mandatory	Public	Descriptive	General
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Update: this indicator has changed from "Mandatory to report, voluntary to disclose" to "Mandatory". **Your response to this indicator will be published in the Public Transparency Report.** This change is to enable improved analysis and peering.

**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 mid-sized 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	Public	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	Public	Descriptive	General
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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.

# Nexus

## Reported Information

## Public version

## Strategy and Governance

### PRI disclaimer

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## Investment policy

SG 01

Mandatory

Public

Core Assessed

General

**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

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.

Select all that apply

Policy components/types	Coverage by AUM
<input checked="" type="checkbox"/> Policy setting out your overall approach <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)	<input checked="" type="radio"/> Applicable policies cover all AUM <input type="radio"/> Applicable policies cover a majority of AUM <input type="radio"/> Applicable policies cover a minority of AUM

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 granting of 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 02	Mandatory	Public	Core Assessed	PRI 6
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**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

SG 02.1	Indicate which of your investment policy documents (if any) are publicly available. Provide a URL and an attachment of the document.
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Policy setting out your overall approach

URL/Attachment
----------------

URL

URL

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

- 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

- URL

URL

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

- Attachment (will be made public)
- Sector specific RI guidelines
- Screening / exclusions policy

URL/Attachment

- URL

URL

<https://www.nexuscapital.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

- URL

URL

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

Attachment

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

URL/Attachment

URL

URL

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

Attachment

Time horizon of your investment

URL/Attachment

URL

URL

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

Attachment

Governance structure of organisational ESG responsibilities

URL/Attachment

URL

URL

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

Attachment

ESG incorporation approaches

URL/Attachment

URL



URL

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

Attachment

Active ownership approaches

URL/Attachment

URL

URL

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

Attachment

Reporting

URL/Attachment

URL

URL

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

Attachment

Climate change

Understanding and incorporating client / beneficiary sustainability preferences

URL/Attachment

URL

URL

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

Attachment

We do not publicly disclose any investment policy components

**SG 02.3** Additional information [Optional].

Nexus 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 Nexus 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	Public	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 or is 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	Public	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.

## Objectives and strategies

<b>SG 05</b>	<b>Mandatory</b>	<b>Public</b>	<b>Gateway/Core Assessed</b>	<b>General</b>
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### SG 05.1

Indicate if and how frequently your organisation sets and reviews objectives for its responsible investment activities.

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad-hoc basis
- It is not set/reviewed

### SG 05.2

Additional information. [Optional]

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.

<b>SG 06</b>	<b>Voluntary</b>	<b>Public</b>	<b>Descriptive</b>	<b>General</b>
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### 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 - Nexxus 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 - Nexxus 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, Nexxus, 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 Nexxus 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

## Governance and human resources

SG 07

Mandatory

Public

Core Assessed

General

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

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

Nexxus 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.

<b>SG 07.3</b>	Indicate the number of dedicated responsible investment staff your organisation has.
----------------	--

	Number
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0

<b>SG 07.4</b>	Additional information. [Optional]
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Nexxus' ESG integration process involves the entire organization and all Nexxus' employees participate according to their roles and responsibilities..

## Promoting responsible investment

<b>SG 09</b>	<b>Mandatory</b>	<b>Public</b>	<b>Core Assessed</b>	<b>PRI 4,5</b>
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<b>SG 09.1</b>	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.
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**Select all that apply**

Principles for Responsible Investment

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

- Basic
- Moderate
- Advanced
- 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	Public	Core Assessed	PRI 4
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SG 10.1	Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.
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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
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We have publicly spoken at several events where we have promoted responsible investment and shared best practices with the attendants.

	Frequency of contribution
--	---------------------------

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad hoc
- 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
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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

- Quarterly or more frequently
  - Biannually
  - Annually
  - Less frequently than annually
  - Ad hoc
  - Other
- No

Outsourcing to fiduciary managers and investment consultants

SG 12	Mandatory	Public	Core Assessed	PRI 4
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 12.1 Indicate whether your organisation uses investment consultants.

- 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.

- 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.

Other, specify (3)

None of the above

No, we do not use investment consultants.

## ESG issues in asset allocation

SG 13

Mandatory

Public

Descriptive

PRI 1

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

Allocation between asset classes

Determining fixed income duration

Allocation of assets between geographic markets

Sector weightings

Other, specify

We do not consider ESG issues in strategic asset allocation

## Communication

SG 19

Mandatory

Public

Core Assessed

PRI 2, 6

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

<b>Disclosure to public and URL</b>	
Disclosure to public and URL	<input checked="" type="radio"/> Broad approach to RI incorporation <input type="radio"/> Detailed explanation of RI incorporation strategy used
Frequency	<input checked="" type="checkbox"/> Quarterly <input type="checkbox"/> Biannually <input type="checkbox"/> Annually <input type="checkbox"/> Less frequently than annually <input type="checkbox"/> Ad hoc/when requested
URL	<a href="https://www.nexxuscapital.com/investor-relations/">https://www.nexxuscapital.com/investor-relations/</a>
URL	<a href="https://www.nexxuscapital.com/investor-relations/">https://www.nexxuscapital.com/investor-relations/</a>

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

<b>Disclosure to clients/beneficiaries</b>	
<p><b>Disclosure to clients/beneficiaries</b></p> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> ESG information in relationship to our pre-investment activities</li> <li><input checked="" type="checkbox"/> ESG information in relationship to our post-investment monitoring and ownership activities</li> <li><input checked="" type="checkbox"/> Information on our portfolio companies' ESG performance</li> <li><input type="checkbox"/> Other</li> </ul>	
<b>Frequency</b>	
<ul style="list-style-type: none"> <li><input type="checkbox"/> Quarterly or more frequently</li> <li><input type="checkbox"/> Biannually</li> <li><input checked="" type="checkbox"/> Annually</li> <li><input type="checkbox"/> Less frequently than annually</li> <li><input type="checkbox"/> Ad-hoc/when requested</li> </ul>	

**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.

# Nexus

## Reported Information

### Public version

#### Direct - Fixed Income

## PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

## ESG incorporation in actively managed fixed income

### Implementation processes

FI 01	Mandatory	Public	Gateway	PRI 1
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<b>FI 01.1</b>	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
	100%	

**FI 01.2**

Describe your reasons for choosing a particular ESG incorporation strategy and how combinations of strategies are used.

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].

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 02	Mandatory to Report Voluntary to Disclose	Public	Core Assessed	PRI 1
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FI 02.1	Indicate which ESG factors you systematically research as part of your analysis on issuers.
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Select all that apply

			<b>Corporate (non-financial)</b>	
Environmental data		<input checked="" type="checkbox"/>		
Social data		<input checked="" type="checkbox"/>		
Governance data		<input checked="" type="checkbox"/>		

FI 02.2	Indicate what format your ESG information comes in and where you typically source it
---------	--

- Raw ESG company data

**Indicate who provides this information**

- ESG research provider
  - Sell-side
  - In-house – specialised ESG analyst or team
  - In-house – FI analyst, PM or risk team
  - Other, specify
- ESG factor specific analysis

**Indicate who provides this information**

- ESG research provider
- Sell-side
- In-house – specialised ESG analyst or team
- In-house – FI analyst, PM or risk team
- Other, specify

specify description

We conduct Borrower ESG due diligence prior to the Credit Committee approval. ESG DD findings are discussed in the Credit Committee.

- Issuer-level ESG analysis

**Indicate who provides this information**

- ESG research provider
- Sell-side
- In-house – specialised ESG analyst or team
- In-house – FI analyst, PM or risk team
- Other, specify

- Sector-level ESG analysis

**Indicate who provides this information**

- ESG research provider
- Sell-side
- In-house – specialised ESG analyst or team
- In-house – FI analyst, PM or risk team
- Other, specify

- Country-level ESG analysis

**Indicate who provides this information**

- ESG research provider
- Sell-side
- In-house – specialised ESG analyst or team
- In-house – FI analyst, PM or risk team
- Other, specify

**FI 02.3**

Provide a brief description of the ESG information used, highlighting any differences in sources of information across your ESG incorporation strategies.

The main source of ESG information used is the ESG due diligence. The ESG due diligence is performed internally and covers at the following items:

- (i) Analysis of the adequacy of the borrower according to the exclusions and restrictions defined in Nexxus' 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 financing opportunities:

7. Respect of workers' human rights
8. Maintain safe and healthy work conditions for employees and contractors
9. Prudent and responsible environmental management of operations, ensuring an efficient use of natural resources as well as mitigation of environmental risks and issues
10. 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

11. Apply a good business management establishing clear responsibilities, procedures and controls and applying best corporate governance practices
12. Follow as a standard an inclusion and diversity policy

FI 02.4	Additional information. [Optional]
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The results of the Due Diligence are included in a report of conclusions that details the most relevant issues from an ESG perspective of the borrower. Those conclusions are presented to the Credit Committee to inform the financing decision.

FI 03	Mandatory	Public	Additional Assessed	PRI 1
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FI 03.1	Indicate how you ensure that your ESG research process is robust:
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- Comprehensive ESG research is undertaken internally to determine companies' activities; and products and/or services
- Issuers are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- Issuer information and/or ESG ratings are updated regularly to ensure ESG research is accurate
- Internal audits and regular reviews of ESG research are undertaken in a systematic way.
- A materiality/sustainability framework is created and regularly updated that includes all the key ESG risks and opportunities for each sector/country.
- Other, specify
- None of the above

FI 03.2	Describe how your ESG information or analysis is shared among your investment team.
---------	---

- ESG information is held within a centralised database and is accessible to all investment staff
- ESG information is displayed on front office research platforms
- ESG information is a standard item on all individual issuer summaries, research notes, 'tear sheets', or similar documents
- Investment staff are required to discuss ESG information on issuers as a standard item during investment committee meetings
- Records capture how ESG information and research was incorporated into investment decisions
- Other, specify
- None of the above

FI 03.3	Additional information. [Optional]
---------	------------------------------------

It is important clarify that we manage **private debt** and our financing process is similar to the investment process of our private equity management arm. It has the following phases:

13. Pre-Financing: exclusions list.
14. Evaluation: major ESG risks analysed.
15. First Credit Committee: ESG considerations.
16. Due Diligence: Deep dive analysis of ESG risks
17. Credit Committee Approval: ESG risks consideration
18. Credit monitoring: borrower report of ESG risks.

## (A) Implementation: Screening

FI 04	Mandatory	Public	Gateway	PRI 1
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FI 04.1	Indicate the type of screening you conduct.
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Select all that apply

			<b>Corporate (non-financial)</b>	
Negative/exclusionary screening			<input checked="" type="checkbox"/>	
Positive/best-in-class screening			<input type="checkbox"/>	
Norms-based screening			<input type="checkbox"/>	

FI 04.2	Describe your approach to screening for internally managed active fixed income
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During the pre-financing phase we apply a negative screening to potential borrowers prior to analyze a financing transaction and we rule out financing companies that participate in sectors or activities that are contrary to our principles (and our investors') and involve high reputational risk.

FI 04.3	Additional information. [Optional]
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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.
- Energy sector activities or projects within or adjacent to UNESCO World Heritage sites.

<b>FI 05</b>	<b>Voluntary</b>	<b>Public</b>	<b>Additional Assessed</b>	<b>PRI 1</b>
<b>FI 05.1</b>	Provide examples of how ESG factors are included in your screening criteria.			

Example 1

Type of fixed income
<input checked="" type="checkbox"/> Corporate (non-financial)
ESG factors
<input checked="" type="checkbox"/> Environmental
<input checked="" type="checkbox"/> Social
<input checked="" type="checkbox"/> Governance
Screening
<input checked="" type="checkbox"/> Negative/ exclusionary
Description of how ESG factors are used as the screening criteria
<p>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 sectors or activities that are contrary to our principles (and our investors') and involve high reputational risk.</p> <p>As a result, we do not have companies in the portfolio that participate in any of the following businesses or activities:</p> <ul style="list-style-type: none"> <li>• Illegal economic activities: production, marketing or other activity, which is illegal under the laws or regulations of the jurisdiction of origin;</li> <li>• Tobacco and distilled alcoholic beverages - the production and trade of tobacco and distilled alcoholic beverages and related products;</li> <li>• 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</li> <li>• Casinos: the financing of casinos and equivalent undertakings.</li> <li>• 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.</li> <li>• 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)</li> <li>• Dams that do not comply with the World Commission on Dams (WCD Framework).</li> <li>• Mining or trade in rough diamonds not certified by the Kimberley Process.</li> <li>• Artisanal mining (mining using rustic tools usually unregulated).</li> <li>• 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).</li> <li>• Nuclear energy-related activities that do not meet the standards outlined by the International Atomic Energy Agency.</li> <li>• Illegal logging and subsequent marketing of timber and related forest products.</li> <li>• Energy sector activities or projects within or adjacent to UNESCO World Heritage sites.</li> </ul>

Example 2

- Example 3
- Example 4
- Example 5

FI 06	Mandatory	Public	Core Assessed	PRI 1
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FI 06.1	Indicate which systems your organisation has to ensure that fund screening criteria are not breached in fixed income investments.
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Type of screening	Checks
<b>Negative/exclusionary screening</b>	<input checked="" type="checkbox"/> Analysis is performed to ensure that issuers meet screening criteria <input type="checkbox"/> We ensure that data used for the screening criteria is updated at least once a year. <input type="checkbox"/> Automated IT systems prevent our portfolio managers from investing in excluded issuers or bonds that do not meet screening criteria <input checked="" type="checkbox"/> Audits of fund holdings are undertaken yearly by internal audit or compliance functions <input type="checkbox"/> Other, specify <input type="checkbox"/> None of the above

FI 06.2	Additional information. [Optional]
---------	------------------------------------

As responsible investors in our day-to-day, we integrate ESG factors in each of the phases of our financing process and emphasize two phases:

- perform an ESG Due Diligence to ensure that the Borrower meets our screening criteria and
- undertake a yearly Portfolio Review based on the ESG information provided by the Borrower to ascertain that it continues to meet our screening criteria throughout the life of the mezzanine loan.

## (C) Implementation: Integration

FI 10	Mandatory	Public	Descriptive	PRI 1
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FI 10.1	Describe your approach to integrating ESG into traditional financial analysis.
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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:** we have decided to exclude from our financing universe a number of activities that are contrary to our principles and involve high reputational risk.
- **Evaluation:** those companies that meet our financing criteria are subject to a preliminary analysis process by the financing team that includes major ESG risks and opportunities.
- **First Credit Committee and Approval of the Due Diligence Budget by the Borrower.**
- **Due Diligence:** includes a specific ESG due diligence performed internally in order to identify short and long-term ESG risks and opportunities. The results of the analysis are included in a report of conclusions and recommendations containing details of the most relevant issues from an ESG perspective.
- **Credit Committee Approval:** once the transaction team is satisfied with the results of the due diligence analysis, the relevant team will prepare the Credit Paper and submit it to the Credit Committee for final

approval of the transaction. The Credit Paper includes at least a specific section devoted to the main ESG risks and opportunities identified in the Due Diligence phase.

- In the debt financing processes, the compliance with Nexxus Responsible Investment Policy is included as a Borrower obligation, within the Loan Agreement and other transaction documents. Likewise, the Loan Agreement includes specific provisions in the Information Undertakings clauses.
- **Full amortisation / maturity:** Nexxus' objective is to be able to prove at amortisation or maturity that we have contributed to the creation of a more sustainable company, from a social and environmental point of view.

<b>FI 10.2</b>	Describe how your ESG integration approach is adapted to each of the different types of fixed income you invest in.
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	Corporate (non-financial)
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We follow the same integration approach in every private debt transaction. Due to our investment strategy (private debt), we do not use comparables within the fixed income market.

<b>FI 11</b>	<b>Mandatory</b>	<b>Public</b>	<b>Core Assessed</b>	<b>PRI 1</b>
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<b>FI 11.1</b>	Indicate how ESG information is typically used as part of your investment process.
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Select all that apply



			Corporate (non-financial)
ESG analysis is integrated into fundamental analysis			<input checked="" type="checkbox"/>
ESG analysis is used to adjust the internal credit assessments of issuers.			<input checked="" type="checkbox"/>
ESG analysis is used to adjust forecasted financials and future cash flow estimates.			<input checked="" type="checkbox"/>
ESG analysis impacts the ranking of an issuer relative to a chosen peer group.			<input type="checkbox"/>
An issuer's ESG bond spreads and its relative value versus its sector peers are analysed to find out if all risks are priced in.			<input type="checkbox"/>
The impact of ESG analysis on bonds of an issuer with different durations/maturities are analysed.			<input type="checkbox"/>
Sensitivity analysis and scenario analysis are applied to valuation models to compare the difference between base-case and ESG-integrated security valuation.			<input type="checkbox"/>
ESG analysis is integrated into portfolio weighting decisions.			<input type="checkbox"/>
Companies, sectors, countries and currency and monitored for changes in ESG exposure and for breaches of risk limits.			<input type="checkbox"/>
The ESG profile of portfolios is examined for securities with high ESG risks and assessed relative to the ESG profile of a benchmark.			<input type="checkbox"/>
Other, specify in Additional Information			<input type="checkbox"/>

FI 12	Mandatory	Public	Additional Assessed	PRI 1
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**FI 12.1** Indicate the extent to which ESG issues are reviewed in your integration process.

	Environment	Social	Governance
Corporate (non-financial)	<div style="background-color: #0072bc; color: white; padding: 2px;">Environmental</div> <input checked="" type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all	<div style="background-color: #0072bc; color: white; padding: 2px;">Social</div> <input checked="" type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all	<div style="background-color: #0072bc; color: white; padding: 2px;">Governance</div> <input checked="" type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all

**FI 12.2** Please provide more detail on how you review E, S and/or G factors in your integration process.

Corporate (non-financial)

The ESG due diligence analysis is performed internally and covers at least the following items:

- (i) Analysis of the adequacy of the borrower to the exclusions and restrictions defined in this policy;
- (ii) High level analysis of the geographies and sectors in which the company operates, allowing the identification of the main ESG risks and opportunities determined by the location and general characteristics of the activity it carries out; and
- (iii) Specific analysis of the company to assess its ESG risks and opportunities.

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

Social:

- Respect of workers' human rights
- Maintain safe and healthy work conditions for employees and contractors

Environmental:

Prudent and responsible environmental management of operations, ensuring an efficient use of natural resources as well as mitigation of environmental risks and issues

Governance:

- 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
- Apply a good business management establishing clear responsibilities, procedures and controls and applying best corporate governance practices
- Follow as a standard an inclusion and diversity policy

The results of the analysis are included in a report of conclusions and recommendations that contains details of the most relevant issues from an ESG perspective for making a financing decision. These conclusions inform the credit report that is analysed in the Credit Committee prior to take any financing decision.

Fixed income - Engagement

FI 14	Mandatory to Report Voluntary to Disclose	Public	Core Assessed	PRI 2
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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	
<b>Corporate (non-financial)</b>	<input checked="" type="radio"/> >50% <input type="radio"/> 26-50% <input type="radio"/> 5-25% <input type="radio"/> More than 0%, less than 5%	
	<table border="1" style="width: 100%; background-color: #0070c0; color: white;"> <tr> <td style="width: 15%; color: white;">FI 14.2</td> <td style="color: white;">Indicate your motivations for conducting engagement (Corporate, non-financial fixed income assets)</td> </tr> </table> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> To gain an understanding of ESG strategy and/or management</li> <li><input checked="" type="checkbox"/> To encourage improved/increased ESG disclosure</li> <li><input checked="" type="checkbox"/> To influence issuer practice (or identify the need to influence) on ESG issue</li> </ul>	FI 14.2
FI 14.2	Indicate your motivations for conducting engagement (Corporate, non-financial fixed income assets)	

FI 15	Mandatory to Report Voluntary to Disclose	Public	Additional Assessed	PRI 1,2
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

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.)
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Select all that apply

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.
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Select all that apply

		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.

Select all that apply

			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.

Select all that apply

			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.

Select all that apply

		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	Public	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]

URL

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

No

<b>FI 16.3</b>	Additional information [OPTIONAL]
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The compliance with the Nexxus 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.

## Outputs and outcomes

<b>FI 18</b>	Voluntary	Public	Descriptive	PRI 1,2
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<b>FI 18.1</b>	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.
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Example 1

	Type of fixed income
<input checked="" type="checkbox"/> Corporate (non-financial)	
	ESG issue and explanation
<p>Borrower: leading payment solutions company in Mexico.</p> <p>Results from the ESG analysis: the company has a strong ESG policy in place that was highly valued by the Credit Committee.</p>	
	RI strategy applied
<input type="checkbox"/> Screening <input checked="" type="checkbox"/> Integration <input type="checkbox"/> Engagement	
	Impact on investment decision or performance
<p>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.</p>	

Example 2

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

- Example 3
- Example 4
- Example 5



# Nexus

## Reported Information

### Public version

### Direct – Private Equity

## PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

## Overview

PE 01	Voluntary	Public	Descriptive	PRI 1-6
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PE 01.1	Provide a brief overview of your organisation's approach to responsible investment in private equity.
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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.

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

**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:

19. Illegal economic activities: production, marketing or other activity, which is illegal under the laws or regulations of the jurisdiction of origin;
20. Tobacco and distilled alcoholic beverages - the production and trade of tobacco and distilled alcoholic beverages and related products;
21. 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
22. Casinos and equivalent undertakings.
23. 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
24. 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)
25. Dams that do not comply with the World Commission on Dams (WCD Framework)
26. Mining or trade in rough diamonds not certified by the Kimberley Process;
27. Artisanal mining (mining using rustic tools usually unregulated)
28. 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)
29. Nuclear energy-related activities that do not meet the standards outlined by the International Atomic Energy Agency;
30. Illegal logging and subsequent marketing of timber and related forest products; and
31. Energy sector activities or projects within or adjacent to UNESCO World Heritage sites.

This list of exclusions is periodically reviewed to include controversial issues that are identified in the ongoing dialogue with our investors.

**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.

**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.

**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.

**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).

**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:

- (i) The endorsement of the portfolio company to the Nexxus 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..

**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.

PE 02	Mandatory	Public	Core Assessed	PRI 2
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PE 02.1	Indicate whether your organisation's investment activities are guided by a responsible investment policy / follow responsible investment guidelines.
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Our investment activities are guided by a responsible investment policy

PE 02.2	Describe how your organisation outlines expectations on staff and portfolio companies' approach towards ESG issues in investment activities.
---------	--

Our investment activities are guided by a responsible investment policy which covers the following:

- Nexxus' Responsible Investment Beliefs
- Guiding Principles and Commitments
- ESG governance
- Integration of ESG factors into the investment process: (i) Pre- investment, (ii) Evaluation, (iii) First InvestmentCommittee, (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

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 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

## Fundraising of private equity funds

PE 03	Mandatory	Public	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	Public	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

**Pre-investment (selection)**

PE 05	Mandatory	Public	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.
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Yes

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

- 32. Respect of workers' human rights
- 33. Maintain safe and healthy work conditions for employees and contractors
- 34. Prudent and responsible environmental management of operations, ensuring an efficient use of natural resources as well as mitigation of environmental risks and issues
- 35. 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
- 36. Apply a good business management establishing clear responsibilities, procedures and controls and applying best corporate governance practices
- 37. 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	Public	Core Assessed	PRI 1,3
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**PE 06.1**

Indicate what type of ESG information your organisation typically considers during your private equity investment selection process.

- Raw data from target company
- Benchmarks against other companies
- Sector level data/benchmarks
- Country level data/benchmarks
- Reporting standards, industry codes and certifications
- International initiatives, declarations or standards
- Engagements with stakeholders (e.g. customers and suppliers)
- Advice from external resources
- Other, specify
- 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.

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, Nexxus 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.

**PE 07**

**Voluntary**

**Public**

**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?

Yes

If yes

- Formally/through a post-investment action plan or value enhancement plan
- Verbally/through dialogue
- Other, specify

**PE 07.2**

Describe the nature of these improvements and provide examples (if any) from the reporting year

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.

We do not set expectations for portfolio companies on ESG-related considerations

**Post-investment (monitoring)**

PE 09	Mandatory	Public	Gateway/Core Assessed	PRI 2
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**PE 09.1** Indicate whether your organisation incorporates ESG issues in investment monitoring of portfolio companies.

Yes

**PE 09.2** Indicate the proportion of portfolio companies where your organisation included ESG performance in investment monitoring during the reporting year.

- >90% of portfolio companies
- 51-90% of portfolio companies
- 10-50% of portfolio companies
- <10% of portfolio companies

(in terms of total number 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.

**ESG issues**

- Environmental
- Social
- Governance
- We do not set and/or monitor against targets

No

**PE 09.4** Additional information. [Optional]

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.

PE 10	Mandatory	Public	Core Assessed	PRI 2
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**PE 10.1** Indicate if your organisation tracks the proportion of your portfolio companies that have an ESG/sustainability-related policy (or similar guidelines).

Yes

**PE 10.2**

Indicate what percentage of your portfolio companies has an ESG/sustainability policy (or similar guidelines).

- >90% of portfolio companies
- 51-90% of portfolio companies
- 10-50% of portfolio companies
- <10% of portfolio companies
- 0% of portfolio companies

(in terms of total number of portfolio companies)

- No

## Outputs and outcomes

**PE 15**

**Mandatory to Report Voluntary to Disclose**

**Public**

**Descriptive**

**PRI 1,2**

**PE 15.1**

Provide examples of ESG issues that you identified in your potential and/or existing private equity investments during the reporting year.

- Add Example 1



Investment Stage	<input type="checkbox"/> Initial screening <input checked="" type="checkbox"/> Due diligence <input type="checkbox"/> Investment decision <input type="checkbox"/> Investment monitoring <input type="checkbox"/> Prior to exit
ESG issues	<div style="background-color: #0070C0; color: white; padding: 5px; display: inline-block;">ESG issues</div> <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"> <li>• 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.</li> <li>• The excessive concentration of roles in two key persons is a threat to business continuity.</li> <li>• 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.)</li> </ul>
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"> <li>• Creation of a centralized HR department that will control and manage the hiring process.</li> <li>• Creation of a diverse board of directors with independent members.</li> <li>• 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.</li> </ul>

Add Example 2

Investment Stage	<input type="checkbox"/> Initial screening <input type="checkbox"/> Due diligence <input type="checkbox"/> Investment decision <input checked="" type="checkbox"/> Investment monitoring <input type="checkbox"/> Prior to exit
ESG issues	<div style="background-color: #0070C0; color: white; padding: 5px; margin-bottom: 10px;">ESG issues</div> <input checked="" type="checkbox"/> Environmental Company focused on distribution, logistics and ground transportation industry in Mexico with more than 8,000 units. <input checked="" type="checkbox"/> Social Company focused on transportation, it acknowledges that Mexico is an emerging market with several social issues that must be addressed by the private sector. <input type="checkbox"/> Governance
Sector(s)	Transportation and logistics.
Impact (or potential impact) on investment	<ul style="list-style-type: none"> <li>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.</li> <li>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.</li> </ul>
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"> <li>1. Resting Better: Reducing Environmental Impact Program 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.</li> <li>2. Environmental and Natural Resources Ministry's (SEMARNAT for its Spanish acronym) Certification as "Clean Transport" <ul style="list-style-type: none"> <li>Constant renewal of its fleet; and</li> <li>Cargo division has implemented new technologies to reduce the fuel consumption and the CO2 emissions, particulate matter (PM) and nitrogen oxides (NOx).</li> </ul> </li> <li>3. Making Mexico Greener Program (Environmental and Sustainability Project) 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.</li> <li>4. DHBUS: On Route for the Education in Low-Income Communities 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.</li> </ol>

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

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

<b>Communication</b>				
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<b>PE 16</b>	<b>Mandatory to Report Voluntary to Disclose</b>	<b>Public</b>	<b>Descriptive</b>	<b>PRI 6</b>
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<b>PE 16.1</b>	Describe your organisation’s approach to disclosing ESG incidents in private equity investments to your investor clients (LPs).
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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.

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).

# Nexus

## Reported Information

## Public version

## Confidence building measures

## PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

## Confidence building measures

CM1 01	Mandatory	Public	Additional Assessed	General
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**CM1 01.1** Indicate whether the reported information you have provided for your PRI Transparency Report this year has undergone:

- Third party assurance over selected responses from this year's PRI Transparency Report
- Third party assurance over data points from other sources that have subsequently been used in your PRI responses this year
- Third party assurance or audit of the correct implementation of RI processes (that have been reported to the PRI this year)
- Internal audit of the correct implementation of RI processes and/or accuracy of RI data (that have been reported to the PRI this year)
- Internal verification of responses before submission to the PRI (e.g. by the CEO or the board)
  - Whole PRI Transparency Report has been internally verified
  - Selected data has been internally verified
- Other, specify  
The report has been reviewed by Nexxus ESG consultants.
- None of the above

CM1 02	Mandatory	Public	Descriptive	General
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**CM1 02.1** We undertook third party assurance on last year's PRI Transparency Report

- Whole PRI Transparency Report was assured last year
- Selected data was assured in last year's PRI Transparency Report
- We did not assure last year's PRI Transparency report
- None of the above, we were in our preparation year and did not report last year.

CM1 03	Mandatory	Public	Descriptive	General
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**CM1 03.1** We undertake confidence building measures that are unspecific to the data contained in our PRI Transparency Report:

- We adhere to an RI certification or labelling scheme
- 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
- ESG audit of holdings
- Other, specify
- None of the above

CM1 04	Mandatory	Public	Descriptive	General
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**CM1 04.1**

Do you plan to conduct third party assurance of this year's PRI Transparency report?

- Whole PRI Transparency Report will be assured
- Selected data will be assured
- We do not plan to assure this year's PRI Transparency report

**CM1 07**

**Mandatory**

**Public**

**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

**Who has conducted the verification**

- CEO or other Chief-Level staff
- The Board
- Investment Committee
- Compliance Function
- RI/ESG Team
- Investment Teams
- Legal Department
- Other (specify)