

An aerial photograph of a beach. The top half of the image shows the golden sand of the beach, with some darker spots and textures. The bottom half shows the ocean with waves breaking onto the shore, creating white foam and splashing water. The water transitions from a deep blue to a lighter, foamy white as it reaches the beach.

NEXXUS
IBERIA

Sustainability Report
2019

“Transform to Transcend”

Signatory of:



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About us

Nexus Iberia is a Spanish private equity firm whose team has partnered with Spanish and Portuguese businesses for over two decades. Our team is comprised of 8 professionals that total over 90 years of investment experience and that bring diverse international backgrounds including investment banking, business operations, consultancy, and social.

We partner with experienced and ambitious managers with whom we share a vision and who have the determination and drive to accelerate growth and internationalize their businesses.

Alignment is fundamental in order to carry out common projects, that's why we encourage all of our partners to coinvest with Nexus Iberia.

The Fund invests in Iberian companies with sales ranging from €20-100M, with a solid management team and growth potential, and which operate in growing sectors with clear tailwinds and international expansion potential.

Based on our experience in previous economic downturns, we invest with leverage below 2.5x EBITDA, which ensures resilience despite downturns. Consequently value creation is based on growth, both organically and inorganically and through internationalization during our holding period of 4 to 6 years.

The Fund was jointly created with Nexus Capital, a leading Mexican private equity firm with over €1bn AuM.



3
Portfolio
companies

€105 MM
revenues
combined

1,115
FTEs
combined

100%
of companies
have both
genders on
board

100%
of companies
have indepen-
dent board
members

66%
independent
ESG due
diligence
performed at
aquisition

66%
of companies
with written
environmental
practices

66%
of companies
with quality
management
programs

37%
executive
committee
diversity

3%
or below
absenteeism
rate

Dear investors

Nexus Iberia is proud to present its first sustainability report which includes Environmental, Social and Governance (ESG) factors.

Founded in 2016, we strongly believe that integrating sustainability as a key objective of the companies we invest in, is fundamental for achieving long term value.

2019 was a key year for us, we finalised the fundraising of our first fund, attracting top-tier institutional investors and closing 2019 with a portfolio of 3 medium-sized companies across different sectors.

With an expanding team and increasing number of portfolio companies, we are committed to firmly enrooting impact and sustainability and include ESG factors in our governance and investment processes and to drive action now more than ever as Covid-19 pandemic unfolds with ESG as a priority.

We have embedded ESG in our investment process, from pre investment to exit. We undertake ESG due diligence with an external expert, being one of the few managers that apply this practice in the Spanish market. As investors and board members we have set KPIs for each company linked to the 17 Sustainable Development Goals (SDG) defined by the United Nations with the objective to implement long-term sustainability through ESG action plans.

As individuals, supporting other Impact initiatives has become a must, especially in these challenging times. This is why in May 2020 we have partnered with GSI, a Spanish Impact investments manager, in order to support them in launching and managing their impact fund in Spain to support social entrepreneurs and create employment for vulnerable individuals.

We are also involved in Level 20 in Spain, where Maite Ballester, our Managing Partner, is the Chairman of the Spanish Chapter, to promote gender diversity in private equity.

We are aware that we are boarding on a large journey of continuous learning and improvement, but we can assure you that as a team, we are fully committed to our responsible duty to ensure sustainable value creation in our companies and to society.



Our ESG progress

2017

Conversations with prospect LPs about Sustainability and ESG incorporation and some ESG DD questionnaires

First version of the Responsible Investment Policy

ESG considerations included in the Management Regulations of the Fund such as a list of excluded activities

2018

NEXXUS IBERIA PRIVATE EQUITY FUND, FCR “The fund” was registered

OFG – First investment completed. The investment decision included an internal ESG assessment of the company

Nexus becomes UN PRI signatory

W Clinics – Second investment completed in September. First external ESG Due Diligence performed

2019

Nexus Iberia hires Attalea Partners, an external ESG consultant firm to reinforce governance and accelerate the process to incorporate best practices

TwentyfourSeven – Third investment. ESG Due Diligence and first time ESG actions are included in value creation plans to boost investee Sustainability

Review of Responsible Investment Policy enhancing ESG integration actions in investment process

UN PRI Transparency Report

First annual Sustainability report addressed to stakeholders



The Nexxus team is formed by 8 investment professionals with 90 years of accumulated experience. The team is highly committed to Responsible Investing and actively considers ESG factors in their daily work.

Behaving as a responsible investor is part of our fiduciary duty in a context in which our investors are working actively to align their financial and sustainability objectives

We believe Sustainability and ESG management creates value

Nexxus Iberia is born with the new trends of value creation, which takes a more systematic approach to understand how businesses can impact on all its stakeholders. This inevitably drives to rethink traditional value creation models, and embrace the belief that improved social and environmental performance leads to better managed companies that are more engaged with the society where they operate.

We therefore understand that strategies supported by social and sustainability-related themes contribute to this value creation. We engage with our portfolio companies to enhance their [Sustainability](#) performance.

Nexxus has identified the following areas of value creation, which are aligned with its responsible investment beliefs and with the SDGs it has committed to contribute to:

01

Open and inclusive work environment, as a profitability driver

02

Health & safety best practice standards, as a value preservation driver, and generation of business opportunities

03

Data security & privacy, as a value preservation driver, and generation of business opportunities

04

Resource efficiency, as a profitability driver

Committed to the SDGs

The United Nations SDGs are a unique opportunity to take actions needed to drive the world into a sustainable and resilient path. At Nexxus, we understand it requires a collective effort and actions on all fronts, where the investment community has a key role to play.

As such, Nexxus is committed to generate a positive contribution to achieve the SDG goals by 2030. We have started mapping this year the SDGs in each of our investments. In addition, our core values are aligned with certain SDGs, in particular SDG 5, 8, 10, 13 and 16. We specifically address these key SDGs when taking decisions as Board members, and seek that these decisions generate a long-term impact in the companies we invest in.



Gender equality

Achieve gender equality and empower all women and girls.



Decent work and economic growth

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.



Reduced inequalities

Reduce inequality within and among countries.



Climate Action

Take urgent action to combat climate change and its impacts.



Peace, Justice and Strong Institutions

Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.

Nexxus ESG framework

Nexxus is a UN PRI signatory since 2018. Our ESG incorporation strategy and processes respond to industry best practices and reflect our commitment to consider ESG factors in every aspect of our investment activity. We integrate ESG in all stages of the investment process, from the initial deal sourcing, through our period of ownership.

We place particular attention to external ESG Due Diligence that allows us to assess key ESG risks and opportunities, using the following methodology and internationally-accepted standards (GRI, SASB, IFC, CDC, FMO and B-Corp):

01

Analysis of sector ESG trends. Is the sector aligned with a sustainable future? Does the sector address the SDGs we have committed to contribute to?

02

Establish key material risks and opportunities. How do these affect the growth prospects for the company? Do they impact value preservation? What kind of risks and opportunities do we find in the value chain?

03

Company ESG performance: is the company actively managing the material ESG issues and opportunities? Does it have goals and KPIs to measure and manage key ESG issues and opportunities?

04

Action plans: our Due Diligence includes recommendations of material short-term areas to address urgently as well as a long-term strategy that covers actionable long-term targets.

In 2019 we have started measuring our impact through ESG KPIs in the portfolio companies, in 2020 we intend to set up action plans together with management and monitor advances at board level. Our goal is to ensure that by the time we exit we have contributed to the creation of a more sustainable and social-conscious company in the long-term.



Environment

Delivering sustainable prosperity is a global challenge and the finance industry has the power to utilise its financial capacity to positively contribute to the environment, mitigating Climate Change, invest in the transition to a low-carbon economy and support an adequate use of scarce resources, including circular economy.

Demands from the global community are increasing at an exponential rate, starting with

transparency. The TCFD sets out a new way to approach corporate reporting on climate risk and at Nexxus we have started to pave the way to embrace its recommendations at the management company, in order to cascade down to portfolio companies.

We already address Climate Change and transition issues in our due diligence processes and aim to start measuring carbon footprint of our portfolio in 2020.

Core Elements of Recommended Climate-Related Financial Disclosures.

Governance

Disclose the organization's governance around climate-related risks and opportunities

Strategy

Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses where such information is material

Risk Management

Disclose how the organization identifies, assesses, and manages climate-related risks

Metrics & Targets

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material



Social

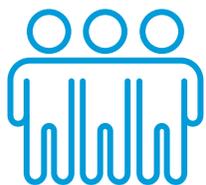
We acknowledge that our success depends on the performance of employees. And this performance depends greatly on the satisfaction of their working conditions and environment.

Therefore we believe that an inclusive work environment, where employees have equal opportunities to grow their careers brings productivity enhancement, reduction of absenteeism and employee turnover rates. Health & safety is also an area of concern, and our portfolio companies have started to monitor the rates to address pain points and take action.

Diversity is also a key focus area. We encourage gender diversity even in industries usually led by men, as can be private equity or telco engineering companies.

Finally, aligning with employees is another area we focus on at Nexus. We offer value sharing mechanisms to management and employees, so they capture part of the value they generate.

Social KPI



N. employees	1.115
Employment created FY19 (Number)	249
Work accidents (frequency rate)	47
Absenteeism (W. Avg)	2%
Employee Turnover rate (W. Avg)	16%
Value Sharing Mechanism	100%

Governance

We understand that businesses cannot deliver on their ESG strategic objectives and value creation levers without proper governance.

Nexus invests in family companies, where sometimes governance has not been a priority. Consequently, implementing functional corporate governance is our key focus during the first year. Upon entry we create a Board of Directors made up of investment partners, independent members and Nexus investment professionals. Diversity is important and thus we focus in ensuring gender diversity in our portfolio. Of the 3 companies we support in 2019, 2 are chaired by women. Similarly, we aim at bringing independent talent to support each of the companies we invest in.

In addition, we are working with our portfolio companies to develop their governance structures and processes, implementing Compliance best practices, appointing an ESG responsible and reinforcing critical areas such as regulation compliance or anti-bribery & corruption.

Governance KPI



Board Diversity (Avg)	26%
Executive Committee diversity (Avg)	37%
Independent Board Members (Avg)	21%
ESG Supply chain policy (% companies)	33%

ESG External Consultants

we work closely with external consultant that assist us in the incorporation of ESG factors within the investment process

ESG Governance & Metrics

We have appointed an ESG Committee of 3 Nexxus team members, a Partner, a Director and an Analyst. The team manages and coordinates the ESG activity within the GP and the portfolio companies.



ESG matters are discussed at Board meetings at least twice a year



The team receives proper ESG training



We appoint an ESG Responsible in each portfolio company

Supported by Nexxus, our portfolio companies have started the journey of professionalizing the ESG function, focusing on the disclosure effort, calculating the first set of ESG KPIs. Nexxus is aware that KPIs have to show progress and, with this in mind, we disclose our first set of ESG KPIs as of 2019, aiming to report progress by end of 2020.

2019	KPI	OFG	Dorsia	24/7
Environmental	Carbon Footprint Measurement	Yes*	No	No
	Environmental policy	Yes	No	No
Social	N. employees	979	117	19
	Employment created	213	36	0
	Work accidents (frequency rate)	141	0	0
	Absenteeism	3%	0,2%	0%
	Employee Turnover rate	16%	16,5%	26%
	Value Sharing mechanism	Yes	Yes	Yes
Governance	Board Diversity	25%	29%	25%
	Executive Committee diversity	6%	72%	33%
	Independent Board Members	50%	14%	17%
	ESG Supply chain policy	No	Yes	No

*Scope 1 and 2



Portfolio

Headquarters Córdoba - Spain	Sales FY19 EUR 45M	Website www.ofg.es	
979 Employees	80% Permanent employees	Female Chaired	ISO 9001/14001 OHSAS18001

Company description

- Founded in 1998, OFG is a Spanish engineering company that provides services to telecom carriers and equipment vendors for the deployment, maintenance, upgrade and optimization of fixed and mobile networks.
- OFG is an approved contractor of blue-chip equipment vendors and telecom carriers in Europe and Latin America.
- It is currently focused on the deployment of 4G networks in Latin American countries such as El Salvador, Nicaragua, Trinidad & Tobago, Guatemala, Suriname or Honduras.

SDG contribution

- OFG is a key contributor to SDG 9. The deployment of telecommunications networks in developing countries which is essential for development.

9
INDUSTRY, INNOVATION
AND INFRASTRUCTURE

Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.

OFG builds telecoms infrastructure in development countries (mainly LatAm), hence contributing to SDG target n. 9.1, putting affordable and equitable telecoms infrastructure at the service of the most needed.

- In addition to SDG 9, OFG makes significant contribution to SDGs 8, 11 and 13.



Health and Safety

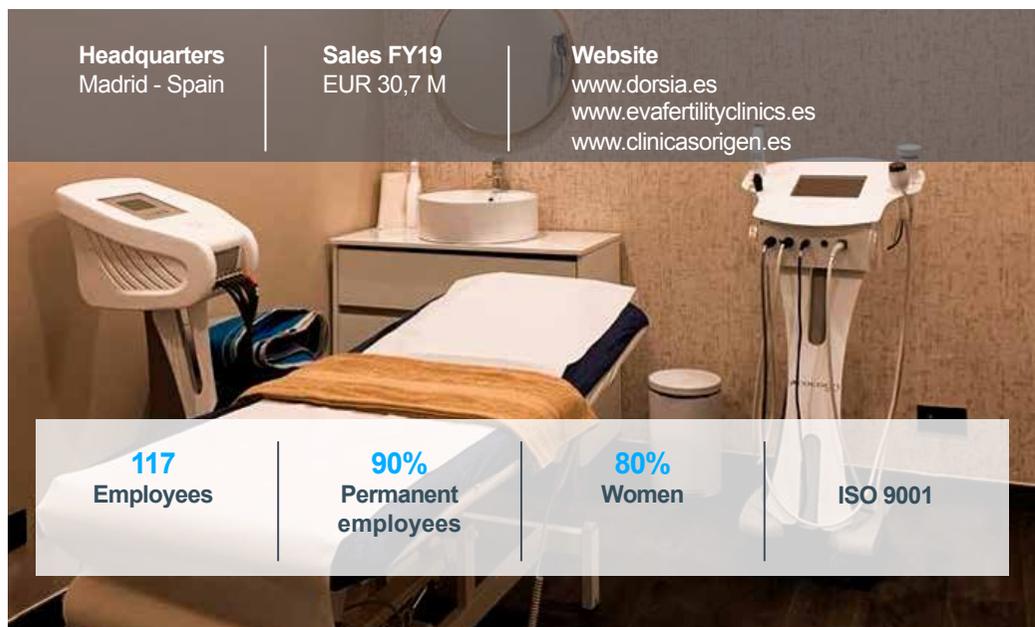
- OFG is highly committed to delivering the highest health & safety standards.
- Inadequate health safety measures may lead to contract penalties and loss of customers with direct impact on EBITDA and company value.
- As a result, the company has created a strong health & safety culture, that is evidenced by the following:
 1. OFG is an OHSAS 18001 certified company.
 2. Trains employees about best H&S practices. During 2019, the company has provided more than 1.800 hours of H&S training to its employees.
- This allows the company to protect its employees and meet the demanding H&S requirements

ESG best practices and Certifications

- OFG is also committed to ESG best practices in terms of service quality and environmental awareness.
- In addition to the OHSAS 18001, the company has obtained ISO 9001 and ISO 14001 in Spain which certifies that the company has an effective quality and environmental management systems.

Some of the positive outcomes of the certification processes are:

- ✓ Better internal management.
- ✓ Less waste.
- ✓ Increase in efficiency, productivity and profit.
- ✓ Improved customer retention and acquisition.



Company description

- Dorsia, Eva & Origen is a franchisor business founded in 2002 supporting a fast-growing network of +90 health facilities mainly dedicated to women.
- Operating under the brands of:
 1. Dorsia. Aesthetics surgery and Aesthetics medicine.
 2. Eva. Assisted reproduction.
 3. Origen. Psychological treatments.

SDG contribution

- Internal and external promotion of diversity is core to the company strategy which directly contributes to SDG 5.

5 GENDER EQUALITY



Achieve gender equality and empower all women and girls.

Dorsia contributes to SDG targets 5.1 and 5.5. Talent is mainly composed by women (82% of employees), and career planning ensures equal opportunities, allowing women to reach top management positions: 72% of the executive committee is comprised by females. Additionally, 2 out of 7 board member are women.

- In addition to SDG 5, W Clinics makes significant contribution to SDGs 3, 8 and 16.



Diversity at the heart of the company's strategy together with Health and Safety

- Internal diversity and external promotion of diversity is core to the company's strategy.
- Internally, most of the executive positions are held by women.
- Externally, they promote the empowerment of women through the elimination of prejudices and barriers that make women feel better about themselves and promote the role of independent women.
- Health and Safety plays a key role in the culture of the company with strong protocols in place. W Clinics is the first Aesthetic surgery player in Spain holding the ISO 9001.
- Only certified surgeons belonging to the SECPRE Association and MIR in plastic surgery provide services at Dorsia.
- Finally, offers solutions for gay community.

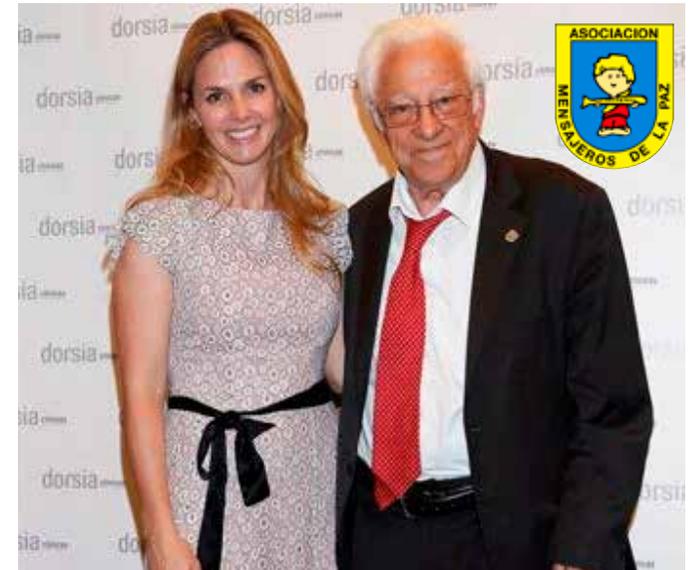
Extensive Training Programs and Wellbeing services for all employees

- Continuous and detailed training programmes are set up and delivered in a structured manner for all employees.
- Top international Surgeons are selected to run training courses for Dorsia doctors. This recurring training is highly valued by the company's doctors.
- The company has Wellbeing policies in place to enhance employee satisfaction (language courses and gym membership are paid for by the company, remote working and working hours flexibility, canteen at company HQ delivering healthy food).
- Employees with an entrepreneur mindset aiming to open and run their own clinic are supported by the company, improving loyalty and retention.

Community Commitment

- With a focus in giving back to the world a part of what it deserves, the Company is currently working with Mensajeros de la Paz (NGO dedicated to the protection of the most vulnerable children and elderly) to maintain a school in Benin.
- They understand that CSR contributes to the creation of a brand image and makes customers and employees connect more with the Company and its values. Employees engagement is achieved by offering them to collaborate in the CSR initiatives.

- The Company also founded Healthy Ways foundation that has two main objectives: finance and promote projects in the healthcare and pharmaceutical sector and promote training in the healthcare sector.
- The company promotes women sports being the sponsor of the Women Team of Atlético de Madrid Football Club and Dorsia Women Sailing team.



Headquarters Madrid - Spain	Sales FY19 EUR 36M	Website www.twentyfour-seven.tv
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19 Employees	44% of women in Board & Management Committee	Female non executive Chairman
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Company description

- Founded in 2004, 24.7 is the leading company in Spain dedicated to the production of spots for advertising campaigns for international brands.
- The Company offers a global coordination service for audio-visual productions, including the identification and management of locations, the selection of talent and the actual recording of the scenes.
- It has the most extensive network of offices in Iberia, with presence in Madrid, Barcelona, Palma de Mallorca, Lisbon and Poland, which allows to offer its clients a differential local knowledge and greater agility in their services.
- 24.7 is positioned as the servicer of reference for international producers, advertising agencies and brands that see in Spain a perfect destination for the production of their campaigns.

SDG contribution

24.7 is committed to social and environmental sustainability in all aspects of its operations, ensuring gender balance (73% of staff) and applying environmental best practices in each advertising campaign they produce.

		Achieve gender equality and empower all women and girls Ensure sustainable consumption and production patterns
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Diversity promotion

- 44% of the “Board & Management Committee” is formed by women (4 member out of 9).
- Twentyfour Seven is affiliated to “Owned” a global coalition of women-run companies operating in the advertising production industry. Helping shape the future of equality and diversity to facilitate working in an equal playing field, where more women leaders are promoted, hired and nurtured.

Good environmental practices

- There is an internal environmental guide called the “Green Book”. Among the practices included in the guide, those related to circular economy stand out.
- The company, in line with the sector, is a great demander of single-use resources. 24.7 has defined a strategy that allows part of the materials used to be reused. Some suppliers rebuy the materials at half price and what has not been rebought by the suppliers are donated.
- In addition, the company has waste management tools included in the “Green Book” such as (i) App to minimise paper consumption (ii) office environmental good practices and (iii) suppliers are requested to properly manage their waste.



In an effort to minimize plastic use during our productions, we have produced our own recyclable water bottles.

Signatory of:



Nexus is a UN PRI signatory since 2018 and as such we have committed to the following:

1. To incorporate Environmental, Social and Corporate Governance (ESG) issues into investment analysis and decision-making processes.
2. To be an active owner and to incorporate ESG issues into our ownership policies and practices.
3. To seek appropriate disclosure on ESG issues by the entities in which we invest.
4. To promote acceptance and implementation of the Principles within the investment industry.
5. To work with the PRI Secretariat and other signatories to enhance their effectiveness in implementing the Principles.
6. To report on our activities and progress towards implementing the Principles.

Transparency

2019 Transparency Report UN PRI

As PRI signatories, we publicly report our responsible investment activity.

This allows us to:

- Evaluate our PRI progress against an industry-standard framework.
- Receive ongoing feedback and tools for improvement.
- Benchmark our performance against peers.
- See the big picture by understanding the state of the market.
- Strengthen internal processes and build ESG capacity.
- Summarise activities for staff.



Attending to our LP demands and complying with our UN PRI commitments we monitor and regularly report on ESG-related risks and opportunities in the underlying portfolio of small and medium-sized enterprises (SMEs)

Leading by Example



Nexus Iberia, together with ASCRI, has collaborated with the Food Bank, a non-profit organization that targets to obtain free food to be distributed, also for free, among charities dedicated to the assistance and direct care of people in need within the Community.



Maite Ballester helped launch Level 20 in Spain, a non-profit organization founded in 2015 to encourage more women to work in private equity.

Committed to Impact Investing

Impact investing is a new born sector in Spain. Nexus understands that it can make a significant contribution to the sector by providing its investment expertise to some of the newly created funds, therefore Nexus Iberia has signed a MoU with GSI to support them in launching and managing their Inergia fund.

Maite Ballester will be part of their advisory board and Nexus will participate in their investment committees.



Our 2020 Commitment

Inside Nexxus Iberia:

- Strengthen ESG Governance
- Establish an ESG Committee
- Select an ESG standard and methodology
- Support impact investment initiatives

At Portfolio Company level:

- Establish a long-term action plan for each of the portfolio companies
- Nominate a Responsible for ESG in each company
- Focus on improving employment opportunities
- Define impact micro-strategies in each company, identifying problems to address and establishing adequate KPIs

Glossary

Environmental, Social and Governance (ESG) factors: are the consideration of environmental, social and governance factors alongside financial factors in the investment decision-making process.

The Principles for Responsible Investing (PRI): founded in 2006 and supported by the United Nations, the PRI is the world's leading proponent of responsible investment. It works to understand the investment implications of ESG factors and to support its international network of investor signatories in incorporating these factors into their investment and ownership decisions.

Sustainable Development Goals (SDGs): the 17 SDGs were adopted by all United Nations Member States in 2015 as a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity by 2030.

Level 20: is a not for profit organisation dedicated to improving gender diversity in the European private equity industry.

Carbon Footprint: is the amount of carbon dioxide released into the atmosphere as a result of the activities of an individual, organization, or community.

Key Performance Indicator (KPI): KPIs help organisations to define and measure progress towards organisational goals.

ISO 9001: is the international standard for a quality management system.

ISO 1400: is the international standard that specifies requirements for effective environmental management system (EMS).

OHSAS 18001: is the international standard that specifies requirements for occupational health and safety management system (OH & SMS)

TCFD: The Task Force on Climate-related Financial Disclosures (TCFD) will develop voluntary, consistent climate-related financial risk disclosures for use by companies in providing information to investors, lenders, insurers, and other stakeholders.

KPI: Key Performance Indicator.

Employment created: Total hires – Total departures (headcount).

Accident frequency rates: Frequency rate (FR) = (number of accidents with lost time/worked hours) x 1 000 000.

Absenteeism rate: Number of paid and unpaid hours of absence in permanent and non-permanent workforce / Number of effective worked hours by permanent and non-permanent workforce.

Employee Turnover: Total departures in permanent workforce during the year N / Permanent salaried workforce as of December 31, N.

NEXXUS
IBERIA