Statement on principal adverse impacts of investment decisions on sustainability factors

According to annex 1 from the Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022 supplementing Regulation (EU) 2019/2088

Financial market participant: NEXXUS-IBERIA SGEIC, S.A.

Summary

NEXXUS-IBERIA SGEIC, S.A. (Nexxus) considers principal adverse impacts of its investment decisions on sustainability factors. The present statement is the consolidated statement on principal adverse impacts on sustainability factors of Nexxus.

This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January 2022 to 31 December 2023.

At Nexxus, we believe that our strategy, processes, and active portfolio management have enabled us to transition from compliance to value creation by leveraging ESG best practices for sustainable growth. Nexxus not only integrates sustainability risks into its investment decisions but also considers the principal adverse impacts (PAIs) on the sustainability factors of its investment decisions.

Nexxus acts as a responsible investor, integrating sustainability risks and analysing principal adverse impacts on sustainability factors in each investment process stage.

Description of the principal adverse impacts on sustainability factors

Adverse sustainability indicator			Metric	Impact 2023	Impact 2022	**Explanation** (evolution, trends and causes)	**Actions taken,** and actions planned and targets set for the next reference period
Indicators applicable to investments in investee companies							
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS							
Greenhouse gas emissions	1	*GHG emissions*	Scope 1 GHG emissions	18.248,7	7.985,9	The significant increase in Scope 1 emissions is largely attributed to OFG, whose emissions have increased by 135% compared to the previous year due to the expansion of its operations in Latin America. This increase is particularly significant for the Fund, considering that OFG's emissions account for 89% of the total Scope 1 emissions of the portfolio. In 2023, the Management Company has intensified its efforts to gather comprehensive information on gasoline consumption, the main factor of Scope 1 emissions, by expanding data collection to more countries where OFG operates, including Santo Domingo, Germany, Mexico, and Chile.	Nexxus will use its influence to minimize the use of gasoline and will encourage the adoption of more energy-efficient alternatives.
			Scope 2 GHG emissions	4.238,1	143,8	Scope 2 emissions of the Fund come from 98% of Solutex and La Margarita, with Solutex contributing 87% and La Margarita 11% of the total portfolio. Solutex did not report emissions the previous year, and La Margarita, which joined the Fund's portfolio in May 2023. Scope 2 emissions, originating from electricity consumption, amount to 651.21 tCO2eq in La Margarita and 5,034.06 tCO2eq in Solutex.	Nexxus will continue with the collection of Scope 2 data in the coming year and will promote more sustainable initiatives to reduce emissions.
			Scope 3 GHG emissions	1.092,4	215,8	The significant increase in Scope 3 emissions is largely attributed to 24.7, whose emissions have increased by 337% compared to the previous year due to an increase in production volume. This rise is particularly significant for the Management Company, considering that 24.7's Scope 3 emissions make up 85% of the total Scope 3 emissions of the portfolio. Business travel has led to a 268% increase in the total distance traveled, impacting the company's Scope 3 emissions, mainly due to air travel. However, compared to last year, train travel has increased by 515%, which represents an improvement, considering that it is the mode of transportation with the lowest emission factor per kilometer traveled.	Nexxus will continue to promote the use of more sustainable means of transportation, with the goal of minimizing the environmental impact of the operations of its portfolio companies, particularly for 24.7.
			Total GHG emissions	23.579,3	8.345,5	The increase in emissions is mainly attributed to OFG for its use of gasoline with respect to Scope 1 emissions, to Solutex to a considerable extent for Scope 2 emissions increasing the use of electricity, and to 24.7 in relation to the increase in business travel corresponding to Scope 3 emissions.	Nexxus will strive to obtain all data for the next year's report and improve the performance of the indicator.
	2	*Carbon footprint*	Carbon footprint	159,1	67,8	The Fund has experienced a notable increase in its Scope 1, 2, and 3 emissions. OFG, responsible for 89% of Scope 1 emissions, has seen a 135% increase in its emissions, due to the investee expanding data collection in various countries, including gasoline consumption, which is largely responsible for this increase. In Scope 2, Solutex and La Margarita constitute 98% of the emissions, with a marked increase due to the recent incorporation of La Margarita and because Solutex did not report emissions previously, specifically electricity consumption. Scope 3 emissions have grown by 337% by 24.7, which represents 85% of the total Fund in this category. Business travel, especially by plane, has contributed to this increase.	Nexxus will improve the management of the Fund's carbon footprint, promoting sustainable practices and refining data collection, thus facilitating the effective reduction of emissions.
	3	*GHG intensity of investee companies*	GHG intensity of investee companies	32,3	14,0	Although revenues increased by 22.11%, the greenhouse gas (GHG) emissions from the companies in which the Fund holds stakes have risen markedly, doubling compared to the previous year.	Nexxus will promote energy efficiency measures in its portfolio to mitigate the intensity of GHG emissions.
	4	*Exposure to companies active in the fossil fuel sector*	Share of investments in companies active in the fossil fuel sector	0,0%	0,0%	Just as in the previous year, none of the portfolio companies are exposed to activities in the fossil fuel sector.	As part of its commitment to its responsible investment policy, Nexxus will continue to refrain from investing in sectors associated with the exploration, production, refining, transportation, distribution, and storage of oil.
	5	*Share of nonrenewable energy consumption and production*	Share of non-renewable energy consumption of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	90,4%	57,9%	The increase in non-renewable energy consumption, which has been 8%, is attributed to the incorporation of the company La Margarita, as well as the Management Company's ability to obtain data for Solutex and 24.7, information that was not available the previous year. These three companies represent 61% of the consumption of non-renewable energy in the portfolio. On the other hand, there has been a decrease in non-renewable energy consumption at OFG, which has been 39%.	Nexxus will promote initiatives aimed at the consumption of renewable energies with the goal of reducing this indicator.
	6	*Energy consumption intensity per high impact climate sector*	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	0,1	0,00	The number of portfolio companies with a high climate impact has remained the same as in 2022. The slight increase in this indicator is due to energy consumption growing at a higher rate than revenues.	Nexxus will continue to take measures to reduce energy consumption intensity.
Biodiversity	7	*Activities negatively affecting biodiversity sensitive areas*	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	0,0%	0,0%	Just as in the previous year, none of the portfolio companies are involved in activities that negatively affect sensitive biodiversity areas.	Nexxus will continue to make efforts to invest in activities that do not negatively affect areas sensitive to biodiversity.
Water	8	*Emissions to water*	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0,0	2,1	Compared to the previous year, there has been a reduction, achieving a total of zero tonnes of water emissions as a result of STM's lower production activity.	Nexxus will strive to make investments that preserve and do not negatively impact areas of high sensitivity for biodiversity.
Waste	9	*Hazardous waste ratio*	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	0,1	0,0	The hazardous waste indicator has increased due to Solutex, which had not reported the amount of hazardous waste the previous year.	Nexxus will promote initiatives aimed at reducing the generation of hazardous waste.

Indicators applicable to investments in investee companies							
Adverse sustainability indicator			**Metric**	**Impact 2023**	**Impact 2022**	**Explanation**	**Actions taken,** and actions planned and targets set for the next reference period
INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS							
Social and employee matters	**10**	*Violations of UN Global Compact principles and Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises*	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0,0%	0,0%	Just as in the previous year, none of the portfolio companies have incurred violations of the principles of the United Nations Global Compact or the Guidelines for Multinational Enterprises of the Organisation for Economic Co-operation and Development (OECD).	Nexxus will endeavor to ensure that its investee companies become signatories of international organizations to publicly demonstrate their commitment to international standards and corresponding obligations.
	11	*Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises*	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	11,5%	13,3%	The lack of compliance processes in multinational companies is evident in that, while in 2022, 13.3% of investments in associated companies did not have oversight policies for the principles of the UN Global Compact or the OECD, in 2023 this percentage decreased to 11.5%, indicating a significant improvement in the implementation of such policies.	Nexxus will continue to promote initiatives that encourage alignment with the principles of the United Nations Global Compact and the OECD Guidelines for Multinational Enterprises.
	12	*Unadjusted gender pay gap*	Average unadjusted gender pay gap of investee companies	18,7%	10,2%	The increase in the gender pay gap was due to OFG, which experienced an 11.87% increase in its gap, and at Mirplay, which went from having no pay gap to recording one of 9.12%.	Nexxus will strive to obtain all data for the next year's report and improve the performance of the indicator.
	13	*Board gender diversity*	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	2,0%	22,4%	Gender diversity on boards of directors has experienced a decline, largely because 38% of the companies that previously had women on their board of directors now do not have such representation.	Nexxus will implement strategies to promote gender diversity balance on the boards of its investee companies.
	14	*Exposure to controversial weapons (antipersonnel mines, cluster munitions, chemical weapons and biological weapons)*	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0,0%	0,0%	Just as in the previous year, none of the portfolio companies have been exposed to controversial weapons, including landmines, cluster munitions, chemical, and biological weapons.	Nexxus will continue to comply with its responsible investment policy, which excludes financing the manufacture and trade of all types of weapons and ammunition.
Other indicators for principal adverse impacts on sustainability factors							
Greenhouse gas emissions	**Table II 4**	*Investments in companies without carbon emission reduction initiatives*	*Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement*	17,4%	3,5%	The increase in the indicator is due to the lack of data from Chef Sam, which had provided information the previous year. Additionally, Mirplay's delay in achieving its decarbonization targets contributes to the observed increase.	Nexxus will strive to obtain all data for the next year's report and improve the performance of the indicator.
Social and employee matters	**Table III 7**	*Incidents of discriminations*	*Number of incidents of discrimination reported in investee companies expressed as a weighted average*	0,00	0,00	Just as in the previous year, the discrimination incident indicator has remained at zero.	Nexxus will continue to strive to keep the number of discrimination incidents at zero.

Description of policies to identify and prioritise principal adverse impacts on sustainability factors

Nexxus acts as a responsible investor, systematically incorporating and integrating sustainability risks, monitoring and disclosing indicators related to the Principal Adverse Impacts (PAI) on sustainability factors at each stage of the investment process. This proactive approach to promoting environmental and social features in its funds has resulted in the NEXXUS IBERIA PRIVATE EQUITY FUND II, FCR being classified as an Article 8 fund under the Sustainable Finance Disclosure Regulation (SFDR), despite not having sustainable investments as its main objective.

In addition, Nexxus annually compiles its key sustainability indicators, selected in 2019 and improved over the years, based on criteria such as financial materiality, ESG trends, investor demands, and applicable regulations, among others. These indicators are compiled annually through a digital tool and incorporated into the sustainability reports disseminated to investors and all interest groups.

In terms of measurement, transparency, and communication, Nexxus periodically provides investors with an ESG report detailing progress related to factors associated with Principal Adverse Impacts on sustainability.

Engagement policies

Nexxus is convinced that ESG criteria are a lever for value creation and recognizes that the application of these principles can better align investors with broader social goals, as well as help make investments more profitable in the long term by ensuring optimal risk management. Therefore, Nexxus seeks to maximize the value of companies, meeting the needs and expectations of its stakeholders and generating a positive impact on the communities where it invests.

To achieve this, the Nexxus management committee has established a responsible investment strategy. Nexxus emphasizes the responsibility of the corporate governance bodies of the portfolio companies to execute the ESG Action Plan and monitor the main adverse impacts. The plan is developed by the team, with the help of external experts, based on internal and external analysis, including the 100-day strategic plan and a Value Creation Plan designed for the next 3-4 years. It is essential to appoint an ESG Manager in each portfolio company, to whom the CEO sets annual objectives (the ESG Manager). This ESG Manager regularly reports to the Board of Directors on the work carried out in each specific area of action to ensure the achievement of the objectives. The ESG and Investments team provides quarterly reports and we assess performance and sustainability through our own ESG scoring system, considering relevant KPIs. The ESG team continuously improves its processes, integrating knowledge and best practices from the portfolio industry.

References to international standards

Nexxus ensures compliance and implementation of codes and standards through various mechanisms. First, it has established a Responsible Investment Policy that summarizes its commitment to responsible practices. Second, it implements robust due diligence processes to identify and assess current and potential negative impacts associated with its investments. To address these impacts, Nexxus develops ESG action plans and recommendations aimed at stopping, preventing, and mitigating such negative effects. These plans are monitored and reviewed periodically. Additionally, the company produces regular reports detailing how these impacts are being addressed. These reports are prepared in accordance with relevant disclosure standards to ensure transparency and accountability.

Nexxus adheres to responsible business conduct codes and complies with internationally recognized standards regarding due diligence and information disclosure. These include the principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, the UNPRI Principles for Responsible Investment (Nexxus has been a signatory since 2020), the Task Force on Climate-related Financial Disclosures (TCFD), and the commitment to Sustainable Development, whose objectives prioritize SDGs 5, 8, 10, and 13. Portfolio companies must adhere to the values and principles described in the international frameworks with which Nexxus commits to operate, demonstrating their dedication to responsible and sustainable business practices.

Aligned and committed to the objectives of the Paris Agreement, Nexxus and the importance of the TCFD's climate risk disclosure standard, its investee companies prioritize emission reduction strategies and promote resilience to mitigate the risks of climate change, improve their adaptability, and mitigate the effects of climate change, thus contributing to a more sustainable future.

Historical comparison

In 2023, a marked increase in greenhouse gas (GHG) emissions is observed compared to 2022. Total GHG emissions rose to 23,579.3 tons of CO_2e, compared to 8,345.5 tons the previous year, reflecting a significant increase across all scope categories. This jump is largely due to scope 1 emissions, which nearly tripled, and scope 2 emissions, which increased exponentially.

In terms of biodiversity, water, and waste, no negative impacts were reported in sensitive biodiversity areas, and water emissions decreased to zero. However, there was a slight increase in the generation of hazardous waste, indicating the need to improve waste management, which Nexxus will work on throughout the year with long-term measures.

In the social and labor sphere, no violations of the principles of the UN Global Compact or the OECD Guidelines were reported. Furthermore, significant progress has been made in implementing compliance processes and mechanisms, with a decrease from 13.3% to 11.5% in the percentage of investments in companies lacking these systems.

However, the gender pay gap has widened, and gender diversity on boards of directors has decreased; therefore, Nexxus will promote initiatives and measures to improve both indicators.

In conclusion, the year 2023 shows progress in some aspects of sustainability, such as the improvement in compliance mechanisms. Nexxus commits to strategic attention and action focused on overcoming challenges related to emissions management, pay equality, and gender diversity, in order to achieve steady progress towards sustainability in the companies it participates in.