



Vespa Capital III

UNLOCKING
SUSTAINABLE
GROWTH

ESG Report 2022

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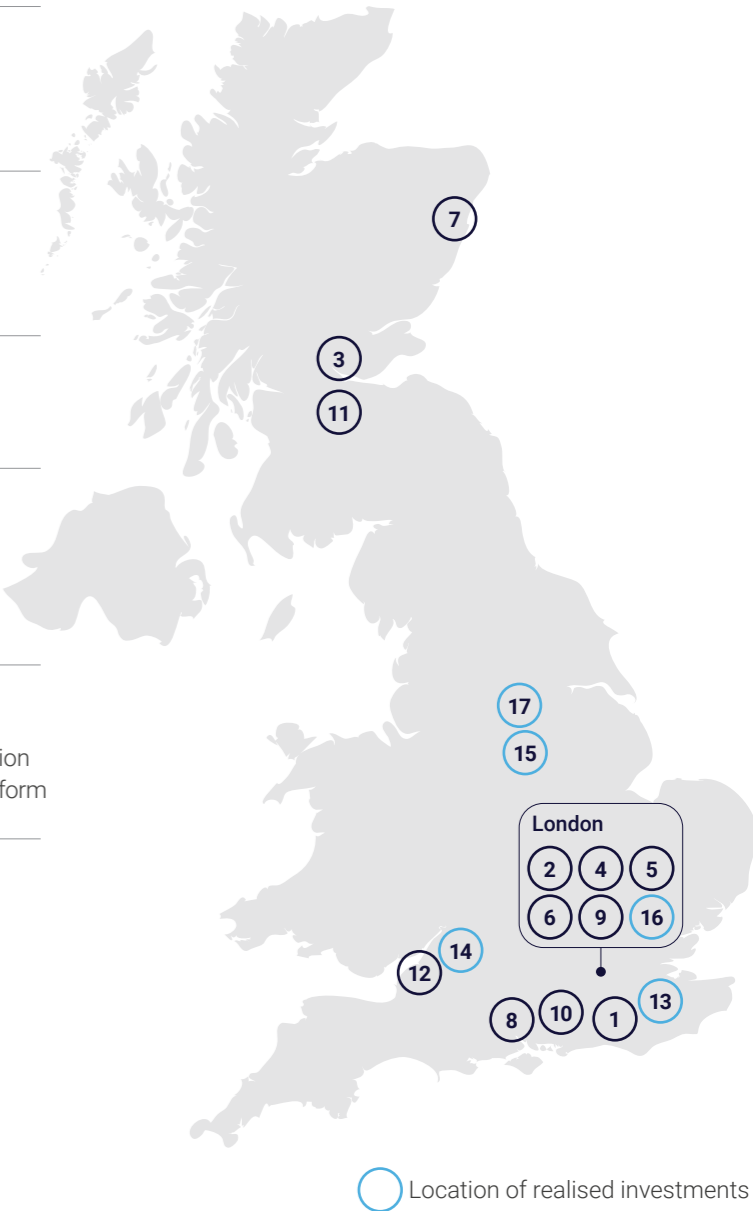
About this report
This is Vespa Capital's first stand-alone ESG Report. All data covers the year 01 January 2022–31 December 2022 and relates to the 10 firms that have reported against our ESG Monitoring Framework, unless otherwise stated. It aims to offer insights into our approach to delivering sustainable returns to our investors and how we are assessing the ESG performance of our investments. We welcome feedback from all stakeholders to help us in our continuous evolution of our responsible investment strategy.

About Vespa Capital

Vespa Capital is a leading lower mid-market private equity investor with approximately £370 million assets under management (as of 31 December 2022). We invest in niche, market-leading companies, with an objective to generate long-term value and superior risk-adjusted returns for our investors while acting transparently and responsibly.

Our portfolio holdings as of 31 December 2022

<div>1</div> <div>Bluecrest</div> <div>Life Science Services</div> <div>Health screening services</div>	<div>8</div> <div>Feefo</div> <div>Technology</div> <div>Customer insights and reviews</div>
<div>2</div> <div>Catalis</div> <div>Tech-enabled Services</div> <div>Games testing, developing and publishing</div>	<div>9</div> <div>Flag</div> <div>Sustainability Services</div> <div>Sustainability strategy and communications</div>
<div>3</div> <div>CHASE</div> <div>Life Science Services</div> <div>Outsourced clinical and commercialisation solutions to the NHS and UK life science sector</div>	<div>10</div> <div>Lumi</div> <div>Technology</div> <div>Virtual voting technology</div>
<div>4</div> <div>Cognite</div> <div>Life Science Services</div> <div>Healthcare strategy and communications agency</div>	<div>11</div> <div>Origo</div> <div>Technology</div> <div>FinTech provider to the pensions and lifetime savings industry</div>
<div>5</div> <div>Com Laude</div> <div>Tech-enabled Services</div> <div>Domain name management</div>	<div>12</div> <div>SelectScience</div> <div>Tech-enabled Services</div> <div>Digital marketing, information and peer-to-peer review platform</div>
<div>6</div> <div>DTAG</div> <div>Tech-enabled Services</div> <div>Technology-focused consulting, insight and transformation provider</div>	<div>13</div> <div>James Villas</div>
<div>7</div> <div>Eserv</div> <div>Technology</div> <div>Provider of digital twin SaaS solutions for complex industrial assets</div>	<div>14</div> <div>WSP Textiles</div>
	<div>15</div> <div>Imagesound</div>
	<div>16</div> <div>Random42</div>
	<div>17</div> <div>BioPhorum</div>



Foreword

In recent years there has been a necessary paradigm shift in the perspective of all investors to how the businesses that they support manage their environmental, social and governance (ESG) risks. Across the pharmaceutical services and technology industries in the lower mid-market in which Vespa Capital invests, we regard the proper management of these issues as fundamental to our investment and value creation strategy.

At Vespa Capital, we see ESG as an intrinsic element of our investment planning and recognise that the effective implementation of a positive change programme can help unlock the potential of the businesses in which we invest.

“When ESG factors such as energy security, cybersecurity or the development of best-in-class talent and human resource solutions are aligned with the fundamental drivers of business growth, it accelerates long-term value creation.”

The principles of stewardship and responsible investment have underpinned Vespa Capital's investment ethos since inception and we are continuously evolving our approach. We have implemented a robust Responsible Investment Policy, we have committed to the UN-supported Principles for Responsible Investment (PRI), we have created resource and training within our team to drive our ESG ambitions forward and we collect ESG data across our portfolio.

This report includes the first published data from across our portfolio on issues from governance to greenhouse gases (GHGs). In disclosing these baseline results, we aim to show the same spirit of transparency and accountability we ask our investee companies to embrace.

This report also sets out a roadmap for the continued evolution of Vespa Capital's ESG policies and processes.

We are encouraged by the positive environmental and social impacts we are seeing from our portfolio companies. These include the reduction of travel-related emissions thanks to **Lumi's** virtual events software, the adoption of onsite renewable electricity consumption at **Feefo** and the phased transition to a more fuel-efficient car fleet at **CHASE**.

We take a bespoke approach to improving the ESG performance of each of our investee companies. There is no one-size-fits-all approach to unlocking ESG potential. We work closely with each company and engage in regular dialogues with our Limited Partners (LPs) and wider stakeholders to improve our practice.

At Vespa Capital, we are building businesses positioned to thrive under our ownership and for many years after our involvement. We recognise that the challenges faced by all businesses will continue to evolve and that to continue their success they must have a determined and relevant ESG strategy.

I hope you enjoy the report.

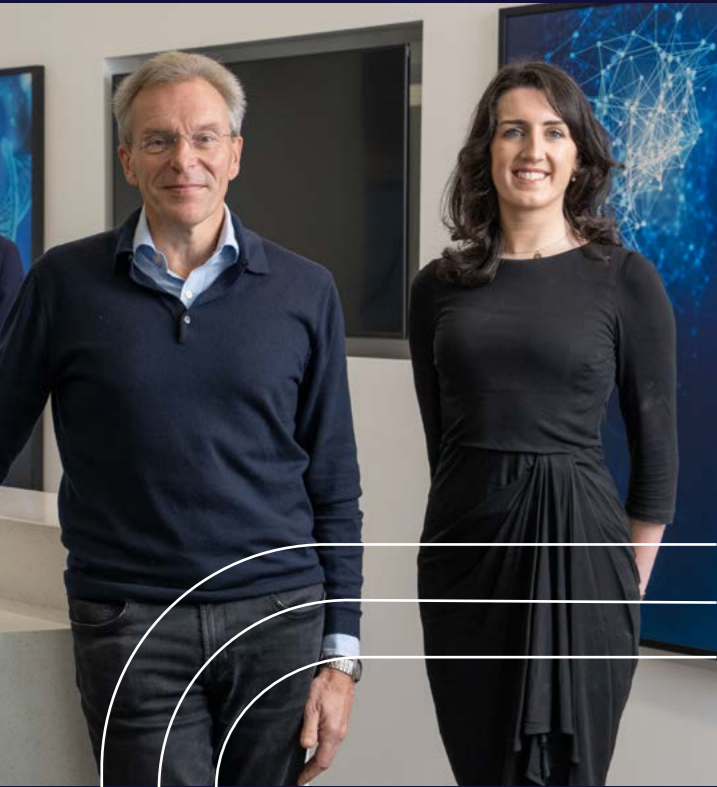
Nigel Hammond,
Managing Partner



SNAPSHOT OF OUR 2022 ESG ACHIEVEMENTS

“We continue to refine our focus on ESG; setting clear, attainable and measurable goals and working with our portfolio companies to lay the foundations for future progress against these targets.”

Megan Lester,
Partner



FIRM-WIDE POLICIES AND PROCESS

Vespa Capital was awarded **4 out of 5 stars** by PRI for its Investment and Stewardship Policy.

100% of our employees received ESG training.

ESG reporting embedded across the portfolio (for all investments where Vespa Capital is principal investor).

ENVIRONMENT

Four portfolio companies now meet over half their energy consumption via renewable energy; **DTAG** consumes **100%** renewable energy and **Com Laude 93%**.

10 firms reported direct (Scope 1 and 2) emissions, with average emissions intensity of **8.1 tons CO₂e/£1 million of revenue**.

12 million kg of estimated annual emissions saved by **Lumi** products, equivalent to the annual emissions generated by the electricity used by more than 2,360 houses each year.

By way of reference, Lumi’s estimated avoided emissions are an order of magnitude larger than the total reported emissions from the Vespa Capital portfolio in 2022.



SOCIAL

192 jobs created across 11 companies in 2022, despite turbulent economic climate.

16,359 hours of training for employees across 7 companies that report.

1.5% average absenteeism rate across 8 companies that report, below the 1.8% UK average.

60% of portfolio companies have a majority female workforce and **72%** of portfolio companies have female representation at Board level.

GOVERNANCE

80% of portfolio companies have approved policies on code of conduct, diversity, health & safety, anti-corruption and cybersecurity.

100% of portfolio companies have sought to enhance their cybersecurity posture.

OUR OWN ORGANISATION

Over £500,000 raised for the Haller Foundation and other charities since inception.

Worked with partners to get a significant batch of **specialist wound care dressings to soldiers** fighting in the Ukrainian conflict.



OUR ESG ECOSYSTEM

ESG is fundamental to the Vespa Capital ethos – playing a central part in all aspects of our operations.



EMBEDDING ESG
Stand-alone ESG resource, data and analysis to manage sustainability risks and drive sustainable value creation.



TRANSPARENCY
Open and accountable reporting to LPs and stakeholders.



STRONG GOVERNANCE
Robust Responsible Investment Policy and governance formalised across our investment approach.

Vespa Capital



COLLABORATION
Partnering and participating on ESG issues with industry peers and portfolio companies.



ACTIVE OWNERSHIP
Mentoring and encouraging strong and innovative ESG practices across the portfolio.



PERSONAL COMMITMENT
The team have made meaningful investments to our funds and therefore we want the ESG impacts to align with our own personal commitments to sustainability.

LUMI: REPLACING TRAVEL WITH TECHNOLOGY



Lumi is a leading provider of real-time audience engagement software to enable hybrid and virtual Annual General Meetings (AGMs) and equivalent forums. Its core product is both avoiding emissions by reducing travel and enabling enhanced shareholder engagement.

Lumi’s clients include global giants such as Amnesty International UK, Jimmy Choo, Qantas and Shell, and in a post-pandemic world there is huge demand for Lumi’s technology to support virtual, hybrid and in-room meetings.

Historically, AGMs have tended to require attendance in the room by Board members and shareholders from around the world, and by one estimate the 3,500 virtual AGMs hosted on Lumi technology in 2022 prevented carbon-intensive travel for over 210,000 people. This saved over 12 million kg of CO₂e – equal to the annual emissions generated by the electricity used by more than 2,360 UK homes.

Lumi is not just rethinking travel. As the world of in-room voting – with paper ballots and a show of hands – disappears, Lumi’s technology is ensuring that corporate doors remain open and accessible to smaller shareholders and those who can’t travel.

In the UK, for example, Lumi estimates that almost half of retail investors (48%) are locked out of AGMs by a complex share-ownership system that passes too much control to brokers. By digitising the voting and attendance process, Lumi is helping remove these roadblocks.

We are delighted to be working with Lumi to capitalise on this shifting balance.



A portrait of Sam Calder, a man with short brown hair and a slight smile, wearing a dark blue blazer over a light pink shirt. The background is a blurred indoor setting with greenery.

SECTION 2 EVOLVING APPROACH

“ESG is intrinsically linked to Vespa Capital’s investment strategy. We believe in supporting companies that conduct business with integrity, transparency and a robust approach to sustainability, helping unlock their full, long-term potential both economically and for the benefit of the wider society in which they operate. This ambition is driving the evolution of Vespa Capital’s own policies and processes to manage ESG performance across our portfolio.”

Sam Calder, Investment Director and ESG lead

Firm-level ESG approach

Responsibility for our ESG practices rests at the top. Our Partners hold ultimate oversight for ESG integration and discuss it in detail at the Partners Board – where ESG is a standing item on the agenda.

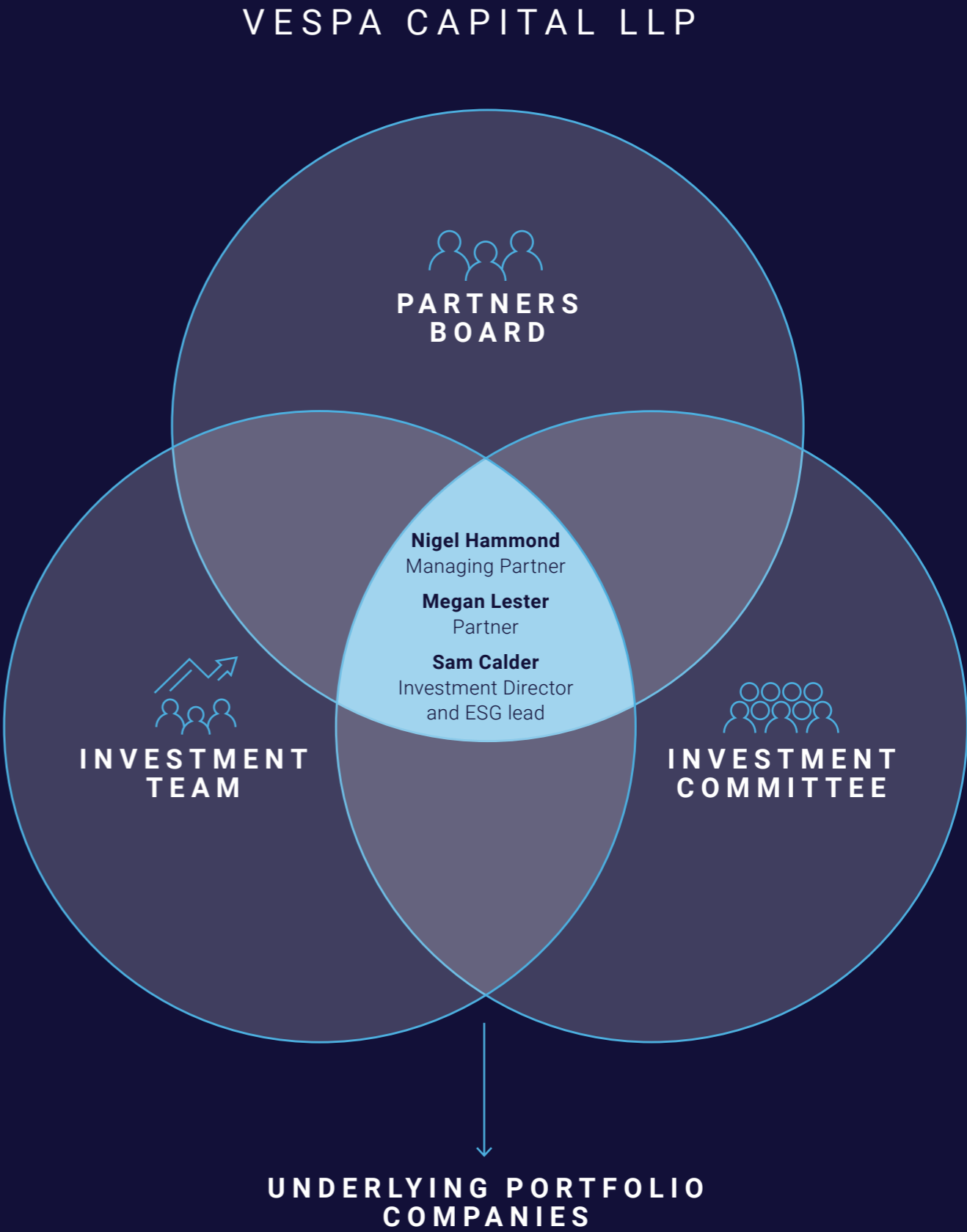
The Board of Directors of each portfolio company is responsible for defining its own strategy and policy, and members of the Vespa Capital team (of whom two Vespa Capital directors will sit on respective portfolio company Boards) will collaborate closely with management teams to guide progress and help set sound ESG standards and objectives.

Executive oversight and responsibility for Vespa Capital’s ESG programme lies with Megan Lester, Partner and Finance Director.

This senior ownership forms a key pillar of the firm’s overall approach to governance and management, providing sponsorship for ESG both at a Vespa Capital Board level as well as on the Investment Committee.

The practical application of our responsible investment agenda is delivered by the investment team – coordinated and led by Sam Calder, Investment Director. This synergistic approach means that the members of the team with the most acute understanding of the underlying dynamics are responsible for driving change at a portfolio level.

We believe that ownership of ESG at a Board level is fundamental to promoting the adoption of ESG principles and therefore we undertake to provide effective leadership, resources and support to deliver on our responsible investment commitments. Regular critical evaluation of ESG factors within our business as well as those of our portfolio companies results in the ongoing iteration and refinement of ESG strategy.



Our ESG journey

We believe stewardship and the active management of ESG factors have the potential to significantly impact risk and returns. We see this every day, from the cost efficiencies created by energy-saving initiatives, to the productivity gains from satisfied and engaged employees, or de-risking against rapidly growing environmental protection regulation.

We adopted a publicly available Responsible Investment Policy and became a signatory to the UN's Principles for Responsible Investment (PRI) in 2019. Our policy is regularly updated and states our commitment to conduct business in a responsible manner, to incorporate ESG monitoring across our portfolio and to take an active approach to promoting change where practical.

Over the last 18 months, we have delivered a step change in Vespa Capital's ESG integration practices, including:

- Introducing an ESG Monitoring Framework covering a core set of Sustainable Finance Disclosure Regulation (SFDR)-aligned ESG metrics for all portfolio companies to report against.

- Training to implement our Responsible Investment Policy for all staff. ESG training is also part of new staff induction.
- Creating dedicated operational resource to oversee our ESG integration progress led by Investment Director Sam Calder. These positive developments along our ESG journey are being acknowledged by peers, with the PRI awarding Vespa Capital 4 out of 5 stars in both the Investment and Stewardship Policy and Private Equity modules of its reporting and assessment framework.

We also recognise that tackling ESG issues and effecting positive change in the private equity industry will require broader participation and engagement across the sector, so we collaborate with peers, including the PRI and British Private Equity & Venture Capital Association (BVCA) networks, to learn best practice and share knowledge.

We hold regular dialogue with our LPs on ESG management and present on ESG performance at our own AGM. This report is our first annual ESG Report and builds on [our disclosure to the PRI reporting framework](#), which is publicly available and aligned with indicators requested by the Task Force on Climate-related Financial Disclosures (TCFD).



ESG IN THE INVESTMENT PROCESS

We integrate ESG considerations at all three stages of the investment process.



*Read more about our climate assessment on [page 10](#).

Pre-investment

Those business activities that we deem unethical, harmful to society or in breach of laws or regulations are restricted by our exclusions list. Vespa Capital’s exclusion list aligns with its Responsible Investment Policy and has been developed in consultation with our LPs.

Our exclusions include companies whose predominant focus is in sectors such as gambling, thermal coal, tobacco and manufacturing of or trade in weapons, among others.

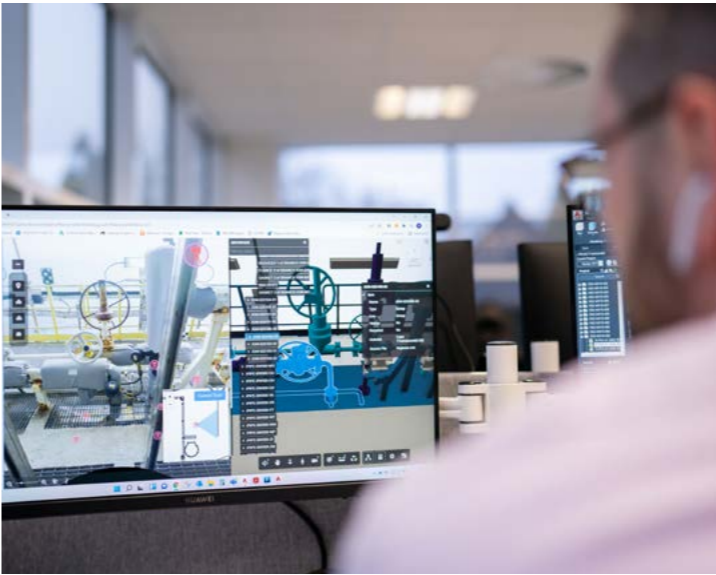
Incorporating an ESG overlay into our investment decision-making process ensures ESG risks and opportunities are identified from the outset and makes clear to us the maturity level and ability for a company to progress on these issues. In 2022, for example, we terminated our involvement in a number of investment opportunities following further due diligence as a result of factors such as concentrations in the defence sector, resource-intensive operating models and high climate transition risks. Our pre-investment due diligence also includes a review of potential supply chain risks.

Climate risk

Vespa Capital recognises and supports the transition to a low-carbon economy. We do this through both a commitment to understanding and reducing climate-related financial risks and seeking opportunities to invest in low-carbon, energy-efficient businesses.

We consider climate-related risks as part of our pre-investment process and post-investment ESG assessment, reviewed annually. We consider both ‘physical risks’, such as flooding or drought, and ‘transitional risks’, such as stricter regulatory requirements. In addition, we consider shifts in customer behaviours or reputational risk presented by the transition to a lower carbon economy. We currently assess our climate-related risks to be relatively small, given the predominantly business-to-business, service-oriented nature of our portfolio companies.

An example of this process is our investment Energy Services International Limited (‘Eserv’). Eserv is a leading software service solution provider that revolutionises how companies maintain complex industrial assets in the energy sector. Their exposure to the energy industry poses potential physical and transitional risks, but Eserv’s engineering expertise and technology solutions increase operating efficiencies, reducing onsite maintenance costs and ultimately improving the associated carbon footprint of energy assets. Aside from supporting the transition to cleaner and more efficient operating models for traditional energy providers, Eserv is also supporting the rapid growth in the renewable energy sector.



OUR PORTFOLIO-WIDE ESG METRICS

ENVIRONMENTAL

Greenhouse gas emissions	<ul style="list-style-type: none">• Scope 1 and 2 emissions; Scope 3 emissions on a case-by-case basis• Emissions intensity
Energy consumption	<ul style="list-style-type: none">• Total renewable energy consumption• Proportion of energy met by renewables
Waste	<ul style="list-style-type: none">• Total tons of waste produced• Waste/recycling programme in place
Water	<ul style="list-style-type: none">• Total water usage per annum
Travel	<ul style="list-style-type: none">• Total corporate travel• Funds directed to ‘green’ initiatives via salary sacrifice

SOCIAL

Diversity	<ul style="list-style-type: none">• Total full-time equivalent (FTE) gender split• Board and management gender spilt• Gender pay gap (as required)
Job creation	<ul style="list-style-type: none">• Total headcount• Headcount growth
Employee satisfaction	<ul style="list-style-type: none">• Total absenteeism rate• Glassdoor score• Employee satisfaction survey results
Training	<ul style="list-style-type: none">• Hours of training
Involvement in community service	<ul style="list-style-type: none">• Number of employees involved
Living wage	<ul style="list-style-type: none">• Living wage audits conducted
Client/customer satisfaction	<ul style="list-style-type: none">• Client retention rate

GOVERNANCE

List of company policies	<ul style="list-style-type: none">• Full suite of corporate policies, including anti-corruption, health & safety, cybersecurity, code of conduct, etc
Board representation	<ul style="list-style-type: none">• Number of Board meetings• Number of non-executive directors on the Board
General Data Protection Regulation (GDPR)	<ul style="list-style-type: none">• Date of last GDPR compliance review
Cybersecurity	<ul style="list-style-type: none">• IT/cybersecurity management system/accreditations• Date of last cybersecurity assessment

Ownership

At Vespa Capital, we are very clear about what we do. We support high-quality and dynamic management teams in the businesses we invest in, collaboratively inputting on the development of business strategy, and we leverage our expertise and networks to support their growth. We see catalysing improvements in ESG performance as part of this role. During our ownership phase, this includes:

- **Post-deal strategy planning:** Forming plans with management to manage the ESG risks and opportunities highlighted pre-investment. We also ask portfolio companies to track and monitor ESG factors at Board level.
- **ESG incident monitoring:** Ensuring there is a process for companies to report material ESG incidents in an open, honest and timely manner to us.
- **Stewardship:** Engaging to encourage progress in areas such as environmental management and cybersecurity, sharing best practice from others where available.

Our ESG Monitoring Framework tracks a set of material ESG key performance indicators (KPIs) aligned with market standards – from renewables to retention rates, and from water to waste. We will continue to adapt this framework in line with LP demands and sustainable disclosure regulations.

In total, 10 portfolio firms reported against the Vespa Capital ESG Monitoring Framework in 2022, and we will roll this out to newly acquired firms in Fund III during 2023 and beyond.

Vespa Capital’s principal stewardship and engagement on governance factors across our portfolio is achieved through active Board participation. Portfolio management responsibility is shared among the Vespa Capital investment team – assessing risks, opportunities and ESG initiatives across the businesses we invest in and sharing best practice between the team. As a result, all Vespa Capital portfolio companies are able to leverage the broad and diverse experience present across the team.



Exit

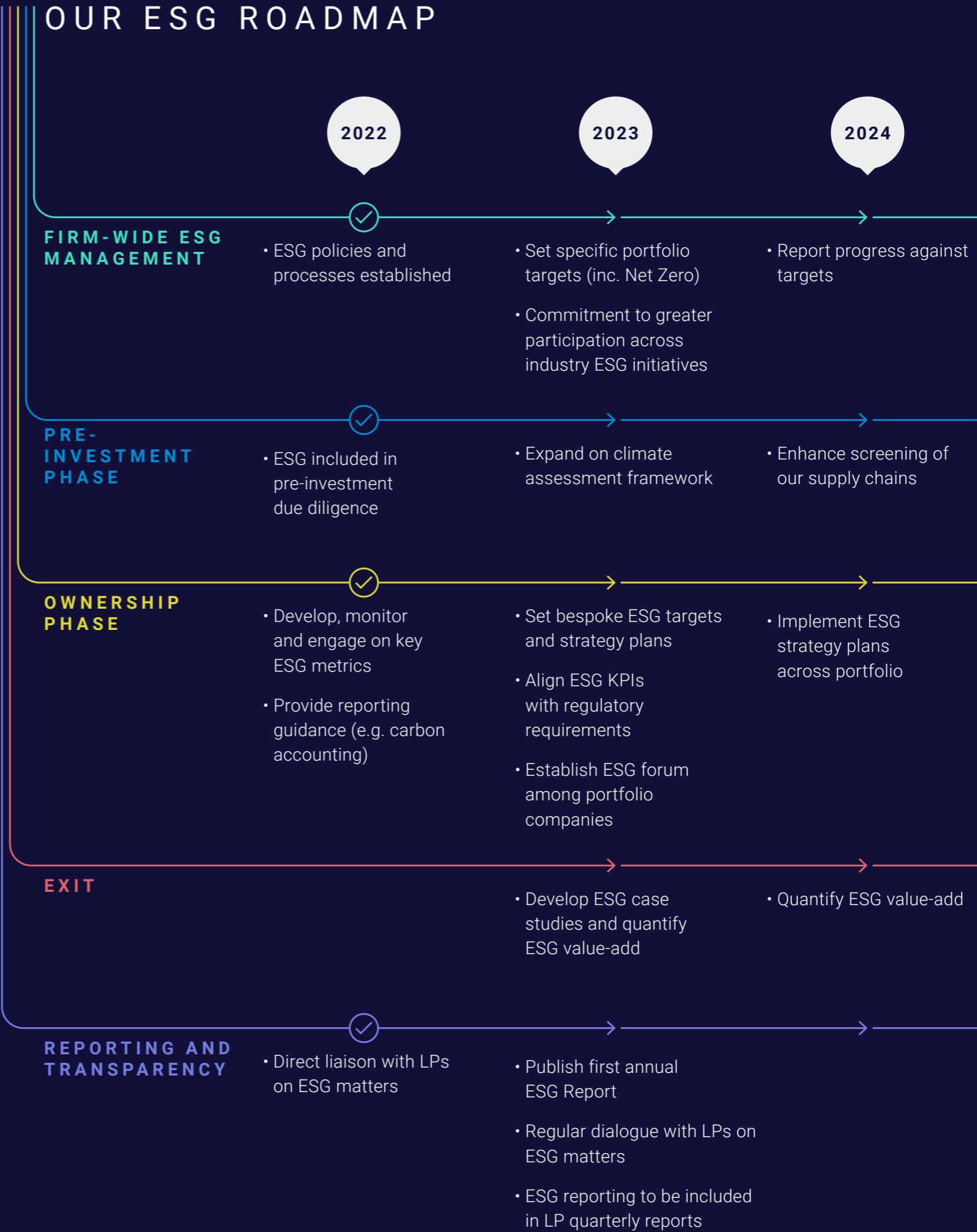
We consider ESG factors to be a vital component of our value creation strategy, aiming to highlight positive ESG performance or value-add to potential buyers. We also work to prepare the company for potential assessment on sustainability performance from prospective buyers or for ESG-related listing requirements should the company be preparing to list.


In 2021, we exited BioPhorum, a business that enabled participants in the biopharmaceutical sector to collaborate on the hugely complex challenges of manufacturing a COVID-19 vaccine at scale during the pandemic. Presenting this case study to prospective investors was an excellent way to showcase the societal contribution BioPhorum delivers through its innovative business model. In addition, Vespa Capital supported the development of BioPhorum’s Corporate Social Responsibility Policy, helping codify the company’s commitment to conduct its business activities in an ethical and responsible manner and taking a proactive approach in promoting positive change for the benefit of all stakeholders.

Our goal is to build on this in the years to come, looking at the potential to better quantify the value-add of ESG improvements made under our ownership.

Future commitments

- We aim to be active stewards of our portfolio companies and we recognise that our ESG policies and processes will need to evolve and there is an increasing demand to improve.
- We have published a roadmap of our own ESG journey ahead, which includes the following commitments:
- To establish a mechanism to share and/or incentivise ESG best practices between companies across the portfolio.
 - Alignment with industry peers to ensure we contribute to the Paris Agreement objective to limit global warming to well below 2°C.
 - To further align our ESG metrics with those of regulatory requirements.
 - To identify appropriate Sustainable Development Goals (SDGs) for each portfolio company and assign KPIs to track performance towards these goals.





SECTION 3

ACTIVE OWNERSHIP

“Every day we see impacts from our portfolio companies ripple outwards: from the development of independent solutions to verify the sustainability commitments of ethically conscious brands, to consultancy services that improve the sustainability strategies of large and influential multinational businesses and our ongoing investment in dynamic digital business models that enhance efficiencies. We are encouraged by the attractive opportunities presented by those business that continually adapt and innovate to meet the needs of a changing world.”

Katya Hawrylak, Director

Throughout our ownership phase, we work collaboratively with management teams to help them future-proof their businesses and drive sustainable growth. In this chapter, we explore how we are doing this across environmental, social and governance themes.

Environment

Applying robust environmental management can deliver significant efficiency savings, reduce future liabilities and help build strong relationships with employees and customers. That is why we monitor environmental metrics that include analysis of company emissions, renewable energy use, waste and water management, and approach to travel.

In 2022, we saw several positive environmental initiatives emerge from our portfolio companies. Six companies now report on the proportion of energy consumption

sourced from renewables, with **Feefo** meeting 100% of its UK headquarters’ energy needs with renewables in 2022. **Com Laude** was not far behind, reaching 93% last year.

2022 was also an important year for setting emissions baselines in our portfolio. All portfolio companies reported annual emissions data and we will continue to provide our portfolio companies with the support they need to deepen this reporting in 2023 and beyond.

In addition, we gathered a baseline understanding of which companies have waste recycling programmes in place, as well as levels of water usage and corporate travel. This helped refine our understanding of the environmental impacts across our portfolio and initiatives in focus to address these.



DRIVING EFFICIENCIES AT **CHASE**



CHASE is a leading provider of outsourced commercial, medical and talent solution services to pharmaceutical, biotech and healthcare companies in the UK, such as Abbott, GSK and Novo Nordisk. Based in Edinburgh, **CHASE** has a large car fleet, with over 200 vehicles in use by the company’s contracted employees.

Following our acquisition, we worked with the **CHASE** management team to transition this mainly diesel fleet to smaller, less polluting petrol cars.

In addition, nearly 90% of vehicles are now fitted with telematics systems. This helps improve driver safety and has significant environmental benefits too. If cars are regularly being driven in an inefficient way, **CHASE** takes appropriate corrective action with the drivers concerned (e.g. providing additional driver training).

While the breadth and depth of electric vehicle (EV) charging infrastructure in the UK is still not reliable enough to safely support the needs of most of **CHASE**’s field-based sales and nursing staff, the management team are planning for the future and are in regular dialogue with car manufacturers and EV experts to assess the viability of this transition.

Social

The COVID-19 pandemic propelled the ‘S’ in ESG to the top of many companies’ agendas – and it is a part of the ESG matrix we pay particular attention to at Vespa Capital. We believe a positive working environment and a sense of satisfaction for employees, customers and wider stakeholders can be a reliable proxy for management quality.

That is why our ESG Monitoring Framework includes metrics on client retention rates, employee satisfaction surveys and a score from Glassdoor – a platform that helps capture broad employee satisfaction. **Origo** and **SelectScience**, for example, achieved a positivity rating of 85% and 87% respectively in recent employee satisfaction surveys, with activities including new employee assistance and mental health programmes to support and promote employee wellbeing.



We also measure gender diversity, job creation numbers, hours of training, employee involvement in community service and living wage levels. Four of our portfolio companies also publish gender pay gap disclosures.

In total, the 10 companies who reported against our ESG Monitoring Framework in 2022 have created a total of 776 jobs since investment, despite a turbulent economic climate. Training hours varied across the portfolio, with **DTAG**, for example, offering over 6,500 hours of training to employees, with an average of 15 hours of training provided per employee across those companies that monitor training hours.

We believe diverse teams make better decisions and generate better results. Diversity is monitored across all portfolio companies, a majority of which have over 50% of women (FTE), and all, with the exception of **Bluecrest** and **Origo**, have at least one female Board member.

In 2022, we welcomed the work of the RISE initiative at **Com Laude** (see case study opposite) and were proud to see **Catalis** win several diversity awards. For example, **Testronic**, a publishing division of **Catalis**, launched the **Testronic** 50% initiative, which aims to encourage more women into the gaming industry. Women tend to be just as drawn to the world of gaming as men, but only 14% of industry workers are female. The **Testronic** 50% initiative offers advice, mentoring and self-development to help young women nurture careers in the gaming sector.



CATALYSING DIVERSITY
AT COM LAUDE

Domain name management company **Com Laude** has staff on three continents, hailing from a total of 19 countries, and sees clear business benefits in building a diverse and inclusive company.

The firm is also a member of Inclusive Employers, a network to share knowledge and best practices on diversity leadership. Inclusive Employers’ webinars form part of the **Com Laude** learning and development agenda, sitting with the purpose element of the group’s cultural development.

Notably, in September 2020, **Com Laude** launched the Responsible Inclusive, Sustainable, Equal (RISE) initiative. RISE seeks to be a catalyst for change and helps advise **Com Laude’s** leadership on responsibility and inclusion within the company and in its communities. It also addresses matters of sustainability and the environment; for example, looking at ethical sourcing in the supply chain.

The RISE Steering Committee includes volunteers from across the business. The Committee has organised a series of accessible charitable events, such as the Race for Aquality, which saw the **Com Laude** workforce get involved and walk/run/cycle/swim a total of 4,750 miles to raise money for drinking water facilities in Pakistan via The Well Foundation. The most recent event, RISE for Peace, raised funds that were donated to charities supporting civilians affected by war – company-matched fund-raising efforts delivered humanitarian support to Ukraine. This has since been followed by monthly company donations, directed to charities chosen by the RISE Committee.



Governance

Transparent and accountable governance is integral to the development of high-performance and quality-leading businesses; we ask all portfolio companies to implement and maintain a full suite of corporate policies.

This includes a core set of baseline policies – for instance, a code of ethics, anti-corruption, health & safety, data privacy and diversity & inclusion policies. We also monitor for Board representation, and for GDPR compliance and cybersecurity management.

We consider data and cybersecurity to be a key aspect of good governance, and a key focus area for our

governance efforts in 2022 was enhancing the cybersecurity maturity of our portfolio companies, with comprehensive cybersecurity reviews conducted at a company level on an annual basis (see case study opposite). The robustness of cybersecurity protocols is also assessed as part of due diligence.

Of the companies that have reported against our ESG Monitoring Framework, all have carried out a cyber assessment in the last two years. **Com Laude** and **Lumi** have implemented ISO 27001, an information security management system, and **Bluecrest** has achieved Cyber Essentials (CE) and CE+ certifications following a rigorous and thorough test of the organisation's cybersecurity systems.

There have been no negative governance issues in the portfolio that have required remedial action to be taken.



SECURITY GOVERNANCE

Vespa Capital has been working with CISOselect, a specialist cybersecurity consultancy, since 2020 to assess the cyber maturity of our portfolio companies or potential portfolio companies.

CISOselect applies a focused and proportionate approach using the National Cyber Security Centre's (NCSC) Cyber Assessment Framework (CAF) to inform their review process. The CAF is a sector and scenario agnostic framework that seeks to critique the overall cyber posture and attitude to security governance within an organisation. It reviews the key cybersecurity risks and vulnerabilities of the underlying company.

CISOselect has now completed multiple iterations of the annual CAF review across the Vespa Capital portfolio. All new portfolio additions have also undergone an initial baseline CAF assessment post-investment.

In addition to the core CAF testing that underpins the Vespa Capital cybersecurity programme, a broader, more bespoke

'menu' of cybersecurity consultancy services has been developed to support portfolio companies in enhancing their cyber governance protocols, processes and procedures. These services include data privacy assessments, staff security awareness training, development of key policies, disaster recovery and scenario planning, penetration testing, incident response support and virtual CISO support where necessary.

As a result of the strong and trusted relationships developed between CISOselect and the portfolio teams, a number of direct engagements have also been undertaken to support on specific cybersecurity projects. These include the provision of additional Data Protection and Regulatory expertise to support the development of **Lumi's** virtual and hybrid offering, including the creation of client-facing documentation; the creation of a Security Monitoring Strategy and focused assessment services for programme planning processes at **Com Laude**; and supporting **Feefo** with their ISO 27001 audit cycle and scope extension exercise.

CHAMPIONING AN ESG CULTURE



Feefo is one of the UK’s leading ratings and review platforms and a company whose product empowers other brands through access to verified customer reviews.

Feefo’s focus on enhancing the governance structures in place across the business has enabled a strong ESG culture to flourish, with an ‘ESG Champion’ appointed to promote progress and adoption across the company, such as generating 100% of the energy requirements at the company’s HQ from onsite renewable energy.

In addition, **Feefo** has incorporated ESG considerations into its new product development process, collaborating with ethical accreditation provider **ethy** to create a solution that provides independent and accredited verification of brands’ sustainable credentials. This accreditation framework features a broad range of ecolabels that help evidence a brand’s sustainability and ethical commitments, giving consumers confidence in the authenticity of the brands they are engaging with. These ecolabels focus on promoting sustainable practices across climate protection, responsible resource usage, health and wellbeing, community engagement and biodiversity.

Feefo recognises that consumers are becoming increasingly sceptical of brands’ sustainability claims and is therefore seeking to leverage its trusted position as a provider of verified consumer reviews to build further trust between consumers and brands.



Looking ahead

It has been a year of progress for both Vespa Capital and our portfolio companies and we strive to keep moving forward in our ESG performance year after year.

We aim to build on our consistent portfolio-wide ESG data-monitoring programme by looking at the best ways to widen and deepen this disclosure. This includes working with portfolio companies on areas such as alignment of ESG KPIs with underlying commercial strategies, looking across our portfolio to how best we can report against frameworks such as the SDGs, meet regulatory requirements and align with a pathway to achieving the Paris Agreement goals.

We have always believed the pursuit of sustainable goals is a significant contributor to the intrinsic value of the businesses in which we invest. This is reflected in our consistent and established investment approach, and one of our core ambitions for 2023 is to better use our position as a responsible investor to share good practices across all portfolio companies. We firmly believe that sharing the innovations in one company – whether new sustainability-related products, breakthroughs on new digital business models or investments in EVs – can benefit others too.

Simultaneously optimising ESG and commercial strategies helps our portfolio companies adapt to a changing world; in turn nurturing long-term, sustainable organisations that create a lasting legacy long after our investment.

Through the continuous evolution of our responsible investment approach, we want to improve our risk management, deliver sustainable returns and help create more investment solutions fit for the future.

INVESTING IN THE BUSINESS OF SUSTAINABILITY



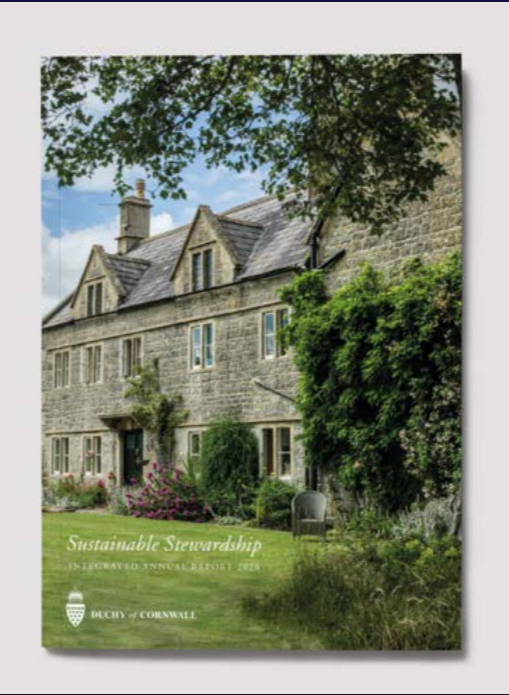
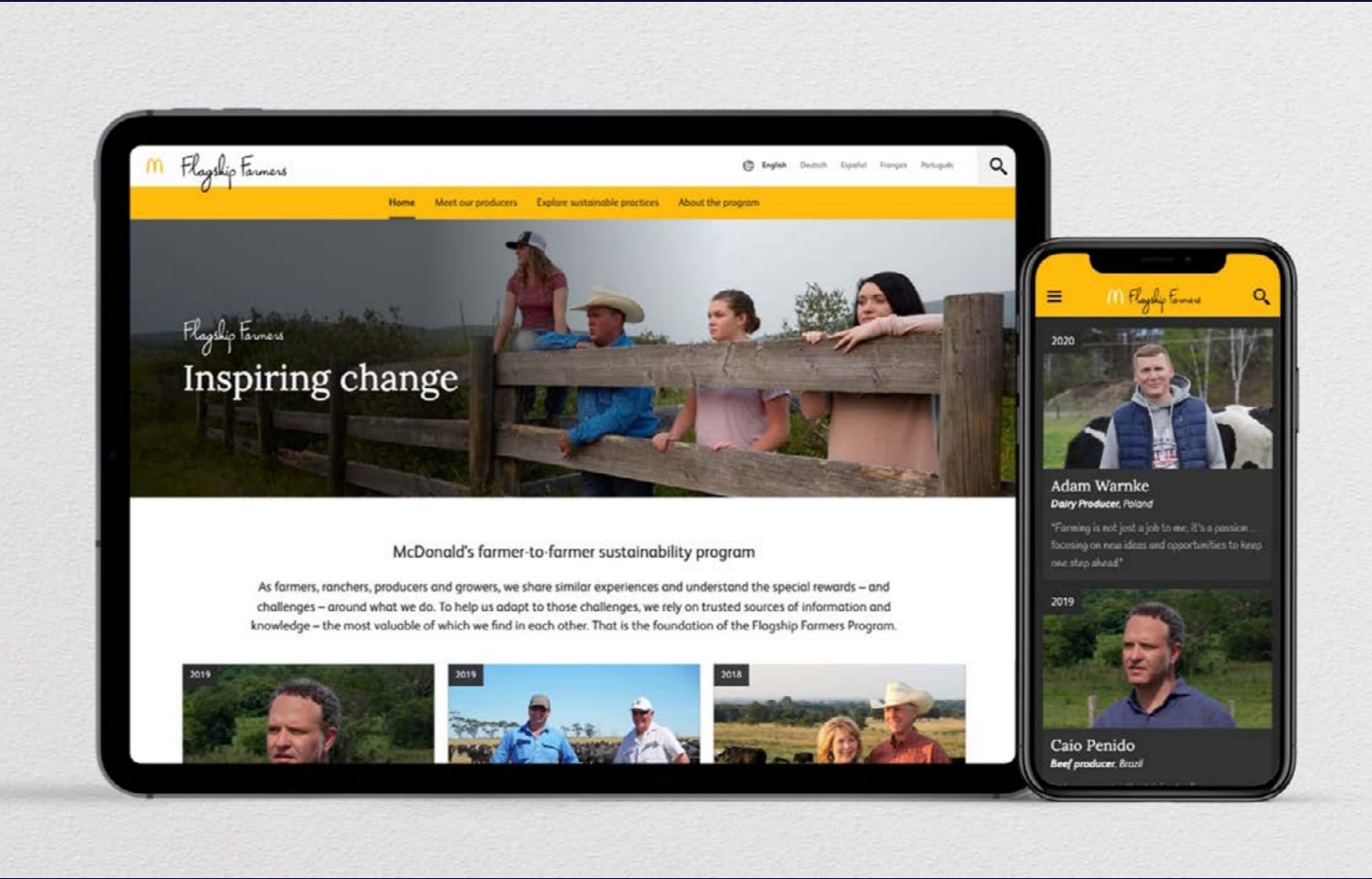
In January 2022, we invested in Flag, a best practice sustainability and ESG strategy, reporting and communications agency.

Flag works with an impressive customer base, including consumer-facing brands, such as Nike and Nestlé, and B2B organisations, including Helios Towers and Pilot Chemical. Flag provides expertise for these firms in a variety of ways, such as helping them meet the growing market and regulatory demands for sustainability reporting, or evolving their ESG strategies and their engagement with stakeholders.

By advising organisations on how best to shape and communicate their approach to sustainability – and share it with the world – Flag is driving the adoption of best practices and helping create a market where investors, consumers and regulators can more easily identify whether and how these companies are meeting their sustainability challenges.

At Vespa Capital, we are also delighted to access their expertise to improve our own knowledge and understanding, for the positive benefit of other portfolio companies. As one example, Flag has supported us in producing this report and offered advice on good practices to consider in Vespa Capital's ongoing ESG journey.

Through their innovative and creative teams, Flag is delivering industry-leading ESG reports and communications, as well as purpose-led sustainability strategies that deliver impactful results and inspire change.





INTERVIEW WITH KHIDHR SHAFIQ,
DIRECTOR AT VESPA CAPITAL

Disruptive innovation: How technology is driving efficiencies to address ESG challenges

What draws Vespa Capital to the tech sector?

At Vespa Capital, we invest in market disruptors: unique businesses that challenge the status quo and stand out from their competitors. In many cases, technology has been the distinguishing feature.

Our portfolio includes businesses that are creating or using technology to drive more efficient and effective ways of working by improving connectivity and accessibility, optimising workflows and deriving insights from data. These solutions have resulted in a significant reduction in dependence on resources, time and travel.

What solutions has technology brought to ESG challenges in your portfolio so far?

I think technology has often been an enabler of positive ESG change. For example, the technology sector pioneered hybrid and virtual working long before the COVID-19 pandemic. Such innovative solutions are now rolling out across other sectors and facilitating positive impacts across the global economy.

We believe technology is key to unlocking and driving change, and many of our portfolio companies – such as **Lumi** and **Origo** – are pioneering solutions to positively impact environmental, social and governance issues within their sectors.

How can technology help reduce businesses’ environmental impact?

One of the key opportunities offered by technology is improved connectivity: uniting people across the world, reducing the reliance on travel and the subsequent environmental impact caused by high-emitting transport and resource use.

Take **Origo**. Its mission is to create software for the pensions and lifetime savings industry to enable the efficient and secure operation of the sector. It identifies ‘pain points’ within the industry and creates technological solutions to address these challenges. Its software streamlines manual processes through a digital pathway, such as transferring pensions between different companies digitally rather than relying on traditional paper and postage-based solutions. By digitising such tasks, it pushes the industry to be more efficient and cost-effective.

In turn, this has helped reduced the industry’s reliance on resources, including paper, and curbed emissions arising from unnecessary travel and transportation.

Have you seen technology positively contribute on social issues?

Accessibility is key to ensure a fair and equal working environment, and technology has helped break down social barriers. By making jobs and workplaces more accessible, technology is helping promote and drive inclusivity globally.

SelectScience, for example, provides a digital platform that enables deep and meaningful engagement between companies and scientists using webinars, editorial content and videos.

This has reduced the need for people within the sector to travel to engage with peers and enabled scientific manufacturers to reach their target audience more effectively. It has also enabled individuals from developing countries to have better access to content on new technologies and methods, promoting diversity & inclusion across the wider industry.

So the future is bright?

Technology isn’t a holistic solution, and while it offers an improved outcome to some challenges, no solution is perfect.

It’s a really exciting time for the tech sector. I think it will continue to evolve and innovate at a rapid pace and has the potential to create positive impact across environmental, social and governance factors.

By supporting these tech businesses, we’re hoping to create opportunities that will drive the transition to a greener, fairer and more equitable global economy.

“Origo’s mission is to create software for the pensions and lifetime savings industry to enable the efficient and secure operation of the sector... streamlining manual processes... such as transferring pensions between different companies.”

SECTION 4

OUR ORGANISATION

“As an investor, the ESG performance of our portfolio companies constitutes the vast majority of our impact on the broader world. But we also strive to generate positive benefits for society through our own corporate culture at Vespa Capital.”

David Forbes, Partner



We seek to lead by example and recognise it is challenging to ask our portfolio companies to manage ESG factors such as community and diversity if we do not focus on these issues ourselves. That’s why as an organisation, Vespa Capital strives to do the right thing, primarily in the form of charitable activities and progressive management of human resources and our environmental impact.

Community and charity

Where possible, we want to support communities in need and, in consultation with our employees, we have identified a number of charities where we can make a positive contribution.

This includes a long-standing relationship with the **Haller Foundation**, a charity helping Kenyan communities to farm previously barren land using affordable, scalable and sustainable methods. Through our annual Golf Day and other efforts, we have helped raise over £400,000 for the Foundation since the relationship began.

Our donations have helped Haller support 56 communities in Kenya, and contributed to the restoration of the Nguuni Nature Sanctuary, from a shale quarry to a thriving ecosystem.

Last year, Vespa Capital also contributed to the Multiple Sclerosis Society, as well as a match-funded scheme for an employee-led initiative to support charities dealing with COVID-19 challenges. In addition, a significant donation in kind was made to help victims of the Ukraine conflict. We were able to deliver this donation through a historic relationship with a manufacturer of specialist wound care dressings used to stem the bleeding from injuries. Working with a member of the team who has Ukrainian heritage and a registered charity (British-Ukrainian Aid), we helped send a significant number of first-aid kits with these dressings to the country. At an early point in the conflict, we understand that around 10% of the entire Ukrainian army was equipped with these dressings.

Human resources

Our people are our most valuable asset, and we seek to establish a fair, rewarding and non-discriminatory working environment. We promote diversity, equity and inclusion across our organisation. Both our Diversity & Inclusion Policy and our Employee Handbook state our commitment to promote equality within the workplace and to eliminate discrimination, harassment and victimisation of all kinds.

In total, 29% of our full-time employees and 20% of our Partners are female.

Environmental management

We are engaging with the facilities management team responsible for our office premises to minimise our environmental footprint, including our energy and water use, and to boost recycling. We also encourage all staff to minimise the use of single-use plastics during the working day – for example, by using glass water bottles. In addition, we have an active cycle-to-work scheme for all staff.

In 2023, we have committed to progress our own environmental policy, including establishing a sustainable travel policy to minimise our net emissions.



