



Vespa Capital ESG Report 2023

Vespa Capital 

Contents

02 Introduction

03 Foreword

04 2023 key achievements

05 ESG roadmap

06 Current firm-level activities

07 ESG commitments progress

08 The journey to net zero

11 Current investment activities

12 Firm-level ESG approach

13 Integrating ESG in our investment process

14 Portfolio-wide ESG metrics and progress

16 ESG commitments progress:

16 Pre-investment and ownership phases

18 Exit phase

20 Looking ahead

21 The future of sustainability at Vespa Capital

22 Appendix

22 Vespa Capital II LP quarterly reporting

23 Vespa Capital III LP quarterly reporting

Vespa Capital’s Environmental, Social and Governance (ESG) Report covers the calendar year 2023 and provides insights into our strategy for delivering sustainable returns and evaluating the ESG performance of our investments. Fundamental to our approach is our focus on partnership and we encourage dialogue with all stakeholders to contribute to the ongoing evolution of our responsible investment strategy.

Vespa Capital is a lower mid-market private equity investor with approximately £330 million of assets under management (as of 31 December 2023). We invest in niche and disruptive growth-oriented businesses in the UK. Partnership is at the core of our approach – we act transparently and responsibly to provide our investors with long-term value and attractive risk-adjusted returns.

Tech-enabled services

Imagesound	✓
Catalis	Ⓒ
Com Laude	✓
SelectScience	Ⓒ
DTAG	Ⓒ
Right Legal	Ⓒ

Software

Lumi	Ⓒ
Feefo	Ⓒ
Origo	Ⓒ
Eserv	Ⓒ

Life sciences and healthcare

Random42	✓
CHASE	Ⓒ
BioPhorum	✓
Bluecrest	Ⓒ
Cognite	Ⓒ

Sustainability

Flag	Ⓒ
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Other

James Villa Holidays	✓
WSP Textiles	✓

Ⓒ Current ✓ Realised

Vespa Capital Investments by sector¹



¹ All current investments presented as of 31 December 2023, except Right Legal, which was invested as of January 2024. Additionally, the realisation of Com Laude completed in March 2024.

Foreword

Sustainable business practices are integral to long-term success. This report reflects Vespa Capital’s commitment to transparency, accountability and the pursuit of responsible investment.

When thinking about our ESG activities, the adage ‘progress is never linear’ comes to mind. With every development, there is a new set of challenges. As a private equity firm, we embrace the importance of managing a holistic set of risks and of the transformative power of investment to drive environmental and social benefits.

Last year, we set out our ESG roadmap for 2023 and beyond. This has given us a clear pathway, along which we are delighted to be able to say that we have made considerable progress. In this report, we are able to share with you what we have achieved in 2023 and our goals for the future. ‘Progress’ is very much the word of this year’s report as we begin to review and consider the changes we have made this year and how we build on these going forward.

Throughout this report, you will find detailed insights into the integration of ESG considerations across our business. For 2024, we are delighted to welcome Linda Höglund to Vespa Capital. Linda joins us as Sustainability Manager and brings with her a wealth of experience in the management of ESG within an investment context. She will be responsible for the ongoing development of Vespa Capital’s ESG approach.

The diverse and impactful initiatives that have emerged from our engagement with our portfolio companies speak for themselves and are testament to the steps we are taking. This year, we introduced initiatives such as improved greenhouse gas (GHG) accounting and net zero strategies for our portfolio. Engaging with the businesses in our portfolio on their carbon footprint has led to innovations surrounding their operations. For example, inefficiencies flagged by our GHG emissions reporting encouraged Bluecrest, a health technology company, to seek out new ways to reduce its Scope 3 emissions.

Our active stewardship and engagement during the ownership phase gives management teams the opportunity to be creative in their approach to ESG within their businesses. This is evidenced by Feefo’s innovative Treefo initiative showing how our active encouragement of ESG has provided our portfolio companies with the tools to create unique sustainability products in their sector. We have empowered our portfolio companies to make ESG changes that have been proven to act as excellent value accelerators.

In this rapidly changing landscape, we are evolving our strategy to meet the needs of our stakeholders. As stewards of our portfolio, we are dedicated to cultivating and improving our responsible investment practices. This report is not just a reflection of our recent endeavours; it is a blueprint for our future commitments.



The diverse and impactful initiatives that have emerged from our engagement with portfolio companies speak for themselves and are testament to the steps we are taking.”

NIGEL HAMMOND
MANAGING PARTNER

2023 key achievements

Since establishing our roadmap in 2023, we have made steady progress. Harnessing this momentum, Vespa Capital has progressed towards these milestones, all the while evolving our sustainability approach and enhancing our portfolio requirements.



Reporting and transparency

A transparent and ethical approach to business is part of our duty to our stakeholders and is our opportunity to highlight the progress that we are making on a quarterly basis. This year:

- We are delighted to be publishing our second annual ESG Report with the support of ESG specialists Flag, highlighting the progress delivered against our stated objectives.
- We joined with the ESG Data Convergence Initiative (EDCI) as part of our initiative to foster more standardised reporting and submitted our report under its guidance.
- We include specific ESG reporting in our quarterly reports to investors.

Enhancing our approach to net zero alignment

Working closely with our portfolio company Boards and senior leadership teams, we have started the journey towards formally setting net zero targets:

- We became a member of the Initiative Climate International (ICI), engaging with working groups on net zero to collaborate on the development of industry guidance such as the Private Markets Decarbonisation Roadmap (PMDR).
- We participated in a net zero pilot and portfolio-alignment assessment to better understand where each of our portfolio companies sit on the path to net zero. This will form the basis of each portfolio company's journey towards a formal decarbonisation strategy.
- We have undertaken a material overhaul of our pre-investment ESG due diligence questionnaire, to support more enhanced evaluation of the ESG positioning and status of new investment opportunities.



More information
can be found on
page 9

Portfolio engagement and stewardship

Our focus is on empowering our portfolio companies to embed ESG considerations within strategic decision-making, while aligning their activities with our broader value-creation work. By taking ownership of ESG, our efforts have the potential to result in a lasting and sustainable legacy that outlives our investment period.

To enable this vision, we have:

- Identified ESG champions and appointed an ESG Board representative in each of our portfolio companies, fostering wider participation on the ESG agenda with the objective of embedding ESG and sustainability awareness/ownership across the organisation.
- Hosted our first ESG forum, with a focus on the alignment of a successful ESG strategy as a value-creation lever.
- Launched an ESG networking channel for the ESG champions and Board representatives to help foster ongoing dialogue and collaboration among this community.



Details of these
activities can be
found on page 13–15

ESG roadmap

Our ESG roadmap provides the foundation for our sustainability activities and is what we measure our progress against. It sets out the key objectives and future ambitions for Vespa Capital as a firm, and our current and future portfolio.

2023		2024		2025	
<div>Firm level</div> <div></div>	<div>Ongoing dialogue with investors around ESG matters</div> <div>ESG reporting included in investors quarterly reports</div>	<div>Published first ESG report</div> <div>Committed to greater participation across industry ESG initiatives</div>	<div>Assessment and engagement with new UK Sustainable Disclosure Requirements (SDR) regulation</div> <div>Continue Vespa Capital’s decarbonisation journey with the aim of aligning to net zero and set SBTis</div> <div>More efficient and accurate monitoring of ESG KPIs with third-party service provider providing guidance and facilitating review of data quality</div>	<div>Continue to develop our ESG integration into our new business processes, including our ESG due diligence questionnaire and our 100-day plan</div> <div>Actively engage with investors around reporting expectations and regulatory requirements</div>	<div>Vespa Capital to set decarbonisation targets</div> <div>Ongoing regulatory alignment</div> <div>Continue to assess reporting, transparency and KPIs</div>
<div>Portfolio companies</div> <div></div>	<div>Continued development of ESG KPIs</div> <div>Set specific portfolio targets (including net zero)</div> <div>Held ESG forum for portfolio companies</div>	<div>Initiated bespoke ESG targets and strategy plans</div> <div>Developed ESG case studies and quantify value-added ESG</div> <div>Expanded climate-assessment framework</div>	<div>Continue work on decarbonisation and setting net zero alignment targets for portfolio companies with the ambition of committing to the Science Based Targets Initiative (SBTi)</div> <div>Leverage the established ESG forum to promote the exchange of knowledge and learning experiences between portfolio companies</div>	<div>Support portfolio companies to conduct a climate-risk assessment</div> <div>Set standards around implementation of ESG policies</div> <div>Continue work on diversity, equity and inclusion (DEI) key performance indicators (KPIs)</div>	<div>Continue work on ESG strategy plans</div> <div>Submit SBTs where relevant</div> <div>Review climate-related risks</div> <div>Evolve KPI analytics and insights with the help of service provider</div>

Firm-level activities



Our approach to ESG management at the firm level operates both top-down and a bottom-up. We encourage our portfolio companies to take ownership of their ESG journey and engage with us on the progress they are making while also working with them to enact change."

MEGAN LESTER

PARTNER & ESG WORKING GROUP





ESG commitments progress

This year we have set specific portfolio targets, including alignment with net zero pathways¹, and expanded our engagement with industry ESG initiatives.

Portfolio strategy development work

To progress the development and implementation of ESG strategies, the Vespa Capital team collaborates with portfolio companies to develop their own bespoke strategy frameworks. These strategy exercises focus on assessing the key ESG features of each business, which ultimately leads to the development of action plans to address material topics. Where appropriate, further stakeholder consultations are conducted in parallel to ensure that these strategy plans remain proportionate.

Setting specific portfolio company targets

In 2023, the Vespa Capital team began to engage with our portfolio companies on net zero alignment. Our approach leverages our role as stewards of investment capital to influence and drive change at the portfolio level.

As part of this exercise, we are in the process of engaging with our portfolio companies to set specific targets relative to their industry and sector rather than taking a one-size-fits-all approach. Each portfolio company has been presented with a decarbonisation roadmap developed with the help of the UN-supported Principles for Responsible Investment (PRI) net zero pilot programme.

A detailed explanation of our net zero strategy and portfolio target-setting activities can be found on the next page →

Collaboration with industry ESG initiatives

Industry participation forms a core part of our collaboration strategy and we have expanded this aspect of our network in 2023.

We are long-standing members of the British Venture Capital Association (BVCA) and have continued this relationship. Our involvement with the PRI has also expanded this year, going beyond our commitment to annual reporting and we are working with iCI, a PRI collaboration network, who are supporting private equity funds and investors with setting Paris-aligned net zero goals. Both organisations have aided us as we have defined our goal of promoting a net zero alignment.

Finally, we joined with the EDCI (ESG Data Convergence Initiative) to support its mission of establishing greater standardisation within ESG frameworks, which in turn feeds into our own goal of greater transparency for our stakeholders. During 2023, Vespa Capital committed to including additional ESG reporting based on fund-level EDCI metrics in quarterly reporting to investors.

¹ Net zero pathways encompass a variety of timeframes and maximum global temperature increase thresholds. They also differ depending on sector; however, all pathways cover the main GHG emissions (CO₂, CH₄ and N₂O) from energy supply, transport, industry and buildings. (Source: [PATHWAYS TO NET-ZERO](#), SBTi, October 2021)

The journey to net zero

Our net zero initiative embodies the principles of stewardship for future generations. Supporting our portfolio companies in reducing their GHG emissions is how we envision enacting positive, value-driven change for the benefit of all stakeholders.

As we are an active investment partner to our portfolio companies, the Vespa Capital team places significant emphasis on responsibility, stewardship and engagement. As part of our roadmap commitments we have chosen to focus on investment-level decarbonisation support for our funds.

The average five-year private equity investment horizon presents a challenge when aligning to longer-term net zero commitments. With companies setting targets for 2050 we will no longer be stewards of these investments by the time these goals are achieved. We therefore see this exercise as equipping our portfolio companies to achieve net zero post-ownership. In the short term, however, applying a well-defined strategy to progress each portfolio company along a pathway to net zero alignment is a vital initiative underpinning our commitment to aligning with the Paris Agreement as a member of the iCI.

Our collaborative decarbonisation pilot

We began with a pilot exercise to support our portfolio companies along their respective decarbonisation journeys, supported by the PRI and iCI.

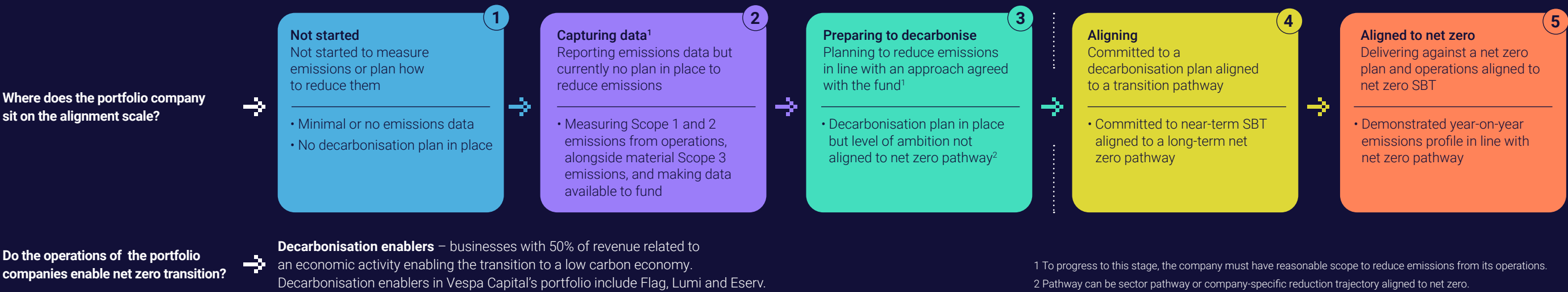
Our first step was to evaluate a decarbonisation framework that could be adopted to support and guide our portfolio companies through this exercise. Under the guidance of the iCI Decarbonisation Working Group, the Vespa Capital team collaborated with Bain & Company to run a portfolio-wide pilot to trial the newly created PMDR net zero alignment tool.

A detailed explanation of this tool can be found on the next page →

The PMDR was created to form a common language for private market investors to accurately describe where their portfolios are on their decarbonisation journeys and provide a defined framework through which to progress portfolio companies towards net zero alignment.

With the support of portfolio-management teams, we have begun the process of integrating carbon-reduction initiatives into ESG strategy plans across our portfolio. As of the end of December 2023, Vespa Capital profiled all current investments against this roadmap, with three investments categorised as decarbonisation enablers due to the inherent contributions the business models deliver in supporting the transition to a low-carbon economy.

PMDR net zero alignment tool

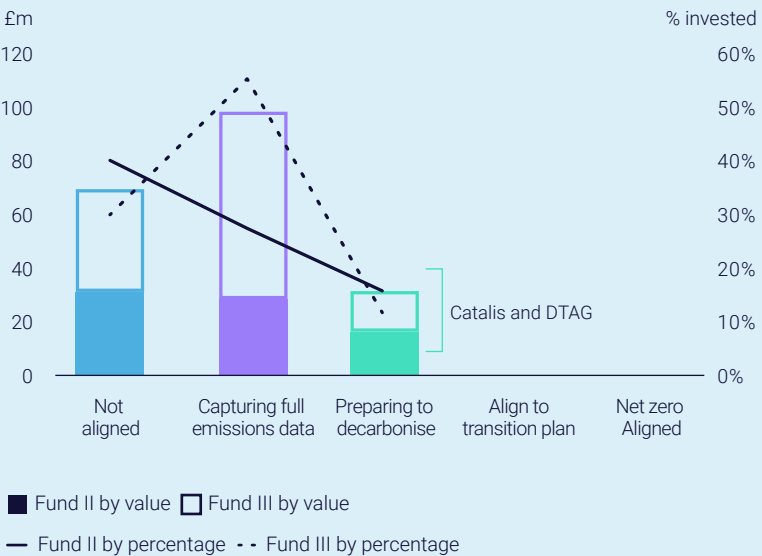


How our portfolio sits on the next zero alignment scale

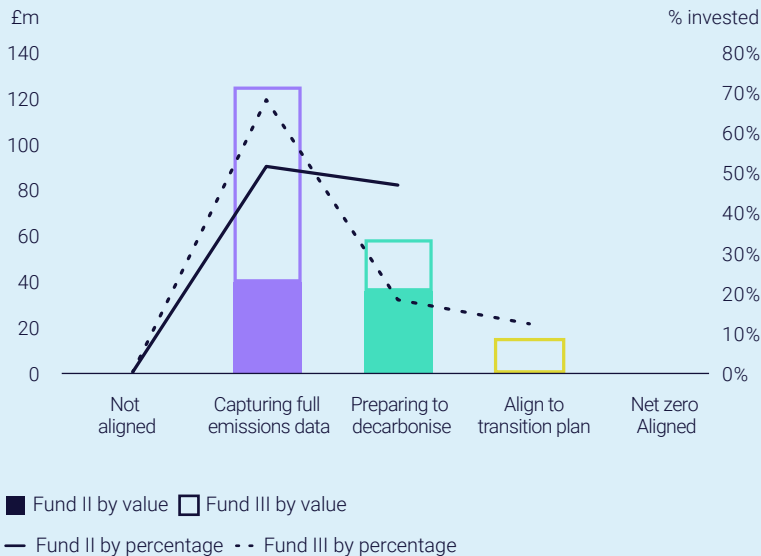
Our focus in 2023 has been on supporting portfolio companies in the measurement of their material Scope 3 emissions. A number of portfolio companies in both Funds II and III are at the initial stages of their GHG emissions data collection undertaking. Looking forward, our primary objective in 2024 is to graduate all investments that have been held for longer than one year out of stage 1.

Note: The targets relating to the portfolio net zero alignment at December 2024 are based on Vespa Capital's current assessment and actual results may differ materially from what has been projected.

Current net zero alignment, December 2023



Vespa Capital's 2024 ambition for portfolio companies' net zero alignment



Bluecrest optimises efficiency to cut emissions and strengthen social impact

Reducing Scope 3 emissions

Our ESG focus for 2023 has been on supporting our portfolio companies in the measurement of Scope 3 emissions from operations, enabling them to become more familiar with their carbon footprints and take a step forward in their net zero journeys. Using a bespoke, case-by-case assessment of the potential sources of material Scope 3 emissions against 15 categories, Vespa Capital has been working with portfolio companies to develop standardised data-collection and data-assessment methodologies.

Bluecrest, which provides accessible and competitively priced health assessments for individuals and businesses, has made notable progress in the assessment of the business’s material Scope 3 emissions by diagnosing potential inefficiencies and environmental impacts in its operations.

For example, the Bluecrest team reassessed the company’s resourcing practices to ensure that the number of health assessors and the number of health assessment bookings were efficiently balanced so as not to incur additional travel emissions. Looking forward, there is potential to further enhance this exercise, increasing efficiency and reducing emissions through the use of technology to map operational coverage.

Other changes are starting to be considered in line with Bluecrest’s ESG and decarbonisation goals. For example, a significant portion of the business’s total emissions, 43.6%, is generated from printed collateral, such as marketing materials and distribution of physical health reports. It is also looking at alternative solutions to optimise clinical waste disposal.

Investments that save lives

Bluecrest’s testing services can flag potentially life-threatening conditions and are supported by the Bluecrest helpline service to provide greater insight into any concerns raised by test results.

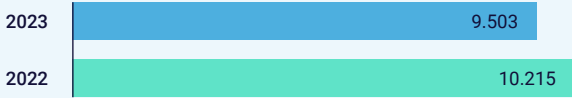
In 2023, Bluecrest initiated a Clinical Advisory Panel, which brings together a mix of medical practitioners, key clinical opinion leaders and institutional representatives. The panel provides an independent view on trends in the healthcare space and Bluecrest’s positioning in the sector. In addition, this group is seeking to explore how Bluecrest can complement established healthcare service providers through better communication and engagement on preventive solutions.

The significant social benefit generated by Bluecrest is evidenced by real-life stories.

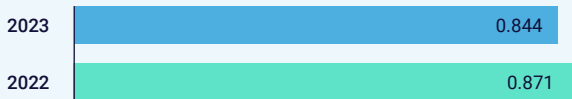


Because of Bluecrest Wellness, my cancer was caught really, really early and was still contained within the prostate, which meant I could have quite simple surgery and avoid chemotherapy. I don’t know how my cancer would have developed if it had gone untreated for another year or more and it’s thanks to Bluecrest Wellness that I don’t have to find out.”

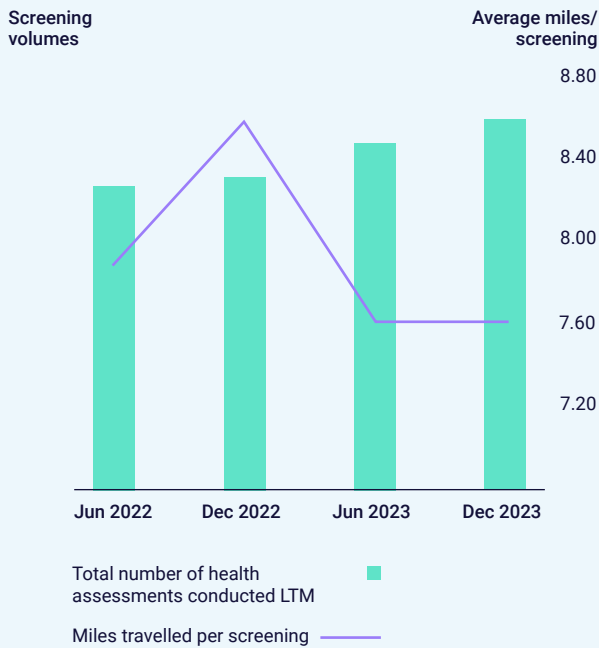
GHG intensity (CO₂e/£m revenue)



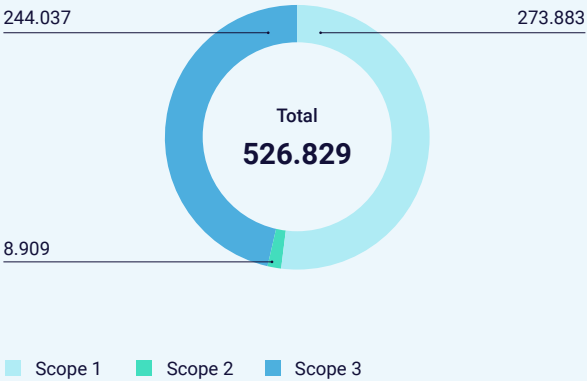
GHG intensity (CO₂e/FTE)



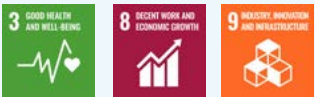
Improved efficiency of average number of miles per health assessment conducted



GHG emissions (tCO₂e)



SDGs supported



Bluecrest’s business actively contributes to the Sustainable Development Goals (SDGs), including good health and well-being; decent work and economic growth; and industry, innovation and infrastructure.



Our investment process



Vespa Capital deploys a consistent and proven investment strategy that marries purpose with long-term value and risk adjusted returns for our investors. We have found that this complementary and symbiotic approach works to provide the greatest value for our investors."

SAM CALDER
INVESTMENT DIRECTOR & ESG WORKING GROUP



Firm-level ESG approach

We believe that, alongside effective governance, integrating ESG throughout our business is the key to sustainable progress. We engage stakeholders at all levels across our portfolio to establish a culture of responsible investment.

At Vespa Capital, we are committed to driving the creation of long-term value for our investors and we believe that there is an inherent link between our ESG approach and our value-creation activities at our portfolio company level. Consistently embedding the disciplines of responsibility and stewardship in firm-wide decision-making processes underpins our fiduciary duties to all stakeholders. This further enhances the alignment with investors as a custodian of their capital and as a long-term investment partner with portfolio companies.

The concept of ‘senior ownership’ forms a pivotal pillar of our governance and management approach. Vespa Capital’s sponsorship of ESG is an integral component at both Vespa Capital Board and Investment Committee level.

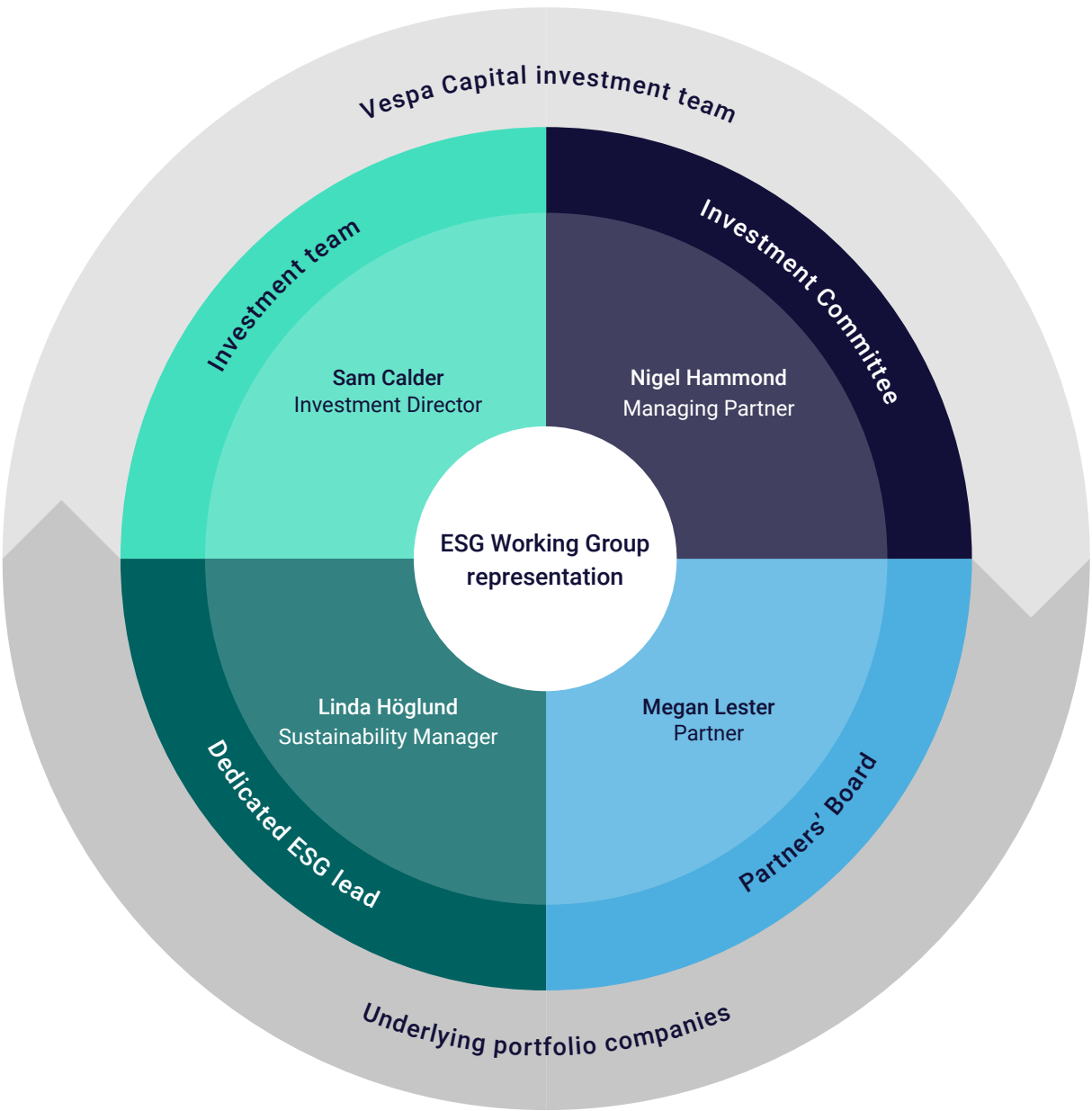
Ownership of ESG principles at the Board level is deemed fundamental to our ethos. We pledge not only to promote the adoption of ESG principles but also to provide effective leadership, resources and support to deliver on our responsible investment commitments. These entail regular critical evaluation of ESG factors within our business and portfolio companies, resulting in the ongoing iteration and refinement of our ESG strategy.

Each portfolio company’s Board of Directors is entrusted with defining its ESG strategy and policy. The Vespa Capital non-executive directors, who have two seats on each portfolio company Board, collaborate closely, offering guidance and support to the Board on ESG strategy and best practice implementation.

The Vespa Capital team receives annual ESG training and communicates regularly with the ESG Working Group on sustainability matters within the portfolio. This ensures that, as a team, we are able to maximise knowledge-sharing and leverage our relationships to help our portfolio companies drive their sustainability objectives forward.

In Q4 2023, we recruited Linda Höglund as a dedicated sustainability professional to drive our ESG strategy and deliverability. Linda will work closely with the investment team to challenge and support both the Vespa Capital team and the portfolio company teams in their approach and implementation of ESG best practice. Linda will report to the Vespa Capital Board.

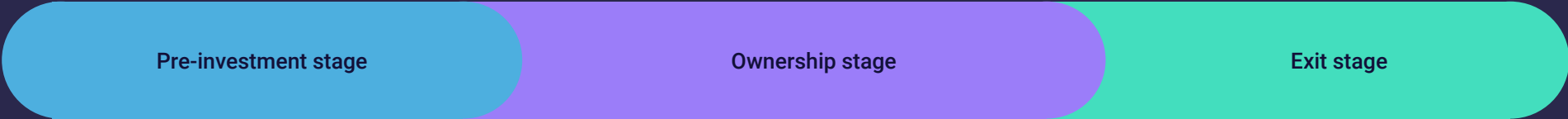
Following Linda’s recruitment, an ESG Working Group has been established to coordinate Vespa Capital’s ESG decision-making and governance processes. This working group meets monthly and is responsible for defining Vespa Capital’s ESG roadmap and ongoing progression against our stated objectives.



Integrating ESG in our investment process

Climate assessment

An internal evaluation of the direct physical and transitional risks that might impact the business in the medium term.



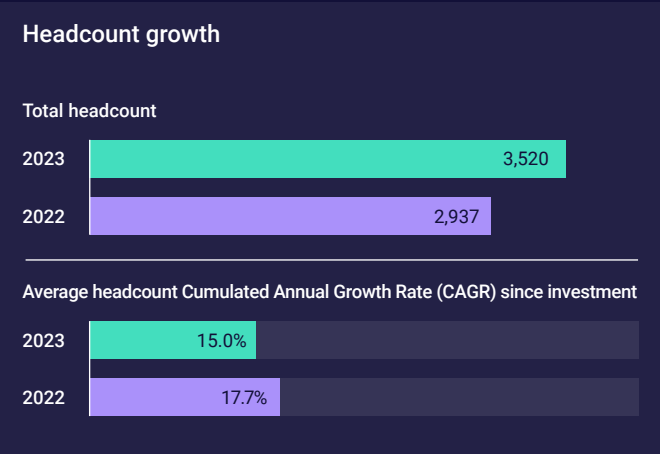
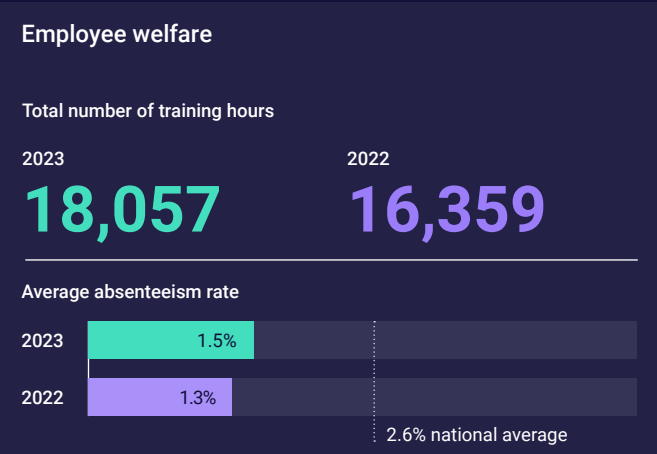
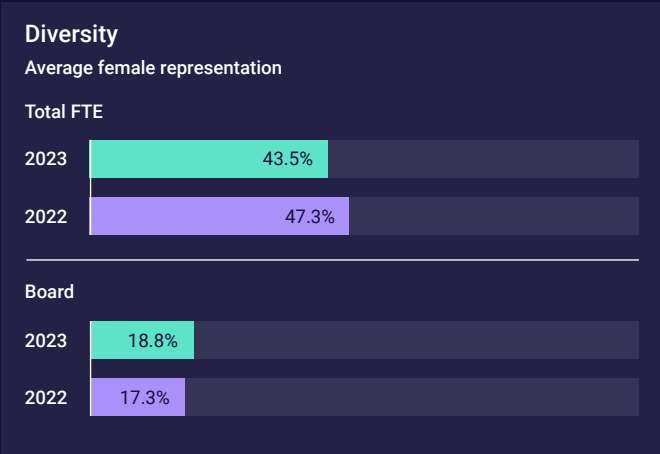
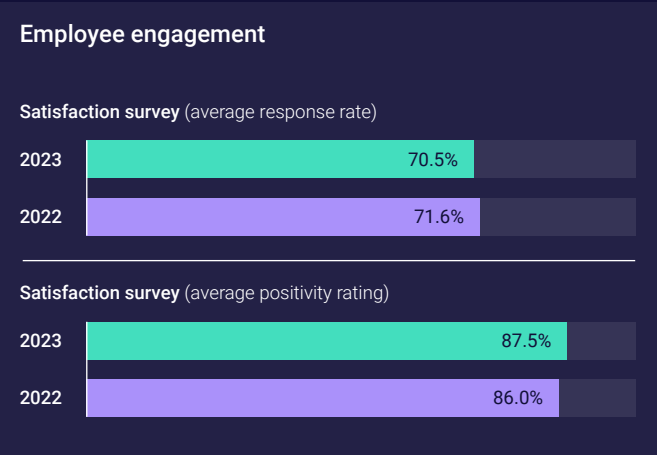
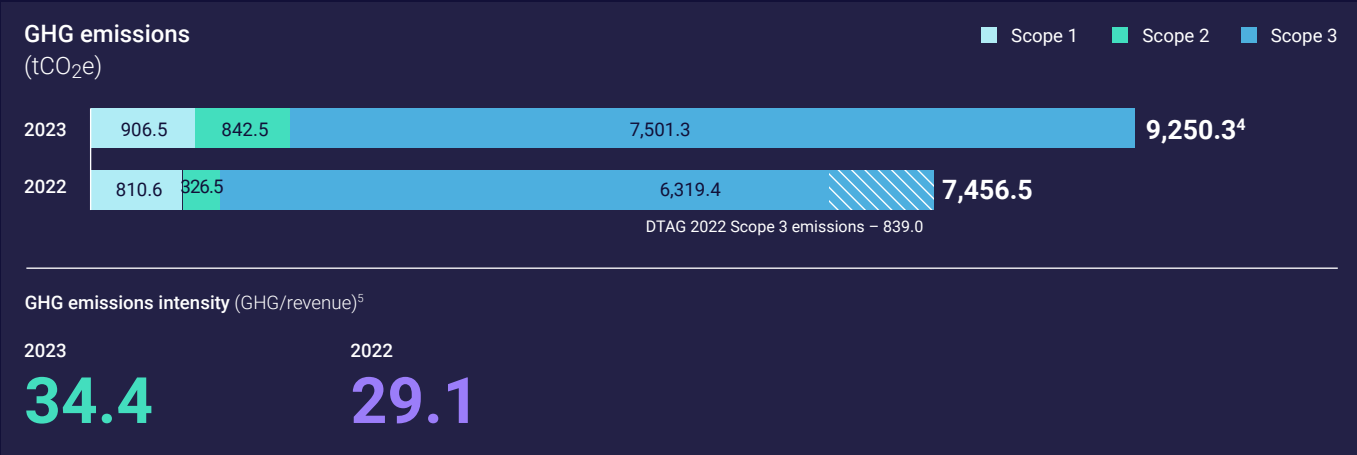
- 1 Initial screening against Vespa Capital’s exclusion list.
- 2 Preliminary investment report produced, which includes desktop ESG due diligence. Third-party due diligence conducted on a risk-level basis.
- 3 Detailed ESG due diligence questionnaire completed by the prospective investment’s management team.
- 4 Due diligence process identifies ESG factors, including recommendations for post-deal strategy planning and actions for inclusion in 100-day plan.

- 1 Onboarding includes ESG management plan discussions – following up on areas raised from the questionnaire/initial maturity assessment and external due diligence.
- 2 Identification of ESG champion and ESG dedicated Board member.
- 3 Identification of any training/skills gaps that need to be addressed to be able to fulfil these roles.
- 4 Continuous monitoring and reporting, with companies reporting twice a year against ESG Monitoring Framework.
- 5 Legal documentation at investment stage defines ESG principles and ongoing obligations.
- 6 Established ESG forum to discuss sustainability issues among our portfolio companies.

- 1 Value creation from ESG activities clearly presented to potential buyers.
- 2 Collaboration with portfolio companies to prepare them for ESG due diligence by prospective buyers at exit.

Portfolio-wide ESG metrics and progress^{1,2,3}

During 2023, we have continued progress towards our ESG goals. Our aim was to take an informed, yet confident, first step in supporting our funds and portfolio companies on their ESG journeys.



Notes

- 1 Data presented on a last 12-months (LTM) aggregate basis.
- 2 Eserv is not included in the 2022 data.
- 3 The number of companies reporting varies between data points and years, consequently data coverage impacts presented results.
- 4 Emissions data not available for DTAG as at 28 February 2023 (total emissions in December 2022 DTAG = 860 tCO₂e).
- 5 The aggregate GHG emissions intensity increased across the portfolio due to the expanded perimeter of Scope 3 reporting in 2023.
- 6 Total renewable energy consumption reporting coverage for 2023 was seven out of twelve companies and for 2022 was six out of eleven companies.



Cognite’s experience with Vespa Capital’s ESG stewardship

Since its acquisition by Vespa Capital in March 2022, Cognite’s approach to ESG has undergone significant transformation. Vespa Capital has helped shape Cognite’s ESG strategy, fostering a culture of sustainability and ethical governance through continuous stewardship during the ownership phase.



Vespa Capital’s help with formal reporting has been really useful. This practice puts us in a position to better support our submissions to clients because they are asking for the information. When you measure and report things, you can take note of it and do something about it. So, it’s helped grow awareness for us.”

DAREN PERMAUL
CFO
COGNITE

Some ESG aspects were already embedded in the organisation, such as inherent social value, diversity and inclusion, anti-corruption training and strong, clear policies surrounding governance.

Engaging closely with Vespa Capital on its ESG strategy, Cognite focused on the importance of formalising and recording ESG initiatives, aligning them with client expectations to drive differentiation and enhance corporate reputation. Initiatives that Cognite has embraced include successfully completing the globally recognised EcoVadis assessment platform, achieving a CDP score and having SBTs approved. Cognite understands the ESG journey is about progress and sees the benefit of utilising recognised platforms to support its commitment to ESG.

Cognite has also made significant progress in ESG reporting and implementation. Quarterly assessments and adjustments have allowed the company to adapt its practices in response to client demands and internal objectives, resulting in tangible improvements in transparency and accountability.

Looking forward, Cognite is working to publicise its ESG credentials and create awareness with existing and potential clients. Cognite fully appreciates that having strong ESG credentials is critical to retaining existing talent and attracting the best talent as part of its Employee Value Proposition strategy that supports its future growth ambitions.



SDGs supported



ESG commitments progress: Pre-investment and ownership phases



Enhancements to ESG in the investment process

Over the past year, we have looked at improving our ESG work throughout our investment processes. In the pre-investment stage this has involved developing, in conjunction with an expanded climate-assessment process, a more extensive ESG due diligence questionnaire covering a range of ESG KPIs.

Improved ESG due diligence

Our new due diligence questionnaire is a more structured iteration of our previous approach. By introducing this enhanced due diligence questionnaire into our pre-investment phase, we ensure that each investment aligns with our ESG goals and values, while mitigating risks associated with both immediate business operations and stakeholder relationships. The ESG questionnaire allows us to clearly identify where further independent due diligence may be required and enables us to more efficiently define and tailor the scope of this work. It provides us with a clear picture of the potential ESG value the asset can provide and with clear, measurable data on ESG activities.

Building a community

Building an ESG-conscious community across the portfolio is a vital part of the ESG networks we seek to construct. In this context, our establishment of an ESG forum for portfolio companies was an important milestone for Vespa Capital this year. In October, we hosted our inaugural ESG forum, which we will hold annually. It was attended by multiple stakeholders including ESG champions and Board representatives from across the portfolio. Informed by ESG workshops and a survey on sustainability activities, our forum provides a space where portfolio companies

can discuss ESG initiatives, engage with one another and receive regular updates from subject matter experts on different areas of ESG. This year we covered three key themes:

- The importance of ESG in the context of a private equity investment – elaborating on why we believe effective integration of ESG into a business's strategic decision-making and governance processes is an intrinsic value-creation lever.
- The practical implementation of effective decarbonisation strategies to drive net zero alignment – overview from Bain & Company on the PMDR.
- Guidance on the development of ESG strategy plans – update on the approach and objectives we are seeking to progress towards with each portfolio company.

This community is supported by a dedicated ESG communication channel where members are encouraged to interact as often as needed to discuss all matters pertaining to ESG.

Enhancing reporting

To enhance our reporting, Vespa Capital has joined up with EDCI, which is a globally recognised standardisation of ESG reporting frameworks. Collaborating with participants from across the private equity industry, we joined a group pushing for standardisation of ESG metrics in the hope that increased standardisation will result in greater transparency in reporting.

Vespa Capital's ESG data-collection activities are also aligned with the recommendations of EDCI.

Feefo’s Treefo

Feefo, one of the UK’s leading ratings and review platforms, is embedding sustainability considerations into its new product development. Marrying its Google-accredited review platform with eco-conscious labelling for its clients, Feefo built on its sustainability offerings as a response to shifting client priorities. It wanted to address its clients’ desire to boost response rates by encouraging customers to provide its feedback, while also building their sustainability credentials.

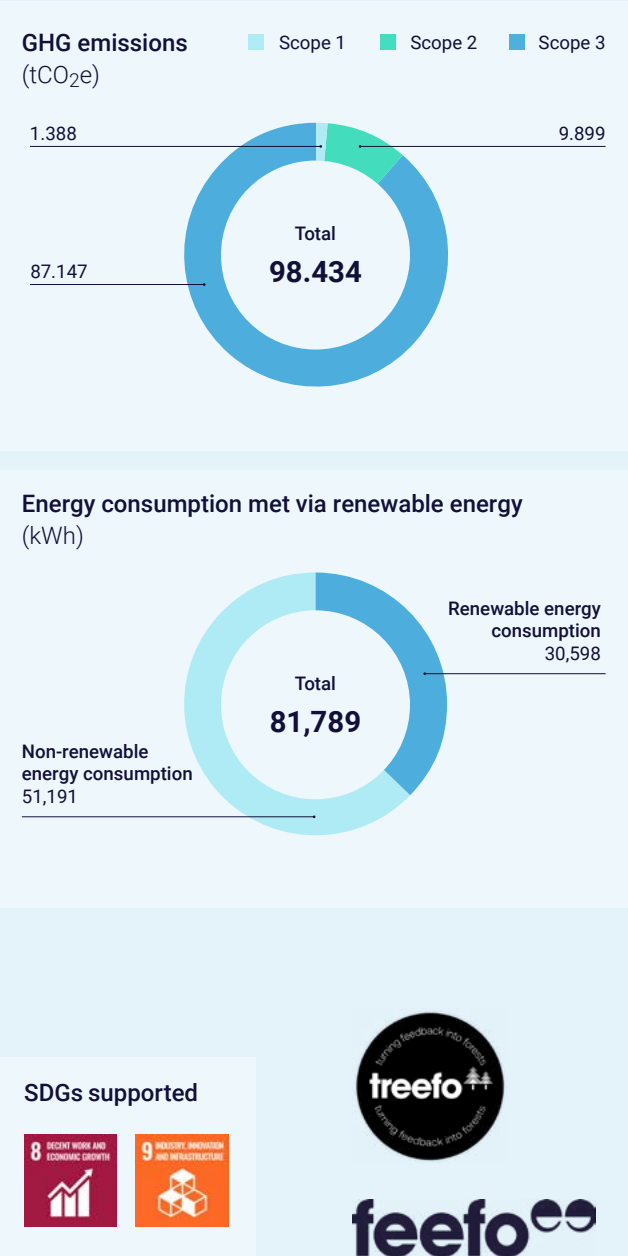
So Feefo launched Treefo, which allows merchants to pay a subscription to sponsor a tree-planting programme, based on the volume of reviews collected – finding a solution to meet all these needs and creating an authentic sustainability initiative that clients love.

Transparency and authenticity were vital to the team at Feefo – it wanted to make sure that the saplings planted actually had the chance to grow into trees and continued to have the truly cumulative environmental impact that Treefo intended. That is why its reforestation partner, Ecologi, was carefully selected as a company it could trust to deliver.

In the first three months after launching, the response was overwhelmingly positive and Feefo currently predict that the initiative could result in around 150,000 trees being planted in the next 12 months. As of April 2024, the Treefo initiative has funded the planting of over 38,000 trees across projects in Mozambique, Kenya and Madagascar.

Treefo is not just for Feefo’s clients – it contributes towards Feefo’s own sustainability goals too. It has inspired several new sustainability activities, such as the relaunch of its Sustainability Committee, which looks at what else the company can be doing to reduce its carbon footprint.

So, what is next? Staying on theme, the team is considering internal initiatives such as tree planting events for employees, and launching Earth Month-related activities to make its own company more sustainable. But most importantly, Treefo has inspired the team to focus even more on doing what is right and increasing its sustainability initiatives.



The success that we’ve seen with Treefo has inspired us all to think about what’s the next sustainability initiative we can look at and it’s something that is really setting us apart from our competitors.”

LUCY AMOR
CUSTOMER SUCCESS MANAGER
FEEFO

ESG commitments progress: Exit phase

ESG factors are integrated into our value-creation strategy when preparing portfolio companies for exit. Working with management teams, we focus on preparation for potential sustainability performance assessments, ensuring that under our stewardship ESG can add significant value to the company.

Well-developed sustainability practices matter to investors as portfolio companies reach the exit stage. A recent study reveals 70% of 150 surveyed private equity firms recognise ESG work as value creation, expecting the work to generate a premium for investors when selling portfolio companies. The report notes that sustainable business practices and advanced ESG processes increase the value of a company because in the long term they make businesses likely to have more stable cashflows and be better prepared to mitigate any risks related to climate change and sustainability issues¹.

Given the nature of the industry in which we operate, portfolio companies are owned for a limited time. Achieving a positive impact on ESG factors often requires a significantly longer timeframe. Consequently, our focus is not only to generate positive change during our ownership but, more importantly, to ensure we leave our portfolio companies with appropriate ESG practices and processes in place to continue to develop and operate as responsible businesses after our exit.

When we work with our portfolio companies on their ESG practices we make sure to embed the work into the organisation rather than imposing the changes we like to see. This collaborative process ensures the necessary skills, know-how and experience are fostered within the organisations themselves and can live on and grow beyond our ownership.

Some of the key factors we see as value creation around ESG and strive to have our portfolio companies implement before we exit include a decarbonisation plan and alignment to net zero by 2050; adoption of fundamental ESG policies across the business; establishment of robust KPIs to measure ESG performance; ability to analyse and apply insights gained from KPIs to improve gaps and seize opportunities; and appropriate internal training and know-how to continue effective sustainability work independently. It is our belief that leaving our portfolio companies with strong ESG practices means the legacy of our ESG work will continue to have a positive impact in our society for many years to come.



¹ <https://www.bvca.co.uk/Portals/0/Documents/Research/2024%20Reports/BVCA-Creating-Sustainable-Growth-Report-2024.pdf> page 6.



Com Laude: Creating value by investing in people

The sale process for Com Laude was initiated in 2023, concluding in the successful realisation to a private equity sponsor in March 2024. The exit process highlighted the importance of good governance and sustainability practices to buyers and future investors. Since investment there has been an ongoing collaboration between the Com Laude management and Vespa Capital to develop the business, including growing its ESG practices. As a leading provider of internet domain name services, Com Laude has limited direct environmental impact. The company has, therefore, chosen to dedicate significant time and resources to develop the social aspects of its business practices.

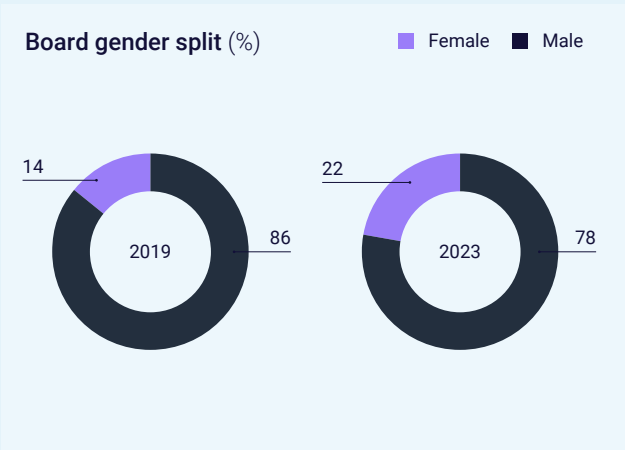
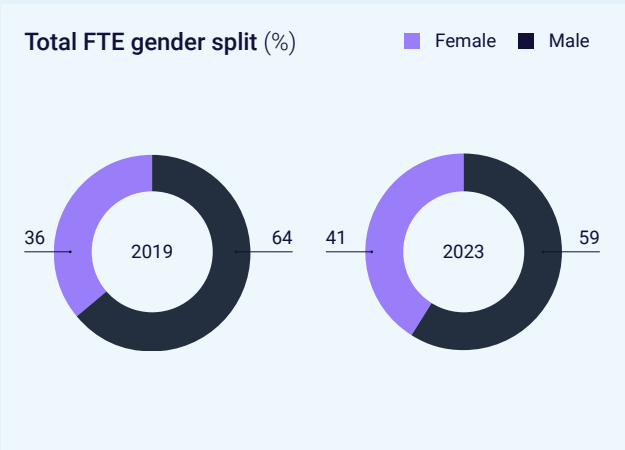
For example, Com Laude has invested extensively in its employees. The company has prioritised the creation of a collaborative and productive culture, where continuous development through upskilling and training of the team is fundamentally important. As a people-led organisation, Com Laude’s senior leadership are acutely aware of the impact of effective employee engagement, conducting regular employee surveys and driving positive change, from internship opportunities for young people from underrepresented groups and development of educational programmes to providing mental health support for employees. It has resulted in a workforce with the skills and know-how who excel in delivering Com Laude’s bespoke white-glove service, which underpins the company’s most important competitive advantage.

The company has also worked hard to address gender inequality, creating an active Diversity and Inclusion Committee, which in turn has implemented a female mentoring programme as well as a women’s network to make female employees feel valued and connected to the

business and industry they are in. It is a testament to the admirable quality of Com Laude’s management, who do not shy away from difficult conversations but instead commit to progress and consistent development, that has fostered this unique company culture.

A dedicated ESG due diligence exercise was undertaken as part of the exit process, where the company’s social undertakings were highlighted. The due diligence evaluation ranged from more general questions on Com Laude’s environmental and social impact to detailed enquiries on business ethics and human rights issues related to the company’s supplier and client engagements. As part of the ESG due diligence an extensive data request list was presented, drawing on the ESG data reporting processes introduced as part of Vespa Capital’s regular monitoring process. The ESG due diligence also focused on the governance of ESG and the organisation of responsibility for sustainability issues and risk management.

In conclusion, the Com Laude’s exit process has highlighted the importance and value creation potential of ESG maturity, with established data-collection and monitoring processes; all of which can be best understood as a reliable proxy for the relative quality and effective management of a business. As the importance of ESG continues to move up the agenda, the depth and sophistication of ESG due diligence processes will continue to evolve, requiring portfolio companies to have a robust approach to managing their sustainability posture. From Vespa Capital’s perspective, the Com Laude realisation has been a positive reinforcement of the strategic imperative of a focussed ESG approach applied consistently across portfolio companies, further supporting our commitment to invest in the advancement of ESG.



When investors buy a company, they’re buying current and future profits, but those profits can only be generated if you’ve got the right mix of people. That right mix of people ensures the company is positioned well enough to encourage sustainable growth.”

NICK WOOD
FOUNDER AND EXECUTIVE CHAIR
COM LAUDE

79%

positivity rating in 2023
employee satisfaction survey

SDGs supported



Looking ahead



Being transparent with our ESG progress, both for our portfolio companies and with our own activities, is part of how we at Vespa Capital maintain confidence with our stakeholders. Progress is excellent but presenting areas where we have come up against challenges is equally important if we want to continue the good work we have been doing."

KHIDHR SHAFIQ
PARTNER



The future of sustainability at Vespa Capital

Vespa Capital is strengthening its commitment to making sustainability an integral part of the investment process as well as in the daily business operations with the appointment of Linda Höglund as the company’s first Sustainability Manager. Linda is responsible for driving Vespa Capital’s sustainability agenda and will work closely with our portfolio companies to support their ESG work.

What excites you about the role as Sustainability Manager with Vespa Capital?

“It is an exciting time to be moving into the private equity space from public markets. Having worked a lot with ESG data and reporting, I look forward to actively engaging with our portfolio companies to develop their individual ESG strategies and support them on their sustainability journey. Not only do we know that companies with good ESG policies perform better financially but they also have more engaged and productive employees and a more positive impact on the communities in which they operate. I look forward to being part of leading Vespa Capital’s ambition to develop our portfolio from a sustainability perspective.”

What are some of the challenges you think companies are facing around ESG at the moment?

“I think it is natural that when organisations are growing fast, it’s easy for the parts of the business directly impacting financial performance and operations to take priority in the day-to-day activities. Unless there’s an internal dedicated resource, or ESG policies are well embedded into processes, it is quite easy for sustainability and ESG initiatives to be sidelined. Although our portfolio companies have sustainability ambitions, I expect that the lack of internal ESG resources and knowledge are challenges that prevent many companies from realising their goals. In my role as Sustainability Manager, I hope to bridge that gap and support them in prioritising and implementing ESG initiatives alongside other key business developments and responsibilities.

When working with ESG data, there are also challenges around quality and coverage. I hope to work with our portfolio companies around consistency and quality assurance for the data they report. We are also managing growing expectations from investors and regulators around transparency and reporting, which increases the demands of data quality.”

How do you see Vespa Capital’s sustainability work evolve with a dedicated Sustainability Manager in place?

“In the coming year, our ambition is to continue the work of aligning our portfolio with net zero and prepare for designing decarbonisation pathways and setting science-based targets for our portfolio companies. We’re also keen to improve how we collect and manage ESG data and are looking to find a solution to allow portfolio companies to derive more actionable insights from the KPI data they already provide us with. This will also provide additional value for the portfolio companies and allow them to integrate insights from the sustainability data into their own operations. Other goals we have include more detailed climate risk assessments for the portfolio as well as reviewing ESG policies. There is certainly a lot of work ahead of us, but I’m confident that with the support of the Vespa Capital team and the ESG champions among our portfolio companies, we will be able to implement the changes we aspire to see.”



Appendix

Vespa Capital II LP (Fund II) Annual ESG KPI Summary

Data as 31 December 2023

	December 2023		December 2022	
	Reported values ¹	Data coverage (%)	Reported values ¹	Data coverage (%)
GHG emissions (tCO ₂ e)				
Scope 1 emissions	906.4	100%	809.9	83%
Scope 2 emissions	791.6	100%	264.9	100%
Scope 3 emissions	7,133.4	50%	5,432.0	17%
TOTAL emissions				
GHG emissions intensity (GHG/revenue)	44.8	100%	34.6	100%
Renewable energy				
Total renewable energy consumption (kWh)	171,839	83%	84,585	33%
Percentage of total consumption	43.8%	83%	51.4%	50%
Diversity				
Average female representation (total FTE)	40.6%	100%	45.4%	83%
Average female representation (Board)	19.7%	100%	17.5%	100%
Health and wellbeing				
Average absenteeism rate	2.2%	50%	1.9%	67%
Workplace injuries	N/A	–	N/A	–
Headcount growth				
Total headcount	2,933	100%	2,269	100%
Average headcount CAGR since investment	10.0%	100%	9.8%	100%
Employee Engagement				
Satisfaction survey (average response rate)	64.3%	50%	66.6%	33%
Satisfaction survey (average positivity rating)	74.8%	50%	77.8%	33%

Emissions

The total aggregate emissions across the Fund II portfolio increased in 2023, driven primarily by the expanded perimeter of Scope 3 emission reporting as well as increased levels of travel observed across the portfolio post-COVID-19.

Total emissions intensity also increased on a like-for-like basis between 2022 and 2023 due to the increased Scope 3 coverage; however, notable efficiency improvements were observed at Bluecrest as referenced in the case study on p10. An increase in Scope 2 emissions have been driven by one of our portfolio companies, Catalis, providing a more accurate measure of their indirect GHG footprint this year.

Renewable energy

Encouraging progress was observed across the Fund II portfolio with regards to the reporting of renewable energy consumption. However, the percentage of renewable energy consumed in 2022 was diluted with the inclusion of several companies with higher proportionate non-renewable energy consumption. This will be an obvious area of focus with regards to the respective decarbonisation plans in development as part of the net zero alignment strategy.

Diversity

The average proportion of female participation within the Fund II portfolio is noteworthy, with progress made on increasing the proportion of female Board members at Bluecrest and Feefo.

Health and wellbeing

A minor increase in the average absenteeism rate across Fund II was observed as a result of a return to more regular levels of health screening activity at Bluecrest, which due to the nature of the business corresponds with increased client interactions and associated risk of common illness transmission. This is further accentuated by the reduced data coverage between 2022 and 2023 due to a change in HR reporting systems at Feefo that has led to a short period of data incompatibility.

Headcount growth

The Fund II portfolio continues to see additions in headcount, with notable examples being at Chase and Catalis, which both experienced above average increases in total FTEs in the year.

Employee engagement

Monitoring employee engagement remains a key area of focus within the development of holistic ESG strategy plans, and the inclusion of an employee satisfaction survey at Bluecrest in 2023 was a welcome addition. The high average positivity rating is a good reflection of the positive culture and focus on developing best-in-class HR processes across the portfolio. All Vespa Capital portfolio companies will be encouraged to circulate an employee satisfaction survey in 2024.

¹ Data presented on a LTM aggregate basis.

Appendix

Vespa Capital III LP (Fund III) Annual ESG KPI Summary

Data as 31 December 2023

	December 2023		December 2022	
	Reported values ¹	Data coverage (%)	Reported values ^{1,3}	Data coverage (%)
GHG emissions (tCO ₂ e)				
Scope 1 emissions	28.7	86%	29.1	100%
Scope 2 emissions	106.1	86%	110.7	100%
Scope 3 emissions	367.9	71%	887.4	50%
TOTAL emissions²	502.7		1,027.2	
GHG emissions intensity (GHG/revenue)	5.5	86%	11.9	100%
Renewable energy				
Total renewable energy consumption (kWh)	95,135	43%	12,919	17%
Percentage of total consumption	53.3%	43%	57.5%	50%
Diversity				
Average female representation (total FTE)	43.4%	100%	47.8%	100%
Average female representation (Board)	17.2%	100%	15.5%	100%
Health and wellbeing				
Average absenteeism rate	1.2%	86%	1.0%	67%
Workplace injuries	N/A	–	N/A	–
Headcount growth				
Total headcount	729	100%	668	100%
Average headcount CAGR since investment	18.7%	100%	24.1%	100%
Employee engagement				
Satisfaction survey (average response rate)	79.7%	29%	75.7%	50%
Satisfaction survey (average positivity rating)	87.5%	29%	86.0%	33%

1 Data presented on a LTM aggregate basis.
2 DTAG emissions data not available for the year to 31 December 2023 (DTAG total emissions in December 2022 = 859.8 tCO₂e).
3 Eserv is not included in the 2022 data.

Emissions

As at the time of reporting, DTAG had not finalised its emissions reporting as referenced by the reduced data coverage at December 2023 (DTAG December 2022 GHG emissions total: 860 tCO₂e). On a like-for-like basis total aggregate emissions across the Fund III portfolio increased in 2023, driven primarily by the expanded perimeter of Scope 3 emission reporting as well as increased levels of travel observed across the portfolio post-COVID-19.

Renewable energy

The material increase in the absolute amount of renewable energy consumption recorded across the Fund III portfolio in 2023 is attributed to the corresponding increase in data coverage.

A minor reduction in the average proportion of renewable energy consumed is due to the inclusion of Eserv in the Fund III portfolio dataset in 2023, with an average 30% that reduces the combined total.

Diversity

As with Fund II, the total FTE gender diversity across Fund III is well balanced. However, the reduction in the average female participation fell marginally in 2023 due to the inclusion of Eserv, which has a lower level of female participation (c.16%) in part due to the gender imbalance observed across the oil and gas sector more generally.

Health and wellbeing

The Fund III average absenteeism rate remains well below the national average of c.2.6%, with the increased data coverage reflecting the positive progress being made on embedding the Vespa Capital ESG Monitoring Framework.

Headcount growth

The growth in total headcount for Fund III constitutes a number of incremental additions across the portfolio, with notable increases at Origo and Eserv, which grew headcount by c.25% and c.40% respectively in the first year of ownership.

Employee engagement

The coverage of Fund III portfolio companies that issued employee satisfaction surveys reduced in 2023, as a number of companies ran surveys in the months post-acquisition in 2022 and are scheduled to reissue these in 2024. This continues to be a key area of ongoing focus, with all Vespa Capital portfolio companies encouraged to circulate an annual employee satisfaction survey in 2024 as part of the ESG strategy development process.

