



Vespa Capital 

ESG 2023 REPORT



Editorial

We are delighted to present our first ESG report. Aware of our responsibilities as a management company, we have used this report to highlight our approach to ESG issues and the practices implemented within our holdings.

Today, integrating ESG issues is essential to our investment and value creation strategy. Since 2009, sharing value with the management and employees of our holdings has been a strategic priority for Vespa Capital; we are now strengthening the formalisation of our commitments on social, environmental and governance issues. The management teams we work with are committed to promoting sustainability issues within their funds and are also aware that ESG concerns have become an essential lever for sustainability and value creation.

In recent years, we have drafted our responsible investment policy and signed our commitment to the United Nations Principles for Responsible Investment (PRI), formalising the integration of responsible principles into our investment strategy. This enables us to limit sustainability risks that could have an impact on the financial performance of our funds, and also to identify opportunities for innovative value creation.

Thanks to the strength of our team and the close relationships we maintain with our managers, we can offer tailor-made support to each of our businesses. In 2022, with the support of management and the involvement of the teams within each holding, we collected ESG data from our portfolio, enabling us to establish the first indicators, both for the management company and for the companies we support. This is the subject of a separate report and we will be providing regular updates on our progress.

All companies and future participations will evolve in line with the challenges of our time. Integrating the risks and opportunities associated with sustainability issues will be key to ensuring their long-term survival. We are convinced that ESG-compliant management will contribute to greater value for all stakeholders over the long term.

— **Kenza Mounni**
Managing Partner



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1

Vespa Capital

Getting to know us better

Our business

Founded in 2009, Vespa Capital is an independent management company managed by three entrepreneurs. The management team, the fund's main investor, supports the management of each company with a focus on long-term development and job creation.

We share risks with managers and investors by committing a significant amount of our own assets to each company that we decide to support.

Vespa Capital invests in regional SMEs with head offices in France and sales between €8m and €50m, in order to support them in their development and transfer projects. We invest amounts of between €5m and €20m in majority and primary LBOs.

We help companies grow and develop their structure by actively contributing to strategic thinking, introducing them to our networks of senior managers and experts, strengthening their teams, improving their organisation and management tools, and assisting with external growth operations and equity investment by managers and teams.

At the same time, we are convinced that value creation also depends on compliance with good social and environmental practices. That's why we work hand in hand with business leaders to adopt ESG best practices. So our approach is inclusive, environmentally responsible and forward-looking.

8to50M

in sales
of the companies
targete

5to20M

of investment
amount

LBO

majorities and primaries
in partnership
with management

SMEs

regional with headquarters
located in France

Our approach

Experience

We provide long-term support for our holdings. To achieve this, we rely on a professional and experienced team. We make it a point of honour to carry out our transactions in accordance with the agreed upon terms. Our investment committee makes completely independent decisions and is structured to be responsive, ensuring efficiency for the seller and less disruption for the acquired company.

Trust

The quality and motivation of our management team and our close relationships are key factors in the success of our investments. We have strong relationships with our management teams and involve them closely in the success of our operations. Throughout the investment, the management team remains at the helm: it proposes a growth strategy and is responsible for day-to-day operational management; we participate in the supervisory committees and actively contribute to the management's strategic exchanges. We help them to implement their strategy, which we validate together beforehand. To provide the best possible support to our partners, we make our resources and expertise available to them.

Value creation

Vespa Capital's strategy is rooted in the pursuit of value creation, both financial and human. Therefore, after an acquisition, when we take over the shareholding from the families or entrepreneurs, we make a point of respecting the DNA and culture of the company. Lastly, we offer managers a high degree of autonomy and create an environment conducive to the development and exercise of the company's potential.

Entrepreneurship

We are ourselves entrepreneurs: we understand the challenges and issues faced by companies and focus on their long-term growth and job creation. We develop tailor-made transactions appropriate to the situation and plans of their managers. We are independent: all decisions are made by the management team, which ensures responsiveness, agility and pragmatism.

15years
of **existence****€150M**under
management**8****experimented**
investors**6**companies in
portfolio**Paris**location
of head office

Our team



Experienced and passionate about SMEs, the Vespa Capital team is made up of 11 people.



Jean-Valmy Nicolas
Managing Partner



Denis Leroy
Managing Partner



Kenza Mourni
Managing Partner



Julien Léauté
Senior Associate



Julien Tapié
Associate



Thomas Perrin
Associate



Fleur Angliviel de la Beaumelle
Analyst



Alexis Aubert
Analyst



Catherine Denis
Executive Assistant



Yousra Khoudi
Office Manager



Paul Gaultry
Company Secretary

Investment vehicles and holdings*

As a growth accelerator for businesses, Vespa Capital currently supports a limited number of companies, so that we can devote time to each of them and listen carefully to their managers.



ATI industries, 2016

- 49 employees

Manufacture of cremation and incineration furnaces

10 M€



Arthur Loyd, 2018

- 130 employees

Commercial property consultancy

35 M€



Léopold, 2018

- 195 employees

Organic supermarkets

35 M€



Capitole, 2021

- 21 employees

Private training organisation

6 M€



Sprinter, 2022

- 15 employees

Distribution of print media

7 M€



Imprimerie du Marais, 2023

- 34 employees

Creation of luxury items for communications and events

11 M€

* Vespa Capital Gestion portfolio at 30/06/2023.

The following details are given year of acquisition, number of employees at 31/12/2022, company activity and 2022 turnover.

Our ESG Governance

ESG Policy

To make a formal commitment to social and environmental responsibility, Vespa Capital has drawn up its ESG policy for 2021.

The policy defines:

- Sectoral, climatic, legal and regulatory exclusion criteria;
- Integrating ESG into our investment process;
- ESG criteria assessed during the support period;
- ESG criteria assessed in the investment;
- The methodology used to measure the achievement of the ESG criteria promoted by the fund.

The ESG policy is available on our website: <https://www.vespa-capital.com/fr/politique-esg>

ESG Team

Kenza Moumni, Paul Gaultry and Thomas Perrin coordinate and steer Vespa Capital's ESG strategy and support investments in deploying their ESG approach.

In particular, they are responsible for :

- Defining the ESG strategy and overseeing the deployment of the ESG approach within Vespa Capital and its investments throughout the legal and regulatory investment cycle;
- Steering and implementing the management company's internal ESG projects;
- Analysing the results and recommendations of ESG due diligence for new investments and reporting them to the Investment Committee;
- Preparing ESG regulatory documents and reports.

In collaboration with the directors of the holdings, who instil the approach in their managers and employees, Vespa Capital works to :

- Assist portfolio companies with the implementation of their sustainable development approach, their ESG roadmap and the definition of the underlying indicators;
- Collect ESG data on portfolio companies.

Investment Committee

Before any final decision is taken, the Investment Committee receives an ESG analysis from the team responsible for the transaction. This process allows extra-financial performance to be taken into account when analysing investment opportunities.



Vespa Capital's CSR initiatives

Vespa Capital is deploying its own CSR approach through a number of internal initiatives:

Governance

100% of the investment team benefits from Carried Interest.

Introduction of a matching system to enable younger team members to invest.

Social

100% of employees are aware of sustainability issues: climate change and responsible investment.

1/3 women in our workforce and on our committees.

Support to the association « La Belle Etincelle », solidarity restaurant initiative.

Environment :

Digitalisation of tools to reduce paper consumption.

Contract with a green energy supplier.

Carrying out the management company's carbon footprint. Scopes 1&2 emissions: 3.2 tCO₂eq

Introduction of selective sorting and reusable containers.

The vast majority of journeys are made by train.

Vespa Capital's ambitions for 2030

40%
of women
in the workforce

Skills sponsorship
through partnerships with
associations.

**Measuring the carbon
footprint** on entry and exit
of the investment.

Remuneration policy

Vespa Capital's remuneration policy has two objectives:

- To promote sound and effective risk management, so as not to jeopardise the company's long-term future;
- Aligning the interests of employees with those of our investors. This remuneration policy actively supports the strategy and objectives of the management company, while ensuring attractiveness, growth and the loyalty of its staff.

Variable remuneration is awarded on the basis of both quantitative financial criteria and qualitative non-financial criteria. For example, under article 5 of the SFDR, since 1 January 2023, individual assessments and objectives have included qualitative elements relating to the environmental or social characteristics of investments and the sustainability risk of managed portfolios.

Two ESG criteria have also been selected:

- Improving ESG indicators within holdings;
- Promoting CSR practices within the Vespa Capital environment.



ESG policy

Acting as a responsible financial partner

Vespa Capital's investment vision is based on being a responsible financial partner, ensuring long-term returns for our investors and sustainable growth for our portfolio companies. In this way, we aim to reduce operational risks, support balanced corporate governance, reduce environmental impact by stimulating innovation and creativity, and set fair social standards.

Since our creation in 2009, we have been committed to providing long-term support for our investments. Since 2021, with the creation of the Vespa III fund, the management company has been formalising an evolving ESG strategy that reflects its values and convictions. The team worked to develop a trajectory for the 3 pillars, making targeted and realistic commitments.

2022 marks a decisive year for Vespa Capital in terms of accelerating the integration of environmental, social and governance issues within the management company, as well as in its investment approach, through the implementation of four structuring actions:



« Social and governance concerns have always been part of Vespa Capital's DNA, because the success of our companies depends first and foremost on its employees. »

— **Denis Leroy**
Managing Partner

« Since 2021, we have strengthened our responsible investment and environmental approach. The formalisation of our ESG approach reflects the commitment that has driven us for almost 15 years, both in our actions within Vespa Capital and in our approach to our investments, helping companies to tackle the challenges of the energy transition and improving working conditions for their employees. »

— **Jean-Valmy Nicolas**
Managing Partner

Social

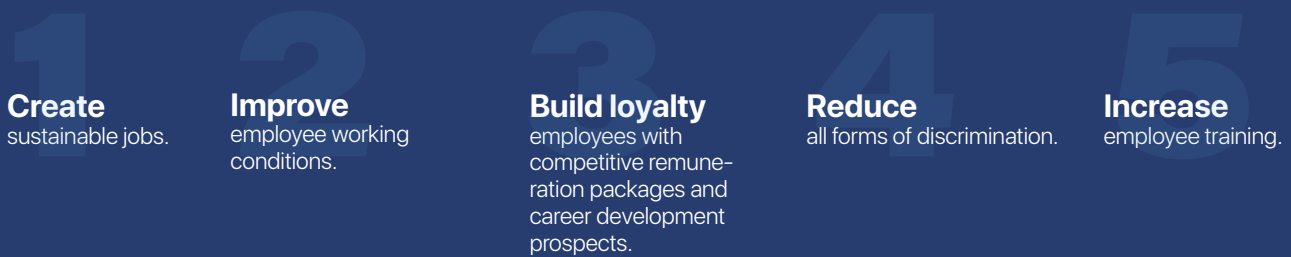
The social dimension is essential to the sustainability and development of a company, made up of men and women who work every day to create value.

That's why we believe that valuing human capital and adopting balanced human resources management is the number one factor for the success of the companies in which we invest.

We select companies whose management team seeks to offer its employees positive working conditions to build loyalty and encourage the growth of teams over the long term: pay parity between men and women, refusal of discrimination, promotion of health and safety, team-building seminars, etc.

Our commitment to social issues

At Vespa, we have formulated a number of priorities that we want to develop within our holdings:



Promoting job creation within our holdings

Between 2010 and 2022, Vespa Capital's investments have created almost 1,100 jobs via the Vespa I, Vespa II & club deals and Vespa III funds.

1100
jobs created since 2010, including 121 within current holdings.

100%
have an employee training policy or plan.

Job creation in the holdings:



Governance

Governance refers to the set of rules, standards and practices that govern decision-making, planning, management and control. It includes the way in which decisions are made, responsibilities are assigned, objectives are set and performance is assessed.

The integrity of decision makers, the coherence of policies, transparency in decision-making and relationships based on exchange and consultation have a positive influence on the economic performance of companies and reflect their brand image.

Our commitments in terms of governance

We have identified three major areas of focus for our investments:



Sharing value creation and aligning interests

We continually ensure that interests in each of our transactions are aligned by involving not only companies' managers, but also our employees in sharing in value creation.

At the time of acquisition, the objectives and business plan are defined jointly by Vespa Capital and management. As a genuine tool for motivating employees, sharing in value creation and building loyalty, we are introducing a profit-sharing scheme for senior managers in all our operations, and proposing to include all top management in the scheme. To date, Management Packages have been launched in 75% of operations.

On average, **26% of employees are shareholders.**

83%

of companies have opened up access to capital to their employees.

83%

of companies have an ESG policy (or one in development).

100%

have carried out awareness-raising or training initiatives on CSR practices.

100%

have included ESG on the Executive Committee's agenda (*on the Vespa III fund - Art. 8).

Environment

Every sector of activity exerts pressure on the environment to a greater or lesser degree, particularly in terms of climate change. This is why Vespa Capital is committed to measuring its own carbon footprint, as well as that of the companies in its portfolio. Following this initial assessment of the carbon footprint, the challenge will be to identify the levers for reduction and define a decarbonisation policy.

The other environmental impacts of the companies in the portfolio mainly concern the waste they generate, air pollution and water consumption. The latter is one of the common ESG indicators monitored for our holdings in order to improve the management of measures aimed at reducing the consumption of companies in the portfolio.

Our environmental commitments:

We encourage our participants to implement the following actions:

- Undertake initiatives to reduce environmental impact;
- Encourage investment in R&D to improve energy efficiency and the energy transition;
- Encourage local sourcing and partnerships;
- Measure the carbon footprint;
- Consume responsibly and reduce waste.

83%

of companies have completed their carbon footprint.

67%

of companies offer eco-responsible products.

carbometrix

Our impact on climate change

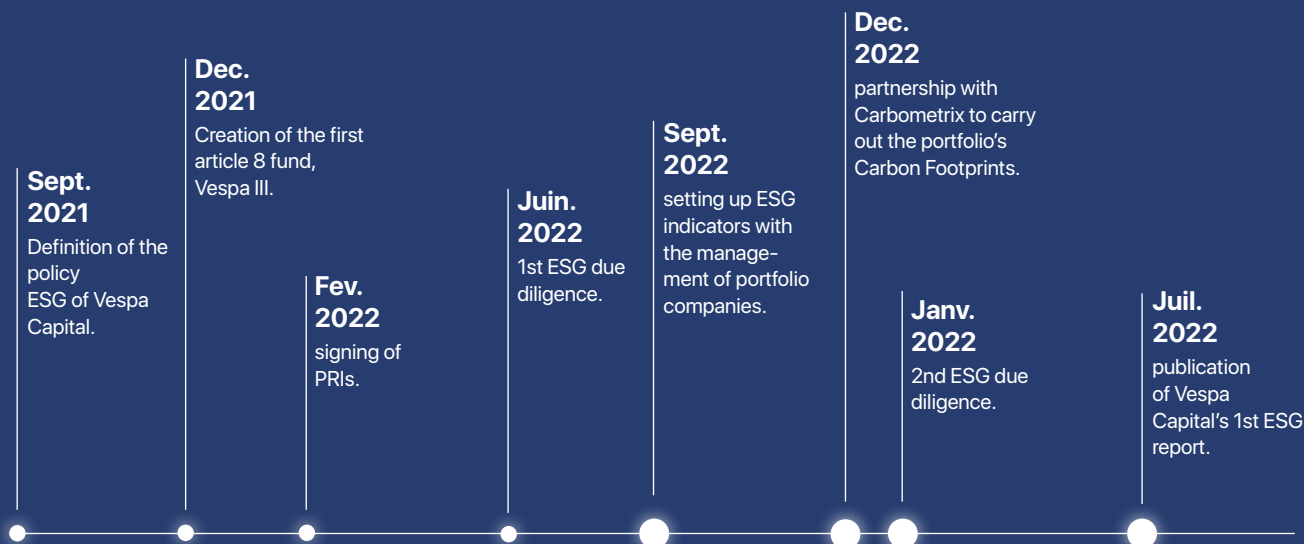
At the end of 2022, we entered into a partnership with Carbometrix to estimate the carbon emissions of Vespa Capital and its portfolio companies in accordance with international standards.

In 2022, Vespa Capital has undertaken to measure its full Carbon Footprint for the first time.

At the time of the writing of this report, the management company is able to communicate only Scopes 1 & 2 relating to the structure's direct and indirect emissions (3.2 tCO₂eq). Scope 3 emissions relating to the management company's value chain are currently being finalised to include emissions from all its holdings.

This measurement exercise is the first step in our approach to managing climate change. Based on the final results, we will be able to identify the levers for decarbonisation and propose a target for reducing greenhouse gas emissions.

Processus



Principles for Responsible Investment (UN PRI)

Supported by the United Nations, the PRI is the world's leading promoter of responsible investment, working to:

- Understand the investment implications of environmental, social and governance (ESG) factors;
- Help its international network of signatory investors to integrate these factors into their investment and ownership decisions.

The six principles for responsible investment are as follows:

- 1:** We will integrate ESG issues into investment analysis and decision-making processes.
- 2:** We will be active owners and integrate ESG issues into our ownership policies and practices.
- 3:** We will seek to obtain appropriate information on ESG issues from the entities in which we invest.
- 4:** We will encourage acceptance and implementation of the principles within the investment industry.
- 5:** We will work together to improve our effectiveness in implementing the principles.
- 6:** We will report on our activities and our progress in implementing the principles.

Integration of ESG criteria into the investment process

Our commitment to sustainability is also reflected in our investment strategy. Vespa Capital takes the main ESG risks into account throughout the investment process. This integration enables us to limit any sustainability risks or incidents that could have an impact on the financial performance of our funds, and to identify opportunities for innovative value creation.

1. Preliminary phase

Exclusion criteria

An initial ESG filter is put in place during the analysis phase of each investment opportunity.

In line with its ESG policy, Vespa Capital systematically excludes certain sectors from its investment spectrum: arms, drugs, fossil fuel exploitation (coal, shale gas and oil)*, pornography, animal testing and abuse, illegal economic activities, tobacco, gambling.

Preliminary ESG analysis

This initial selection is accompanied by a preliminary ESG analysis carried out by the investment team. It uses financial and environmental criteria to select companies with a responsible approach and a desire to improve their ESG performance over the investment period.

This approach limits the sustainability risks to which we are exposed.

This initial ESG analysis is then presented to the Investment Committee.

2. Acquisition phase

ESG due diligence

Determining the ESG policy begins even before the acquisition. We carry out ESG due diligence to assess the risks associated with taking ESG criteria into account. Vespa Capital's teams have commissioned an independent expert to carry out this preliminary ESG analysis of the following elements:

- Identification of the main ESG regulations applicable;
- Identification of priority ESG themes for the company in the portfolio: corporate governance, diversity and inclusion, human rights, business ethics, GHG emissions, etc;
- Mapping of the three ESG pillars and the general approach;
- Audit findings and identification of ESG risks and areas for improvement.

This detailed qualitative and quantitative analysis of sustainability risks makes it possible to identify innovative value-creation opportunities and areas for improvement, and helps to define the future ESG roadmap with quantified, achievable objectives.

Before any final decision is taken, the Investment Committee receives an ESG analysis from the team responsible for the transaction.

This process allows extra-financial performance to be taken into account. ESG commitments are formalised in the shareholders' agreement, via a reporting commitment, and are included in the Supervisory Committee's agenda at least once a year, as well as in that of the ESG Committee.

* Depending on investment opportunities, Vespa Capital reserves the right not to exclude companies in the sector that are willing to undertake their energy transition.

3. Holding phase

During the shareholding phase, Vespa Capital oversees the deployment of ESG practices by assisting companies in a number of areas:

- Carbon footprint measurement thanks to partnership with Carbometrix;
- Creation of an ESG charter for all portfolio companies;
- Encouraging ESG initiatives.

In order to assess ESG performance and the progress made, Vespa Capital collects ESG indicators common to all holdings and indicators specific to each company, identified at the time of acquisition.

In addition, Vespa Capital ensures that ESG indicators are monitored and steered by a Supervisory Board, and that annual reports are produced to assess ESG performance and identify any corrective measures to be implemented.

ESG reporting

Vespa Capital produces an annual ESG report giving an account of the management company's main financial information, as well as the results of the ESG policies implemented within the holdings, through the evaluation of the KPIs identified for each company.

4. Disposal phase

Over the next few years, we aim to integrate ESG criteria into the sales process.

Each time a shareholding is sold, we will produce a qualitative progress report on the policies and actions implemented by the company, and a quantitative report on changes in the ESG indicators selected beforehand and on carbon emissions.

Portfolio monitoring and evaluation method

Vespa Capital has developed a monitoring method that combines specificity and comparability. For each company, and depending on the type of article as defined by the SFDR, we define common and specific ESG KPIs.

Evaluation of VESPA II holdings (Article 6)

For each Article 6 investment, Vespa Capital assesses the environmental, social and governance performance against 6 KPIs:

3 KPIs common
to all investments

+

3 company-specific
KPIs

Evaluation of VESPA III holdings (Article 8)

Vespa Capital assesses the ESG performance of each Article 8 holding against 12 KPIs:

6 KPIs common
to all investments

+

6 company-specific
KPIs

Participants in Article 8 also pursue three Sustainable Development Goals (SDGs). These objectives are systematically integrated into the heart of the investment process and are applied to each investment:

- Achieving gender equality;
- Promote sustained, shared and sustainable economic growth, full and productive employment and decent work for all;
- Take measures to combat climate change and its repercussions.

What is a Section 8 fund?

The Vespa Capital III investment vehicle is the first "Article 8" fund within the meaning of the SFDR. This fund promotes environmental and social characteristics but does not aim to be a sustainable investment. The characteristics promoted by this fund are the reduction of the impact of organisations' activities on the environment, the enhancement of human capital and the sharing of value creation between employees and shareholders.



ESG performance of the portfolio

Arthur Loyd

As the leading national network of corporate real estate consultants, Arthur Loyd and its 450 employees (including franchisees) located throughout France are committed to offering high-quality advice on a daily basis to companies established in France.

To further integrate ESG practices into its activities, the company has created a charter and provided training for its managers on ESG and sustainability issues, including regulations and climate risks.

To reduce the environmental impact of its activities, Arthur Loyd has introduced a bicycle subsidy for employees and will begin converting its company car fleet to electric and hybrid vehicles in 2022.

In terms of social progress, the company is close to gender parity, with 44% of its workforce made up of women. In addition, since 2022, 85% of Arthur Loyd employees are shareholders (111 employees).

Finally, Arthur Loyd subsidizes the international solidarity association, "Un Enfant par la Main", approved by the Don en Confiance Charter Committee and member of the ChildFund Alliance network.





Since 1930, ATI Industries has been a leading expert in industrial and hospital waste incineration and cremation. ISO 9901 certified and constantly striving for improvement, the company aims to position itself as the leading manufacturer of cremation and incineration equipment combining reproducible procedures with customised expertise.

In 2022, the company set itself a mission:

« To protect the environment by creating innovative and robust thermal solutions to meet our customers' challenges. » To support its mission, ATI invests in Research & Development to eco-design new equipment and improve the equipment already installed at its customers' sites. For example, the company has designed the Firpack filtration system, which improves the carbon footprint of installations, while reducing toxic fume emissions and reagent consumption. ATI Industries pays particular attention to the durability of the materials used to manufacture its furnaces. In 2022, the company devoted almost 700 hours to R&D projects relating to energy co-generation and energy saving.



La FRENCH FAB





Léopold is the story of a company committed to finding solutions to today's consumer issues. Since 2008, Léopold has been committed to offering its customers quality, fresh, local and affordable products.

Fruit & Vegetables Charter

In 2023, Léopold gave concrete expression to its commitments by drawing up a Fruit and Vegetables charter, giving priority to short distribution channels, and to fair trade, organic, accessible and seasonal products of French origin.

Favouring short distribution channels

Most of the fresh produce comes from local farmers. These short distribution channels ensure fair remuneration, promote local products and know-how and reduce the carbon footprint associated with transport. The company has implemented a "carbon-free" delivery system within a 10 km radius of a pilot shop in Charente-Maritime. The rest of the department is covered by a collaborative, less polluting delivery service.

Combating food waste

To limit food waste in its shops, Léopold is working with Too Good To Go to offer its customers anti-waste baskets. Since the partnership was launched in 2018, more than 12,500 baskets have been preserved, representing 6 tonnes of recycled food waste.





The Capitole Group is a private education and training institute that specialises in providing academic support and helping students to prepare for the most selective post-baccalauréat exams and competitions, as well as vocational training.

The Capitole Group has 5 training centres in Paris, Lyon, Toulouse, Bordeaux and Marseille, where more than 2,000 students are trained every year. The company has made excellence part of its DNA through personalised support and close contact with students.

The Capitole Group is keen to make its training courses accessible, and helps students to cover the cost of their tuition: 98% of learners pay €0 out of pocket thanks to public funding (vocational training). The company also reserves 10 slots each year for free training courses for disadvantaged students.

Thanks to the emergence of digital technology, the Capitole Group now offers its courses online. Attentive to the need to reduce its environmental impact, the company has drawn up a Digital and Environment Roadmap and has undertaken to create a CSR charter.





Founded in 2017, Sprinter specialises in importing and distributing large-format digital print media. Thanks to its expertise and ability to anticipate and adapt, Sprinter provides its customers with customised solutions in a constantly evolving market.

Prior to its acquisition, Vespa Capital carried out ESG due diligence on Sprinter for the first time. This analysis showed that despite its recent creation and small team, the company has strong ambitions in terms of CSR and has initiated a number of environmental and social initiatives: creation of a range of ecological products, pay parity, low rate of accidents at work, etc. Over the next few years, the company will be able to formalise its policies, in particular its policy for managing and measuring environmental impacts, and deploy them throughout the organisation and across its value chain.

The main CSR measures within Sprinter:

Sprinter makes it a point of honour to protect its employees. The company has created logistical procedures to further reduce work-related accidents. In terms of diversity and inclusion, the company has achieved near parity, with almost 50% of its workforce made up of women. Sprinter also promotes social diversity: 40% of the workforce are not French nationals. In 2022, Sprinter formalised its commitment to the environment with the introduction of the "Nature" range. TexSprint is a PVC-free coated textile alternative to traditional PVC tarpaulins, which are not recyclable. The company has generated over 10% of its sales from this eco-responsible product, and now aims to achieve 25% of its sales from its Nature range by 2025.





4

Appendices

Regulatory context

Financial institutions are required to report on their ESG strategy, its implementation and the results achieved. Below is a summary of the regulatory and voluntary provisions to which Vespa Capital is subject for its two funds, Vespa II and Vespa III.

	Vespa II Fund - Article 6	Vespa III Fund - Article 8
European Union SFDR - Article 11 on compliance with environmental and social standards	Non applicable	Regulation provided in ESG Reporting 2022
European Union SFDR - Article 11 on compliance with environmental and social standards	Non applicable	Regulatory Available at https://climate-transparency-hub.ademe.fr/dossier/

Principal adverse impacts (PAIs)

Vespa Capital does not consider principle adverse impacts (PAI) in its investment decisions.

In its final report on Regulatory Technical Standards (RTS), the European Union published 14 indicators to be taken into account when measuring PAIs. We invest in SMEs at different stages of their environmental and social development. Therefore, we cannot guarantee that we will be able to collect the information required to comply with the RTS.