



# Building businesses with sustainable foundations

Suzi Gillespie, CFA, Head of Research, BVCA

# Introducing the BVCA



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**Head of Research, BVCA**

# Introducing ESG\_VC

An industry-wide initiative backed by **more than 150 leading VC firms** spanning the UK, US and Europe, driving **ESG performance in portfolio companies** with **benchmarking, training and resources** to progress on their ESG journey.



## MEASUREMENT FRAMEWORK

Collecting data on ESG performance and creating a roadmap for improvement targets.

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## FREE EVENTS AND RESOURCES

Annual programme of workshops, training sessions and templates for portfolio companies.

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Helping venture-backed businesses on their ESG journey.

# ESG\_VC Steering Committee



**BERINGEA**

**Seedcamp**

**atomico**

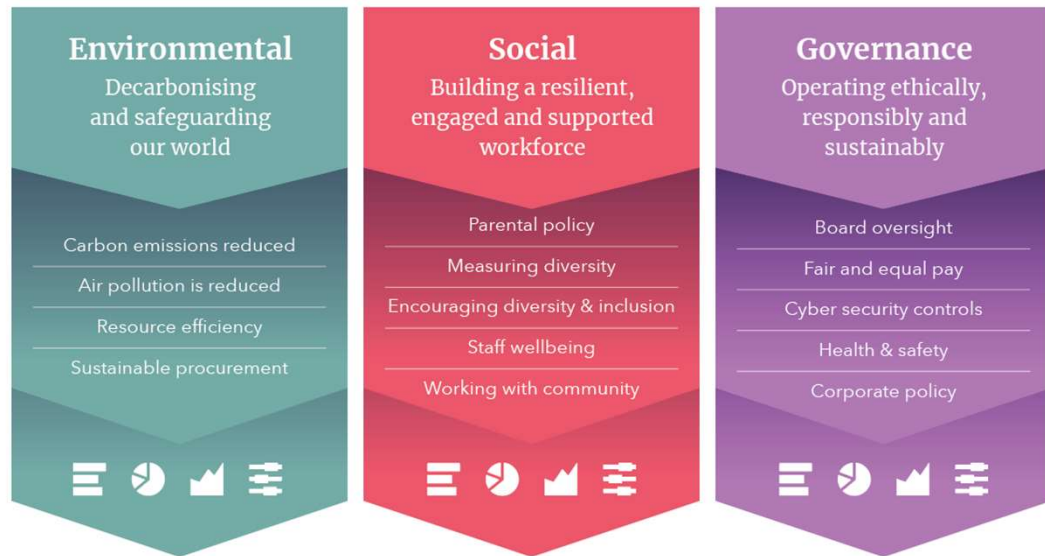


**Talis**

**ASTANOR**



# The ESG\_VC Measurement Framework



Generating an ESG benchmark for your company including a score out of 4 stars for each theme



Developed in partnership with **Social Value Portal** and the **BVCA**.

Aligned with global standards including **B Corp**, the **UN SDGs** and **SASB**.

Building a **standardised framework** for ESG reporting across VC portfolios.

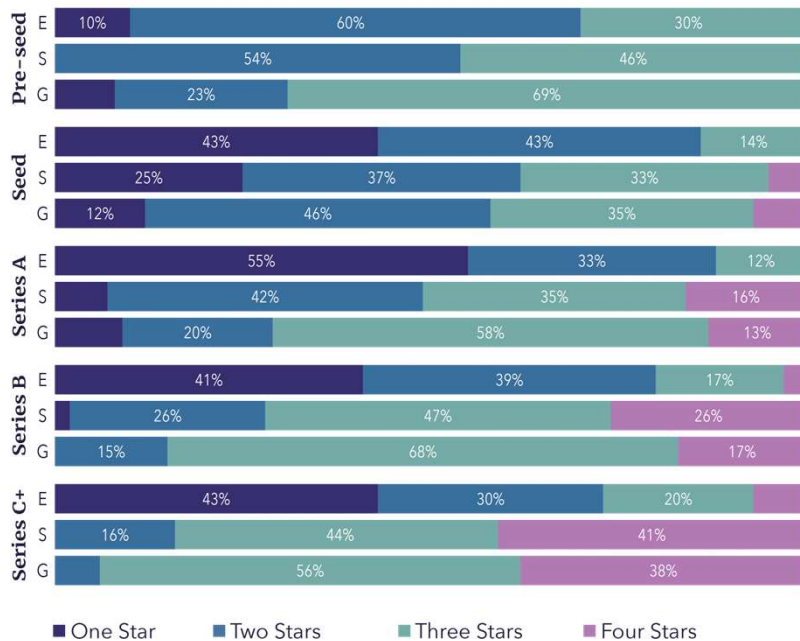
# The data collection timeline: July to November



PORTFOLIO COMPANIES	VCs	INDUSTRY
Review measurement framework Plan completion activity	Share framework with portfolio Brief companies on submission process	ESG_VC publishes framework Workshop hosted for network
Complete responses to framework Begin submitting to investors	Begin collecting data from portfolio Invite portfolio to ESG_VC workshop	Second framework workshop BVCA to receive data
Final submissions to VCs	Collate portfolio data Submit data to BVCA	BVCA collates and analyses data from ESG_VC members
		Pilot phase analysis of data from 225 portfolio companies from 11 VCs



# By stage: ESG performance improves with scale



What are the most common scores by stage?

Stage	Metric	Score
Seed	E	★☆☆
	S	★★☆☆
	G	★★☆☆
Series A	E	★☆☆
	S	★★☆☆
	G	★★☆☆
Series B	E	★★☆☆
	S	★★★☆☆
	G	★★★☆☆
Series C+	E	★★☆☆
	S	★★★☆☆
	G	★★★☆☆

12% of Series A companies scored 3 or 4 stars on environmental metrics, versus 27% at Series C+

84% of companies at Series C+ scored 3 or 4 stars on social metrics versus 51% at Series A.

This may reflect the operational improvements associated with scaling up.



# By theme: Companies outperform on 'S' and 'G'



Star Performance		Portfolio Company Distribution			
Pillar	Average	★☆☆	★★★	★★★	★★★
E	1.4	81	69	27	3
S	2.6	24	78	83	39
G	2.7	18	56	116	33

On average, companies in our sample performed significantly better across social and governance metrics than environmental.

Across the entire data set, companies scored **1.4 out of 4 stars** on environmental metrics versus **2.6 for social** and **2.7 for governance**.

While companies are pushing ahead with initiatives focused on DEI and mental health, they lag on the race to net zero.

## Strengths

**57%** of companies will provide DEI training in 2022

**58%** of respondents offer mental health support

## Weaknesses

**11%** of companies measure their carbon footprint

**7%** of start-ups have a net zero strategy in place





# By sector: SaaS and fintech struggling on 'E'

**Note: caution needed on interpreting granular data from our 2021 pilot due to relatively small sample sizes.**

It appears that SaaS and fintech companies perform relatively poorly on environmental issues, particularly when compared with similar e-commerce businesses.

**How does performance differ by sector?**

Stage	Pillar	☆☆☆	☆☆	★☆☆	★★★★
Ecommerce	E	19%	38%	38%	6%
	S	0%	19%	50%	31%
	G	0%	25%	56%	19%
SaaS	E	65%	19%	14%	3%
	S	6%	27%	46%	21%
	G	2%	21%	60%	17%
FinTech	E	57%	36%	7%	0%
	S	11%	32%	47%	11%
	G	11%	16%	58%	16%

Manufacturing and life sciences businesses face challenges tackling social issues, with over half of these businesses scoring only 1 or 2 stars in this category.

Manufacturing	E	27%	55%	9%	9%
	S	0%	55%	36%	9%
	G	0%	0%	82%	18%
Life Sciences	E	50%	44%	6%	0%
	S	12%	46%	27%	15%
	G	8%	27%	62%	4%



# What ESG targets are being set for 2022?



Environmental	Social	Governance
Measure our carbon footprint	Measure and report the time spent volunteering with community projects	Calculate our gender pay gap
Measure the percentage of our suppliers screened for carbon efficiency	Provide equality, diversity and inclusion training for our staff	Put an ESG or Social Value Policy in place
Put a policy or programme in place to achieve net zero carbon	Measure percentage of ethnic minority representation in our team	Conduct an annual diversity and inclusion survey



# Find out more



## Read our report:

[www.bvca.co.uk/Research/BVCA-Publications/Details/Enabling-Start-ups-to-Measure-and-Improve-ESG-Performance](http://www.bvca.co.uk/Research/BVCA-Publications/Details/Enabling-Start-ups-to-Measure-and-Improve-ESG-Performance)

## Other resources:

### BVCA Research

Website [www.bvca.co.uk/research](http://www.bvca.co.uk/research)

### ESG\_VC

Website: [www.esgvc.co.uk/](http://www.esgvc.co.uk/)

LinkedIn: [www.linkedin.com/company/esg-vc](http://www.linkedin.com/company/esg-vc)





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