



Executive Summary

NET ZERO REPORT 2020

Mapping global sustainable tech pioneers



Read the full report at technation.io/net-zero-report/

In partnership with BNP Paribas



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Summary

At Tech Nation we acknowledge the role the technology sector has to play in tackling climate change and reducing greenhouse gas emissions. We have always been at the forefront in helping accelerate the growth of scaling UK tech companies with our sector programmes, Fintech, Applied Artificial Intelligence and Cyber Security. For the UK to be Net Zero by 2050 by balancing carbon emissions, a strong pipeline of companies with a focus on tackling climate issues needs to be developed. To this end, we at Tech Nation are proud to launch a new Net Zero programme with BNP Paribas, which features 30 fantastic companies with incredible founders who are actively creating innovative solutions.

Alongside this new programme, Tech Nation and BNP Paribas have launched the Net Zero report. This report will include an overview of the companies who have been selected to join the Net Zero programme, alongside analysis of the UK Net Zero landscape by evaluating the flow of venture capital investment. We will include valuable insights from the companies selected to join the Net Zero programme to foster transparency of what it takes to scale in this industry.

Summary (cont)

Venture capital investment has been vital for the scaling and growth of the technology sector and will be a key driver within Net Zero companies. It is also essential to identify where the UK sits in a global market; this report provides a comparison of the UK market with other international heavyweights in Europe, Asia, Africa and The Americas. This includes the top companies in each region, alongside countrywide venture capital investment. In 2019, the UK received £336m in VC investment for Net Zero companies, 55% more than France, which received £216m, and 18% more than Germany with £283m.

To improve sustainability, reducing emissions is important across all industrial sectors. We analysed which sectors in the UK are receiving the most Net Zero investment and producing the most companies, as well as visually identifying the main regional clusters. The key clusters in the UK in terms of investment are London (£597m), Bristol (£260m) and Oxfordshire (£232m). Meeting environmental goals is a universal objective, thus measuring the UK's impact abroad is imperative, we take a deep dive into which countries the UK invests venture capital funds and the sectors they tend to belong to. There are also features from leading UK investors highlighting market trends and the importance these companies play in being Net Zero.

Key findings

- In 2019, the UK received £336m in VC investment for Net Zero companies, 55% more than France, which received £216m, and 18% more than Germany with £283m.
- Between 2018 and 2019, VC investment in Net Zero companies in the UK grew by 28% (from £261m to £336m), compared to 22% in France (from £176m to £261m).
- The UK has a substantial number of Net Zero companies; there are 323, compared to 207 in France (35% less) and 150 in Germany (53% decrease).
- 37% of UK Net Zero companies are at an early stage, showing an impressive pipeline.
- 26% of UK Net Zero companies are late stage, which highlights the immense growth already in progress to meet emission targets.

Key findings (cont)

- The main UK Net Zero clusters (based on the number of companies) are London (98), Edinburgh (15) and Cambridge (15).
- The key clusters in the UK in terms of investment are London (£597m), Oxfordshire (£232m), Bristol (£260m) and Cambridge (£126m).
- Within Net Zero, Energy is the sector which has raised the most in venture capital, with £1.2bn since 2014 across 118 companies, amounting to 36.5% of the total. The next largest was £385.2m, raised by Business to Business companies across 90 companies, accounting for 27.8% of the total.
- Since 2014, the UK invested £1.2bn in Net Zero companies in the United States.
- Since 2014, UK Venture Capital firms also invested £110m to Canada, £77m to Sweden, £179m to Switzerland, £36m to India, £9.7m to Kenya and £13m to Israel.

Investment

Investment in Net Zero companies has fluctuated significantly across the world over the last five years. In 2019, the USA received the highest investment in Net Zero with £4.76m. China, on the other hand, reached their peak amount which was the third highest raised overall in 2017 with £3.96bn. In 2015, Net Zero investment in the UK was the second highest worldwide, after the USA, with £300m invested. Since 2015, the UK has not kept pace with the other tech giants and by 2019, was in 5th place, behind the US, China, Canada and India.

On a European scale, between 2018 and 2019, VC investment in Net Zero companies in the UK grew 28% (from £261m to £336m), compared to 22% in France (from £176m to £261m). In 2019, the UK received £336m in VC investment for Net Zero companies, 55% more than France which received £216m and 18% more than Germany with £283m.

Why does this matter? (as if we need to ask...)

China is one of the world's leading emitters of CO₂, they produced 10,877MT in 2017, which was more than Canada, France, Germany, Japan, Kenya, The Netherlands, Nigeria, Singapore, Switzerland and the United Kingdom combined. The United States also produces a significant amount of CO₂ with 5107 MT, nearly 50% of that produced by China - but more than the other countries combined.

The highest emitter in Europe for CO₂ emission is Germany with 797MT, the UK produces 52% less than Germany with 379MT UK, however this is 12% more than France with 338MT.

These figures highlight how much more needs to be done to stimulate the growth of new Net Zero companies in order to cut down on the emissions being produced globally and meet Net Zero targets.

BNP Paribas

BNP Paribas is one of the world's pre-eminent banking groups. Headquartered in Europe, we are active globally and have a major presence in the UK. We are a pioneer in digital technology, working closely with startups and fintechs to establish new ways of working and to deliver the best possible customer experience. We are also a world leader in sustainable finance.

But while we are at the forefront of change, we are in it for the long term. In 1867, we became the first French bank in the UK. Our presence across the country, with 10 businesses in 21 core locations, equips us to provide British companies and investors access to a full suite of products and solutions locally, in Europe and internationally. Our role is simply stated: to help clients achieve their goals by combining local know-how and global reach. In so doing, we seek to make a positive, sustainable contribution to the UK economy and to UK society.

BNP Paribas UK is honoured to support Net Zero 1.0. Our mission is to contribute to a **responsible and sustainable economy**, providing clients financing and advisory services according to the highest ethical standards and **in line with the UN SDGs**. We offer secure and innovative financial solutions to individuals, corporates and institutions, including support for the **energy transition and cleantech startups**, while striving to address the big challenges of today. And there are no bigger challenges today than the environment, local development and social inclusion.

We are engaged with our clients to create a better future.

We are the bank for a changing world.

BNP Paribas Accolades

- **Euromoney Awards for Excellence 2020:** Best Bank for Corporate Responsibility, Western Europe
- **Environmental Finance Bond Awards 2020:** Lead Manager of the Year for Corporate Green Bonds
- **The Banker Investment Banking Awards 2019:** Most Innovative Investment Bank for Climate Change & Sustainability
- **Euromoney Awards for Excellence 2018:** World's Best Bank for Sustainable Finance



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