



A Practical Guide To Achieving Net Zero in Start-Ups

Supported by

LONDON
& PARTNERS



ESG_VC and Tech Zero partnered to help start-ups consider the key questions when targeting net zero.

Check out the key takeaways from our workshop to support you on your net zero journey, or watch the recording [here](#).

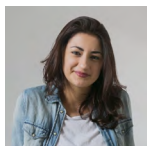
Speakers



Tessa Clarke
OLIO



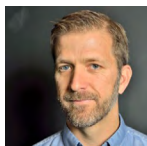
Karen McCormick
Beringea



Lubomila Jordanova
Plan A



Ben Knight
GoCardless



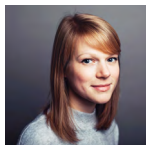
Garreth Griffith
Habito



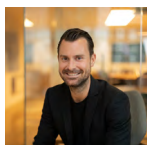
Anne-Charlotte
Mornington
OLIO



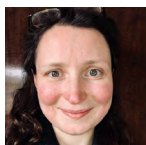
Lucette Demets
London & Partners



Amy Lewin
Sifted



Matus Maar
Talis Capital



Jennifer Donnellan
British Business Bank

1 How do I get started?

Lubomila Jordanova of Plan A advised companies to follow four basic steps:

- Get the basics right and understand terms such as carbon neutrality, net zero or Scope 3 emissions mean
- Gather the data you need to make effective carbon calculations
- Reduce emissions as much as possible before considering offsetting
- Prepare for upcoming regulation such as the EU Taxonomy Regulation and TCFD in the UK

2 What are Scopes 1, 2, and 3?

Scopes 1, 2, and 3 are part of the Greenhouse Gas (GHG) Protocol, a global standard for companies to measure their GHG emissions.

This framework was created to define the different sources of CO₂ emissions produced by an organisation, regardless of whether you are a software company, a hardware business, a digital agency or any other business model.

Scope 1: 'direct' emissions produced by operations, perhaps in your office, any warehouses for your products, or by any vehicles and other transport options used by your business.

Scope 2: 'indirect' emissions for energy purchased by your company, namely electricity, heating, or air conditioning.

Scope 3: 'indirect' emissions in your operations and supply chain, such as purchased goods or services, distribution, employee commutes, waste from operations, and - crucially for any company producing physical goods - end-of-life treatment for sold products (think of an automotive manufacturer needing to account for scrapping its cars).

3 How do I begin measuring emissions?

Garreth Griffith of Habito shared insights into his experience of measuring the carbon footprint of one of the UK's leading online mortgage brokers.

"It wasn't difficult to get started. We decided to work with an external environmental consultancy called Green Element, who would help us measure our emissions for 2019.

"The process took three months from start to finish, and it required collaboration between our finance, HR and ops teams.

"I'd recommend using your best for some of the data that might seem difficult to get hold of. There are many online guides that give direction on where and how you can use estimates for data."

4 How do I start reducing my emissions?

Anne-Charlotte Mornington of OLIO urged companies to consider the quick wins, as well as the larger operational projects, to begin reducing emissions.

"99.3% of OLIO's emissions came from our Scope 3, which were produced in the value chain, primarily when customers use our services. We've therefore kicked off a project to re-design our website to reduce the emissions it creates."

Garreth Griffith also highlighted simple switches such as switching to a renewable energy provider, recycling more, and using refurbished IT equipment.

Remote working has also helped Habito to reduce its Scope 1 and 2 emissions, but it's worth noting your team will have a carbon footprint, even at home. These emissions should be accounted for under your Scope 3 emissions profile.

5 Why do I need to target net zero?

Ben Knight of GoCardless stressed that climate action is a global imperative, as it is integral to our wellbeing.

For businesses, he also highlighted that there were “clear links between sustainability, and operational and financial performance. By taking action, companies are reducing their future financial risks from the climate crisis.”

Ben also stressed that focusing on sustainability would have reputational benefits, and it can often help your business to discover new products and markets, to build deeper relationships with customers, and even new investors.

“At GoCardless, our key driver was the interest from our employees and our desire to collaborate with our customers to tackle the climate crisis.”

6 What about offsetting?

Every attendee stressed the importance of reducing your carbon emissions before starting to think about offsetting. However, offsetting can be a valuable tool for start-ups as they progress along their net zero journey.

As Karen McCormick of Beringea commented: “Don’t let perfect get in the way of good. If you’re working on your carbon reduction strategy, there’s a plethora of carbon offsetting platforms out there to help you on your way.”

Whilst a number of environmental and social benefits can be realised from offsets, these may not count towards your net zero commitment. The only type of offsets accepted towards net zero are those that actively remove carbon from the atmosphere (or carbon removal offsets). These are typically either nature-based (e.g. tree planting) or tech-based (e.g. direct carbon capture and storage) solutions.

7 How can VCs help?

Matus Maar of Talis Capital urged VCs to move away from thinking about sustainability as a one-off exercise.

At Talis, this thinking drove its decision to hire its first ESG and Impact Officer, who supports the portfolio and assists with due diligence of investment opportunities.

Matus also encouraged other investors to think about how they can improve the sustainability of their own operations, such as setting a net zero target or including ESG clauses in their term sheets.

Jennifer Donnellan of the British Business Bank also highlighted the role of LPs in the race to net zero. The British Business Bank is a cornerstone investor in the VC ecosystem and it has bolstered its funding to help companies achieve net zero, in line with UK Government policy.

8 What do you wish you knew before?

We asked each of the entrepreneurs involved in our webinar to share their thoughts on the one thing they wished they’d known before starting their net zero journey.

Garreth Griffith of Habito: “I wish I’d built carbon data capture and monitoring into our systems right from day one.

“This saves time when you get to preparing your final report, but more importantly, if you build it properly, it allows you to track your progress more dynamically (by day, week, month) allowing you to learn, iterate and develop strategies to improve your sustainability as your scale.

“Nobody knows all the answers, everyone is learning in real time, so being able to apply new learnings and track the impact dynamically would have been super helpful.”

Anne-Charlotte Mornington of OLIO: “I wish I knew that while working towards Net Zero is an effort, it is also the right thing to do.

“When it comes to startups, you are constantly having to address new challenges, this one is unavoidable if you want your company to thrive over time. So you are better off doing it now, especially if your operations are still relatively small.”

Ben Knight of GoCardless: “One thing I heard recently which was very powerful is ‘Don’t let the perfect get in the way of the good.’ Even if you don’t have a perfect plan for reducing emissions, just get started on the journey!

“Also, explore ways in which your business can go beyond reducing impact, and seek opportunities to create positive impact on the environment and communities!”

Join ESG_VC and Tech Zero

Join more than 150 companies in the Tech Zero taskforce and access our toolkit here: techzero.technation.io.

By joining you’ll have access to more events like this one, as well as a brilliant supportive community of tech companies working together to reach net zero. If you want to chat to us first, email techzero@technation.io.

If you’d like to learn more about ESG_VC and download our free ESG measurement framework, visit: www.esqvc.co.uk.

Join us to access events throughout the year for investors and entrepreneurs looking sustainability, diversity and other ESG-related issues. Or get in touch directly with [Henry Philipson at Beringea](#).