bvca
Invested in a better future



Creating Sustainable Growth: Private Capital at Work

Private Capital investors invest in businesses for the long term, seeking to grow their value over an average investment period of 5.5 years compared to less than a year in the public markets.

With rising pressure to tackle carbon emissions and build resilience coming from investors, regulators, consumers and the environment itself, getting a grip of these issues is just good business sense.

Similarly, social and governance concerns remain prominent issues in the financial sector. Senior representation, data privacy and cybersecurity are a focus of concern for regulators, consumers and employees alike.

The BVCA's annual ESG survey, now in its third year, sets out a series of metrics which private equity and venture capital firms use to track progress within their investee companies.

Survey participation has increased steadily over time, and we have data on over 2,700 private capital-backed firms in our dataset. Environmental impact tracking and engagement has increased significantly.

Over the past three years, there has been a significant increase in the proportion of firms able to track their carbon emissions. Nearly 30% of large private capital-backed firms have a Net Zero target. Delivered alongside a comprehensive decarbonisation strategy can drive real change. Wireless CCTV, backed by LDC, is a great example of this – they have installed solar panels and switched to electric and hybrid vehicles to reduce their costs – and their carbon footprint.

Governance is an area where private capital firms have traditionally been strong. It is no surprise to find that a very large portion of firms have policies on cybersecurity, customer privacy and anti-corruption.

The data set out in this factsheet shows progress continues to be made by BVCA members, helping the businesses they back to create sustainable, long-term value. The BVCA will continue to work to ensure that the right regulatory framework is in place to achieve the Government's goal of economic growth and competitiveness alongside a recognition of the importance of environmental, social and governance good practice.

Key Facts

2.2 million people were employed by companies backed by private capital across the UK in 2023.

Overall **12,000** UK businesses are currently backed by private capital, of which 9 in 10 were small and medium-sized enterprises.

55% response rate for our ESG survey.

Nearly 30% of large private capital backed firms have a Net Zero target.

Over the past three years, there has been a **significant increase** in the proportion of firms able to track their carbon emissions.

One third of energy used by private capital backed business is from renewable sources.

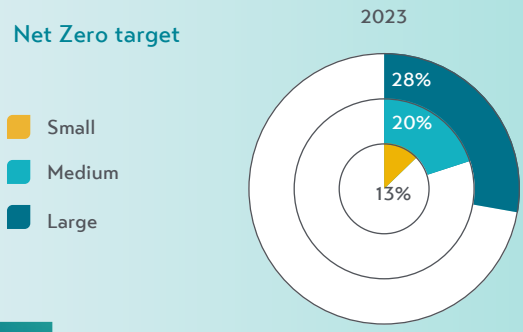
17% of board members in private capital backed businesses were women.

Over 70% of firms of all sizes have governance policies on cybersecurity, customer privacy and anti-corruption.

Environmental metrics

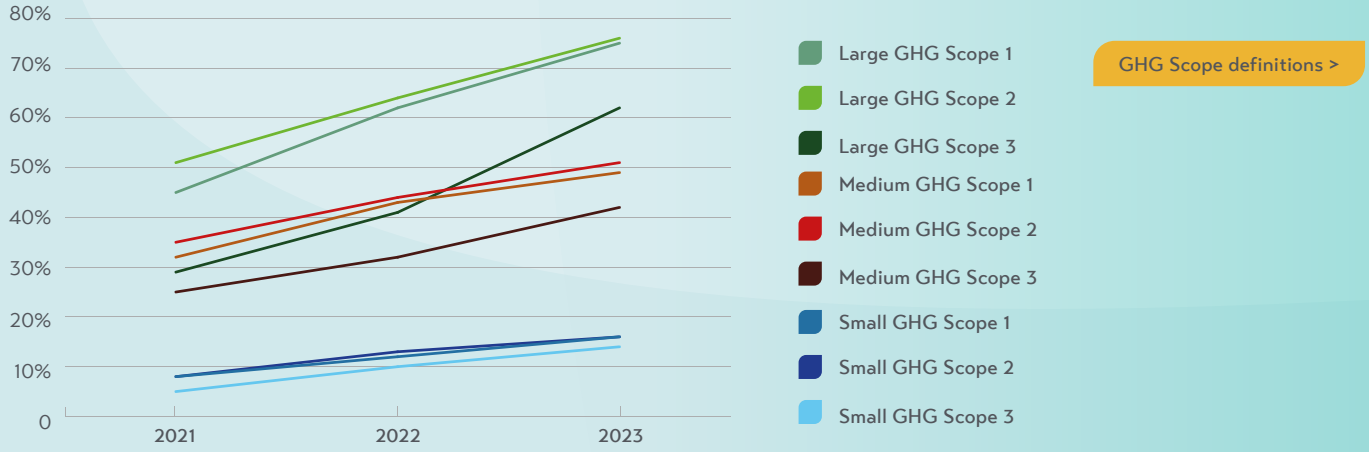
Net Zero target

Companies may choose to set a Net Zero target as a commitment to decarbonising their portfolio, helping them to protect and create long term value. Nearly 30% of large businesses (250 employees or more) that we received a response for in our survey say they have set a Net Zero target.



Greenhouse gas emissions reporting

As large companies are likely to have access to more resources than smaller ones, a greater proportion are able to track their carbon footprint. Encouragingly, the proportion of private capital backed businesses tracking emissions has increased over time notably across all scopes and sizes of firm. Greater awareness of greenhouse gas (GHG) emissions is key to both understand and being able to take action to reduce them.



Renewable energy

Private capital firms are progressively working with portfolio companies to implement efficient emission tracking systems and transition to renewable energy sources. Our survey shows an increasing proportion of energy used by private capital backed businesses comes from renewable sources.

2021	2022	2023
30%	29%	33%

Biodiversity

This year, for the first time, we asked our members whether they took into account biodiversity considerations as part of their investment process. Of the overall fund sample of survey respondents, 15% said yes.

2023
15%

Social and Governance metrics

Female Board members

The representation of women on the board of private capital backed businesses is largely static, at 17% this year vs 16% in the prior year. By comparison, the FTSE 350 reached its 40% target for Women on Boards in January 2023.

2021	2022	2023
14%	16%	17%

Independent Board members

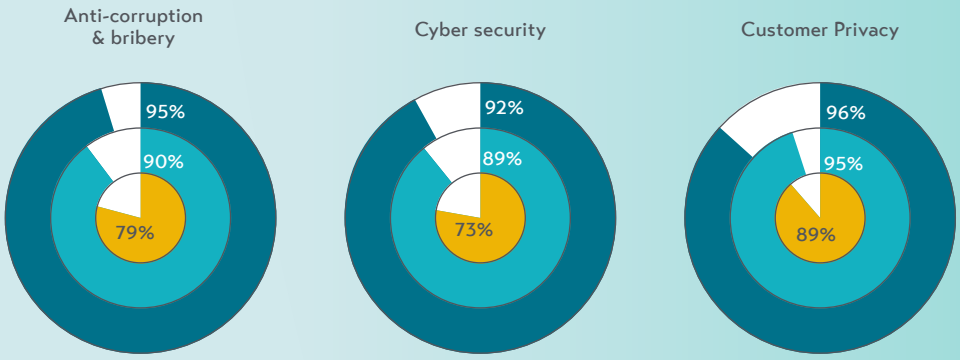
Having a suitable share of independent board members is an important part of good governance and helps to bring scrutiny and other perspectives to decision making.

2021	2022	2023
27%	23%	24%

Policies and procedures

Private capital backed businesses in our sample have always scored highly on these metrics, but these have continued to improve even more over time.

Governance adoption rate by policy and company size, 2023 (%)





Case study



Rochdale, Greater Manchester

Supported by LDC

Wireless CCTV (WCCTV) is a prominent provider of mobile video surveillance solutions, including re-deployable CCTV cameras, CCTV Towers, body-worn cameras, and time-lapse video cameras. Since its inception, WCCTV has specialised in systems designed to transmit live and recorded video images over various wireless networks. These systems are ideal for rapid deployment in critical infrastructure, construction, local government, police forces, retail, and rail industries. Headquartered in Rochdale, Greater Manchester, WCCTV operates multiple offices across the UK and the USA, employing over 230 people.

The management team, which was backed by LDC at the start of 2021, has made commitment to ESG principles a cornerstone of the business' operational strategy. This includes implementing numerous environmental practices, as well as solar-powered surveillance towers with carbon-friendly methanol fuel cell backup, and switching to hybrid and electric vehicles. The team has actively promoted diversity, including increasing its female workforce from 18% to 28%. In 2023 the company was recognised for its exceptional performance in ESG, diversity and innovation as part of the BVCA Vision Awards.

About the research

Data sources - All data presented in this factsheet is taken from the BVCA member survey on ESG data which ran between July and September 2024. The survey collected portfolio level information on environmental, social and governance metrics together with fund level sustainability regulation data. The information was collected alongside other European venture capital associations, using a common platform, the European Data Cooperative ('EDC'). Further information about the EDC can be found here.

Survey eligibility - All firms who were full General Partner members of the BVCA on 24 July 2023 and eligible to take part in the Investment Activity Survey were asked to participate.

Number of respondents and engagement rates - For the 2024 survey, we received 122 GP submissions from our General Partner members. In total our members provided us with data on over 2,700 companies. Response rates increased for all questions, as businesses have better data. Environmental metrics in particular have stood out with significant year-on-year coverage improvement.

Checks and quality controls - The EDC data collection system allows data contributors to review information prior to submission. The BVCA research team will process any amendments that are required post submission and flagged by data contributors. We review all submissions and query any obvious errors. We do not independently verify the data submitted as this is frequently not in the public domain. As a result, the BVCA cannot guarantee the ultimate accuracy of the data and therefore BVCA does not accept responsibility for any decision made or action taken based on the information provided in this factsheet.

Confidentiality - All data received is treated with the utmost confidentiality. Data is published in an aggregated and anonymised form only.

About us

The British Private Equity and Venture Capital Association (BVCA) is the industry body and public policy advocate for the private equity and venture capital (private capital) industry in the UK. With a membership of over 600 firms, we represent the vast majority of all UK-based private capital firms, as well as their professional advisers and a large base of UK and global investors.

Find out more at www.bvca.co.uk