

'It's all the rage': the rise of B Corp venture capital firms in the UK

As more UK VC firms become B Corp certified, Max Lunn profiles six of the more prominent, asking what this means for their business and the tech ecosystem more generally.

Temps de lecture : minute

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As the 'tech for good' scene and impact investing continue to grow, UK venture capital firms are looking at ways to validate and advertise their genuine ESG commitments. This has given rise to far-reaching governance guarantees within venture capital firms, but significantly - given venture capital's prominent position within the startup ecosystem - their B Corp status has also encouraged conversations and commitments from both startups and investors within their networks.

The B Corp certification holistically addresses a business' operations, examining five key areas: governance, workers, community, environment and customers. The process is rigorous, with applicants required to reach a benchmark score of over 80 (marked out of 200) while providing evidence of socially and environmentally responsible practices relating to energy supplies, waste and water use, worker compensation, diversity and corporate transparency. The average pass rate is 3.5%. To complete the certification, the company will legally embed their commitment to purpose beyond profit in their company articles.

Globally, 5,495 businesses globally who have certified as B Corps. The 800-strong B Corp community in the UK represents a far-reaching cross

section of industries and sizes, from The Guardian, innocent and Patagonia, to startups such as Oxwash and Oddbox. Here, we profile six venture capital firms working in the UK who have completed B Corp certification, to better understand how this materially affects their strategy and business model.

Bethnal Green Ventures

Back in 2015, Bethnal Green Ventures (BGV) became a founding member of B Corp UK and the first UK VCs to do so. They are a proud member and advocate of the B Corp movement, often sharing their learnings and insights to demonstrate how companies can operationalise their purpose the B Corp way.

Given their pioneering status, I talked to Paul Miller – managing partner and CEO of BGV – to get the inside perspective about leading the charge. Paul jokes it's 'all the rage', addressing the fashionable status of impact investing.

Paul makes clear something that is apparent with many of the VC companies in this article: the B Corp certification was a way of validating existing governance practises to external stakeholders, rather than fostering entirely new ways of working.

As Europe's first 'tech for good' accelerator, BGV has always been at the forefront of impact investing, and their own ways of working have always reflected the positive mission of their portfolio. Being a B Corp therefore 'hasn't changed what we do, but it emphasises what we did already' says Paul. He points to the rise in greenwashing and other spurious advertising claims in the investing and tech industries, which were steadily on the rise in 2015 – the year BGV became a B Corp, and a desire to demonstrate their genuine commitment. BGV had even written their

social mission into their company articles before B Corp made this a requirement for certification. For context, all companies seeking to become a B Corp must meet the B Corp legal requirement and 'update their Articles of Association to include mission-aligned legal language'.

Beyond the rigour, Paul points to the attraction of the B Corp certification was its holistic nature: he points to the litany of possible certifications available (Living Wage Employer, the various ISO certifications etc), but says these are single issue and don't encompass the entire output of a company.

Unlike the B Corp startups such as Y.O.U Underwear who we profiled in our previous article, who generally manufacture physical products in the retail and wholesale sectors, VCs are a 'service with minor environmental footprint' as B Corp labels them. This means the focus is on the S and G of ESG, and some of the initiatives carried out in these brackets include yearly internship programmes for new, often under-represented talent, and working on a progression framework where there's a clear understanding what progression looks like, with full transparency of everyone's pay.

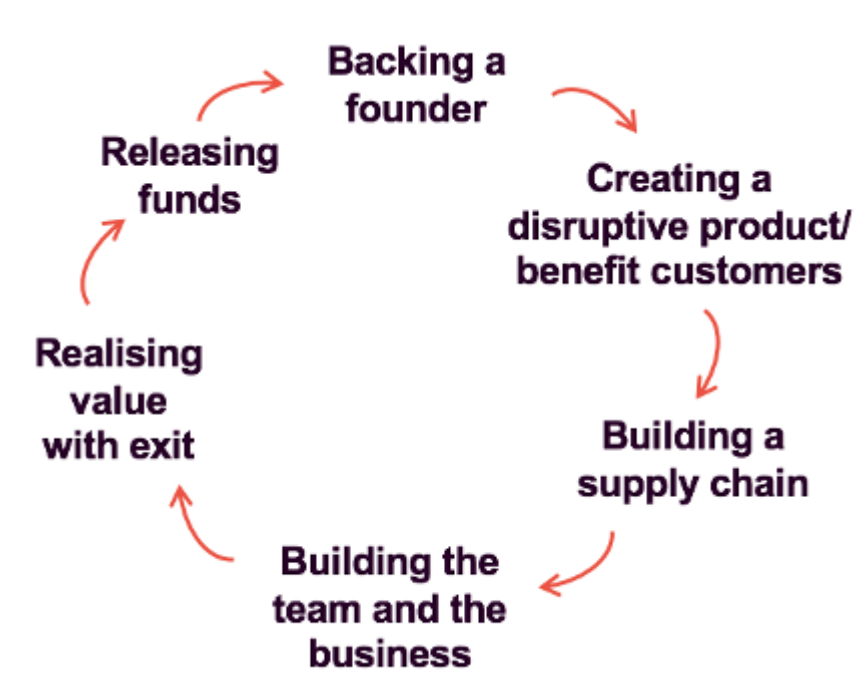
Summarising why B Corp has been effective for VCs like BGV, Paul fixes on the competitive element. 'They could call it a scale, but they call it a score', he jokes about the Overall B Impact Score, making the serious point that this provides the necessary motivation to continually improve upon the assessment every few years.

We spoke the day that the Patagonia founder, Yvon Chouinard, had pledged to give away his \$3B company to a trust and a nonprofit group, meaning the company's profits of \$100M will be used to fight climate change. I ask Paul if this is a paradigm shift in ESG governance, and he suggests that whilst Patagonia has a single stakeholder - the environment - which they attend to brilliantly, B Corps take into account a wider range

of people and causes through their strategy. He goes on to discuss how this type of purpose driven business model - where the company exists to achieve a narrowly defined social or environmental objective for a particular stakeholder - will only become more common, citing Redemption Roasters as one example.

MMC Ventures

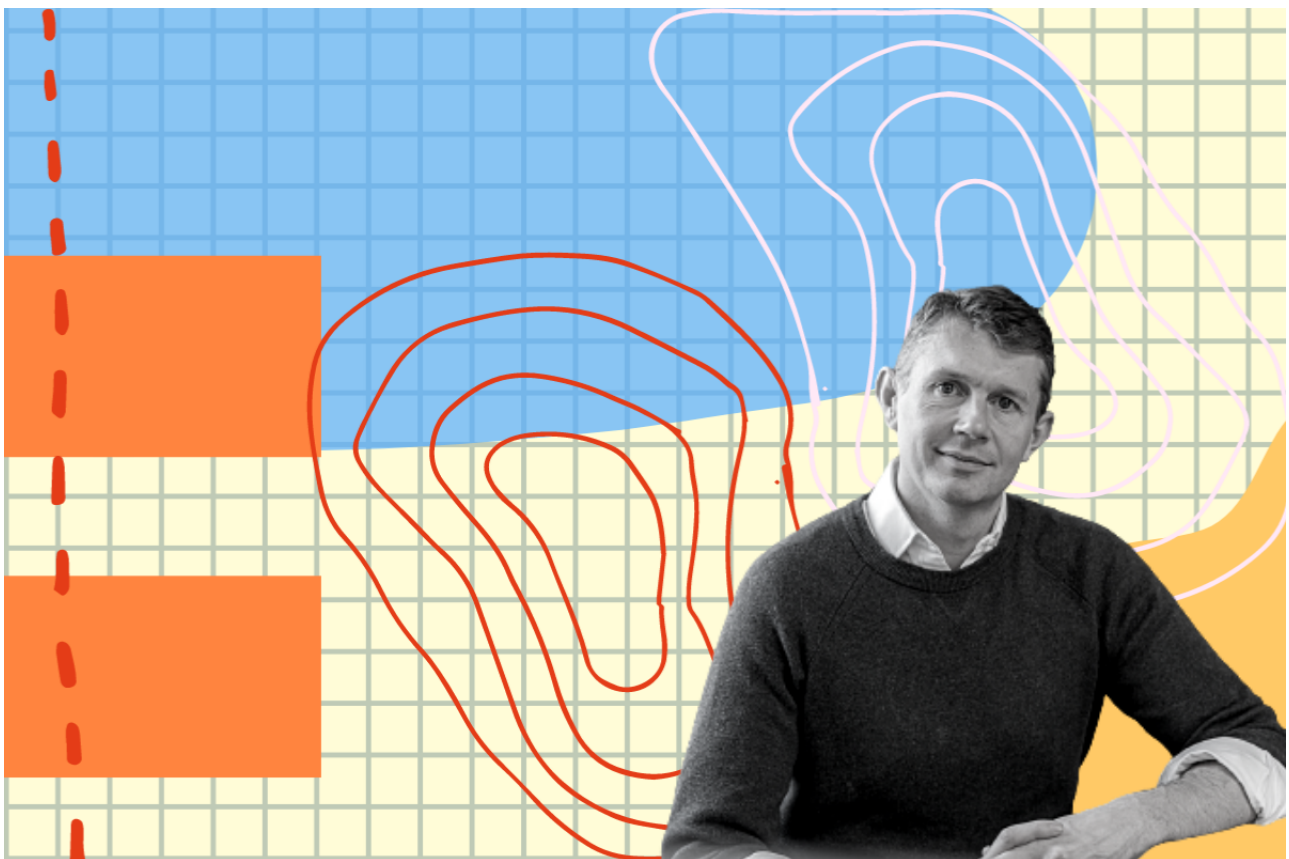
MMC likes to emphasise its history as a responsible investor, pointing to a time before structures like B Corp existed to benchmark these things. Their long-held view that investment can form a 'virtuous circle' (see *image below*) when good decisions are made with a focus on maximising good outcomes for as many as possible.



And to give them their due, their commitment to companies looking to create sustainable choices for customers has led them to back companies like Gousto, Senseye, Breathing Buildings, and Pact Coffee. Their current Seed fund also has capital set aside specifically to invest in sustainable

technology and the Circular Economy. This fund has backed sustainable businesses Qflow, Recycleye, Pesky, Unmade and SLAMcore.

To quote their partner and general counsel Victoria Ferguson: '[G]oing deeper is what B Corp does. The certification process dug into our practices on pay, recruitment, eco-friendliness, governance, our relationships with our stakeholders - you name it, we've probably had to provide evidence of it. This is a full company exercise and a great chance to really evaluate what your company is and wants to be...We hope that by becoming B Corp certified, we can better encourage other companies to run their businesses ethically and responsibly.'



À lire aussi

Backing transformative tech, a profile of MMC Ventures

The Craftory

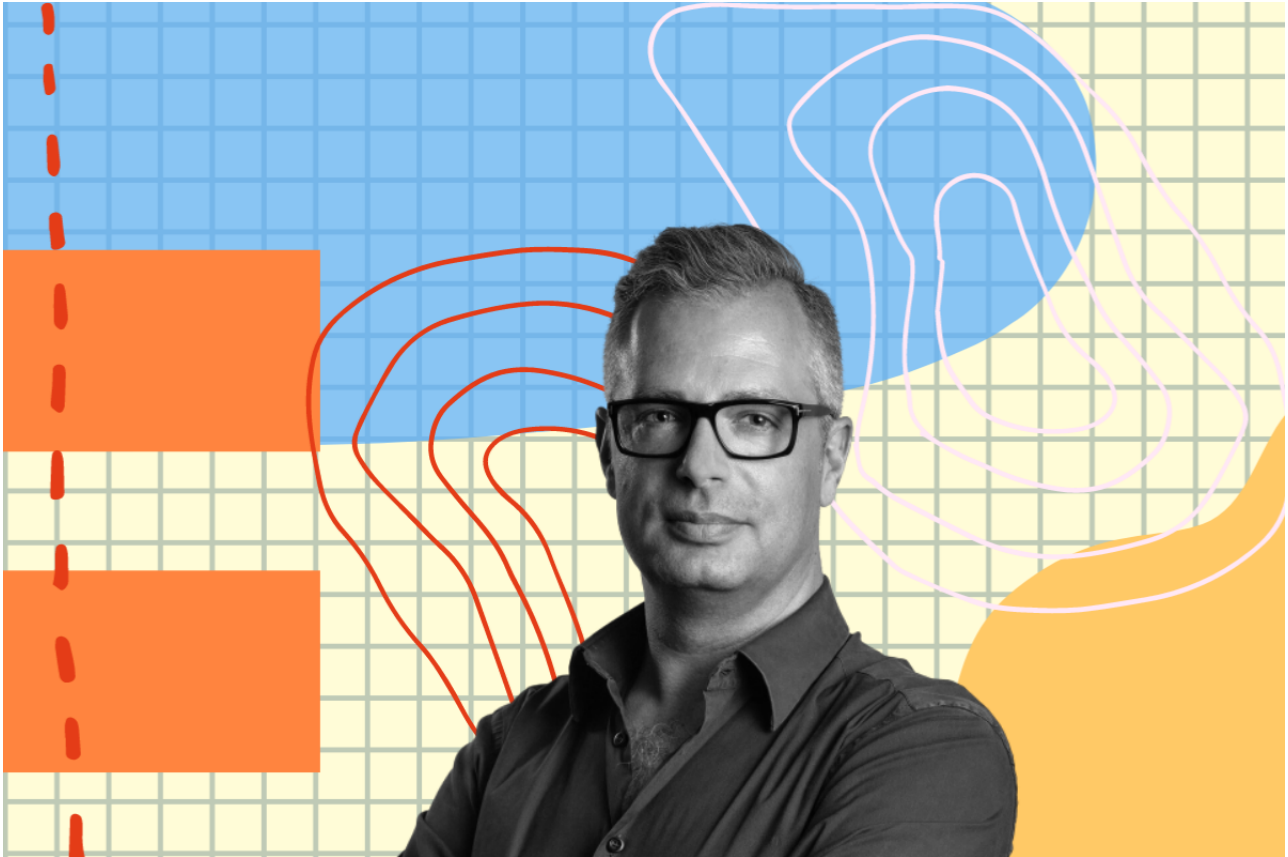
Based in London and San Francisco, The Craftory is a \$375M global investment fund focused exclusively on amplifying the world's boldest consumer brands. They offer permanent, early stage and growth capital (Series A, Series B etc.) to mission-driven consumer brands. They invest in companies offering products that positively impact the categories they serve, our society, and the planet.

The Craftory's message is clear: investors must match the ambition of businesses to deliver financial performance as well as a positive contribution to society, benefiting customers and communities as well as shareholders. In 2020, The Craftory became the first UK-based investment company, investing exclusively in purpose-led consumer goods, to achieve B Corp certification.

To quote their co-founder, Elio Leoni Sceti: "For us, becoming a B Corp was a no brainer. just as brands that have a reason to exist beyond simply making money have always been our focus, purpose has been in our DNA since day one.

The tide of history has turned - for today's consumers it's about honesty, provenance, quality and sustainable use of our planet's resources. this is everything that B Corp stands for and we're proud to demonstrate that we hold ourselves to the same standards as our investments.

This is the result of a lot of hard work from our team and something we view as a remarkable achievement for a company that's less than two years into its journey."



À lire aussi

Driving radical change, a profile of The Craftory

Eka Ventures

Eka Ventures is an impact investment fund that supports founders creating positive system change. Eka was founded on the belief that the most successful businesses of the next generation will be built to solve a clear social or environmental challenge, and it is accordingly integrating impact investing into mainstream venture capital. They are particularly interested in companies that are using science, data and technology to build a more healthy, inclusive and sustainable economy. Eka currently invest at the seed stage, with cheque sizes from £0.5m to £3m. Last year, Eka closed on its £68m fund, making it the largest impact-driven early stage venture capital fund focused on the UK.

Eka will invest in consumer technology companies focused on redefining

business systems to be more sustainable, healthy and inclusive. This is reflected in Eka's three investment themes: sustainable consumption, consumer healthcare, and the inclusive economy. They became B Corp certified this August.

Notably, Eka measures the impact of their investments. As Jon Coker, general partner, told the media last year: 'We use a framework called the Impact Management Project framework, which is trying to create an industry standard around the measurement of impact in venture. It looks at different dimensions to identify the specific impact that the company you're investing in is creating. When you're backing really early-stage companies, you can measure the impact that their product is currently having but you also want to measure progress against projects that will deliver future impact. We have a number of impact-focused LPs in the fund who have done a lot of work with us actually on helping us think about this framework.'



À lire aussi

Eka Ventures becomes largest impact investment fund in the UK

Jenson Funding Partners

Early-stage venture capital firm Jenson Funding Partners (Jenson) has announced its certification as a B Corporation (or B Corp) recently, joining a growing group of companies reinventing business by pursuing purpose as well as profit. Jenson, which invests in fast-growth companies from pre-seed to Series A, has been certified by B Lab (the not-for-profit behind the B Corp movement) as having met rigorous social and environmental standards which represent its commitment to goals outside of shareholder profit.

Jenson has traditionally managed sector agnostic portfolios - meaning the firm invests across many industries. However, they sustainability and the contribution of a company towards net-zero goals has been a consistent theme visible in portfolio companies like *TreeApp*, an app which lets users plant a tree for free every day or The Seam, a company that connects consumers with local tailors and seamstresses to extend the life of old clothes.

Sarah Barber, CEO of Jenson, said: “[T]he venture capital community can play a vital role in helping society overcome some of our greatest challenges - but to do so it must be held to the highest standards. That was the main driving factor behind us beginning this process, and we hope other firms will do the same.”

blisce

blisce/ is a growth VC fund helping entrepreneurs build mission-driven global consumer brands and technology companies across the US and EU.

Founded by serial entrepreneur and philanthropist Alexandre Mars in 2013, Blisce received the certification stamp in 2020 and has since fine-tuned its investment strategy to fully embed ESG (environmental, social and corporate governance) practises across every level of its fund. Today, the growth stage firm, which is headquartered between Paris and New York, announced that it has closed an initial \$150M for Fund II, targeting a final close of \$350M.

“There is no shortage of socially-conscious companies that are also high-growth,” Blisce founder and CEO Mars told Forbes in an interview last year. “In fact, we’re convinced that companies that don’t meaningfully consider their social and environmental impact will have a more difficult time attracting consumers, not to mention employees.”

As a B Corp, Blisce is doubling down on its commitment to promote social responsibility, both as a fund and within its portfolio companies. Its term sheet, for example, includes two non-negotiable clauses: an agreement to carry out an ongoing ESG evaluation every 12-18 months, and a commitment to interview at least one diverse profile for every open senior leadership position.

Article écrit par Max Lunn