

Value of UK net zero tech companies almost doubles in one year

UK net zero tech companies have almost doubled in value in the last year. The interest in climate tech reflects a surge in demand for climate action in the lead up to COP26, and a realisation of how technology can be used to offset carbon emissions in the UK.

As world leaders gather in Glasgow to discuss climate action, new data has revealed that the value of UK net zero tech has almost doubled in 2021.

The data, which was released by Tech Nation in the wake of Cop26, revealed that the valuation of the UK's net zero tech companies grew from \$24.4B (£17.8B) to \$47.6B (£34.8B) this year.

Climate tech covers industries including energy, transport, forestry, agriculture and food, and harnesses technology to cut carbon emissions, meaning they are crucial in helping on the path to net zero.

While the sector has been propped up by the arrival of ten new companies, the rise in valuation is due to greater investment into existing startups and climate tech companies, more of which are now reaching unicorn status, meaning they are valued at \$1B or more.

The UK is becoming a global hub for sustainable tech, with UK Net Zero tech scaleups making up 12% of the global net zero ecosystem. Plus, almost 8% of

the 103 global Net Zero tech unicorns are headquartered in the UK, including renewable energy group, *Octopus Energy*.

UK-based sustainable transport startup, *Arrival*, has now reached “decacorn status,” meaning it is valued at over \$10B.

Climate tech is creating opportunities London

London is still the climate tech hub of the UK, accounting for the majority of investment made into net zero companies this year. But Bristol is catching up after seeing a spike in sustainable investment in 2019.

Climate tech unicorn, *OVO energy*, which is based there, recently raised \$200M in one of the largest rounds of investment in a UK net zero company.

The growth in interest in climate tech is also having a positive impact on the UK economy. 23,200 people across the UK are now employed in net zero companies. With the number employed in the sector swelling by over 30% in the last year alone, more investment is likely to create more job opportunities.

Dr George Windsor, Head of Insights at Tech Nation, said: “As our latest net zero report makes clear, the UK’s Net Zero scaleups are boosting job creation and making a tangible difference in the fight against climate change across all regions of the UK.

Net Zero Report 2021 is out now! ☐

The total value of #netzero companies in the UK has nearly doubled over the last year, from \$24.4bn to \$47.6bn.

Find out why the UK is a global leader for Net Zero tech and why valuations are skyrocketing

☐ <https://t.co/l1kJ8hmvjY> pic.twitter.com/1V3oQbzjF8

Investment in climate tech is slowing

But though the value of climate tech has nearly doubled, investment in the sector is starting to slow. Investment only grew by \$30M between 2020 and 2021, compared to the year before which saw a larger increase of \$470M.

The UK is now fourth in the world for investment in climate tech, and falls behind countries such as Sweden, which invested more than ten times the amount in net zero tech per tonne of CO2 emitted than any other country.

Last year, the UK government put in place a ten point plan for a *green industrial revolution*, which pledges more investment in net zero tech. The sector still faces difficulties in scaling, including hiring new new talent and securing funding.

Tech Nation has now called for greater investment in climate tech startups and scaleups from policymakers and investors alike ahead of Cop26. The group said that increasing investment by tenfold by 2025 would equate to an additional \$15B investment, 15% of the \$100B climate finance yearly target, which is a goal of the summit.

Sammy Fry, Net Zero Lead at Tech Nation, said: “Scaling climate tech must become a global priority. If we are to achieve net zero, it is vital that all state and non-state actors invest and support the growth of climate tech.”

He added: “With the value of climate tech companies almost doubling, the growth of the sector is promising, but we need to do more. We urge global leaders to put their support behind the sector to accelerate the net zero transition and ensure the world realigns itself with a 1.5C trajectory, in order to safe-guard the future of the planet.”