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November 2026

Team UK

Sustainable Finance Playbook



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Purpose of this document

This “Team UK” playbook is a practical guide for communicating the UK’s efforts and progress on sustainable finance with a single, unified voice. It is designed to support engagement across public and private sector stakeholders and encourage alignment and collaboration at key events.

It provides a clear messaging framework built around three priority themes: **transition finance, carbon markets, and insurance, adaptation and risk management**, which work together to mobilise capital, protect value and support growth.

It is:

- **An enabler** for consistent communication around UK sustainable finance for stakeholders to speak with a unified voice.
- **A source** of consistent key messages, strategic priorities, and illustrative case studies to demonstrate delivery and impact.
- **Information** on the three priority themes: key initiatives, opportunities for innovation, and evidence on value & scale.

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Sustainable finance

Understanding UK's sustainable finance activity and position

The UK's leadership on climate and nature

The UK combines ambitious climate and nature goals with a growing net zero economy that now supports 1.1 million jobs and generates £105 billion in Gross Value Added (GVA), strengthening its platform for international leadership and sustainable growth.[1]

Paris-aligned ambition
The UK's Nationally Determined Contribution (NDC) committed to cut GHG emissions by 81% by 2035, positioning it among the most ambitious of major economies on climate delivery.

Emissions reduction
The UK has cut emissions by 54% since 1990, while growing the economy by 80%, showing that climate action and growth go hand in hand.[2]

Clean power acceleration
The UK is using clean power and electrification to strengthen energy security and back the transition with investable policy direction.

Offshore wind leader
The UK's Contracts for Difference model has helped build a leading offshore wind market, with the latest round securing a record of 8.4GW.

Pioneering legislation
The UK was the first major economy to legislate for net zero by 2050, creating long-term certainty for markets and investors.

Track record of delivery
The UK has overachieved on its first three carbon budgets, and is on track for the fourth, reinforcing credibility on implementation.

Clean energy investment
The Clean Power 2030 Action Plan sets a clear target for scaling renewables, providing a clearer pathway for investment in generation, networks and electrification.

Safeguarding nature
The UK is the only country with mandatory Biodiversity Net Gain, ensuring minimum 10% uplift in biodiversity.

[1] CBI Economics, The Data City and ECIU (2025) The UK Net Zero Economy; [2] DESNZ (2025) Provisional UK greenhouse gas emissions statistics 2024

The UK as a sustainable finance hub

The UK is a global leader in sustainable finance, combining early leadership on climate-related disclosure with London's strengths as an international financial centre. The UK has a strong platform to shape standards, attract investment and finance the transition at scale.

#1

London ranks first in the 2026 *Global Green Finance Index*, underscoring the scale and strength of its sustainable finance market.[3]

£40bn

£40bn of private investment has been announced into the UK's clean energy industries.[1]

£13bn

£13bn total amount of private investment raised for green technologies in the UK.[2]

1st

The London Stock Exchange is the first to launch a Voluntary Carbon Market designation.

1st

The UK was the first G20 country to make TCFD-aligned disclosures mandatory across the economy.

[1] Plans for UK to become sustainable finance capital of the world - GOV.UK, [2] Sustainable Finance Hub

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Contributing to global climate action through partnership and delivery

The UK works with international partners to shape and deliver the global climate and nature agenda – through shared commitments, coordinated action and the mobilisation of finance at scale.

1. Delivering global climate and nature commitments	The UK is a signatory to the Paris Agreement and the Kunming-Montreal Global Biodiversity Framework, aligning domestic action with international goals and contributing to collective global delivery.
2. Shaping shared frameworks for sustainable finance	The UK works with international partners to develop and advance frameworks on disclosures, transition planning and carbon market integrity – supporting consistent, decision-useful standards across global financial systems.
3. Mobilising capital through international partnerships	The UK co-chairs international initiatives such as the Global Clean Power Alliance Finance Mission, working with governments, MDBs and private sector partners to strengthen project pipelines and unlock investment at scale across emerging markets and developing economies.
4. Channelling climate finance through global institutions	The UK leverages multilateral climate funds and development finance institutions to mobilise public and private capital to support low-carbon, resilient and sustainable growth in partner countries.
5. Convening global actors and enabling delivery through partnerships	Building on its COP26 Presidency, the UK continues to convene governments, financial institutions and industry leaders through global forums such as London Climate Action Week – supporting collaboration and accelerating delivery.

02

This playbook

Enabling a unified, impactful voice and demonstration of tangible progress

The team UK playbook establishes a coherent messaging framework

One story, three levers: transition finance mobilises capital for decarbonisation; insurance and resilience protect value and keep assets investable; and carbon markets channel additional capital to support growth.

Objective

To establish a single, unified voice to communicate the UK's efforts and progress related to sustainable finance; to engage across the public and private sectors globally and enable alignment and collaboration amongst all actors at key international events.

What is it?

- Key messages across three thematic priorities
- An overview of UK activity in this space
- Opportunities for innovation
- Evidence on the value and scale of each thematic priority, supported by data and statistics
- Selected case studies to demonstrate delivery and impact

The playbook ...

1. Global leadership
Positions the UK as a leading voice in sustainable finance, ensuring competitiveness as an international financial centre and influence at key international forums.

2. Unified platform
Brings coherence to fragmented messaging, enabling strategic coordination across existing initiatives.

3. Impact and efficiency
Reduces duplication, shares learnings, and identifies complementary workstreams to accelerate delivery.

4.Visibility and influence
Creates a clear UK narrative at global events (e.g. COP, NYCW, and LCAW), amplifying our profile and credibility.

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Selection of the playbook themes

To determine the thematic priorities for Team UK, six potential themes were evaluated against a set of criteria. Greater weighting was given to criteria with near-term opportunities where the UK can lead decisively and at pace. Each theme was scored from 1 (lowest) to 5 (highest) using evidence drawn from policy and regulatory developments, market infrastructure and initiatives with demonstrated delivery

	Innovation 30%	Scale 35%	Relevance 15%	Differentiation 10%	Impact 10%	Result
Transition finance	**4**	**5**	**5**	**5**	**5**	**4,7**
Insurance, adaptation and risk management	**5**	**4**	**5**	**5**	**5**	**4,65**
Carbon Markets	**4**	**4**	**5**	**5**	**4**	**4,25**
Institutional Capacity Building for Delivery	4	4	4	4	4	4,0
Nature and Biodiversity Finance	5	3	4	4	3	3,85
Climate Solutions	3	4	4	3	4	3,6

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Transition finance

Mobilising capital towards an economy-wide transition to net zero

Introducing UK transition finance

The UK is emerging as a global hub for transition finance innovation, and global analysis has found that companies have saved between $80-$94 billion through emissions reduction initiatives in 2025.[1]

Innovation — Transition finance — **Scale**

Innovation

The UK pioneers end-to-end market architecture for transition finance

- The **Transition Plan Taskforce (TPT)** produced a globally referenced, sector-neutral disclosure framework, establishing the gold standard
- The **Transition Finance Market Review (TFMR)** recommended how to scale transition financing for high-emitting sectors, including establishment of the **Transition Finance Council (TFC)**
- The **TFC** has published its exposure draft of the Transition Finance Guidelines to enable capital providers to identify credible transition finance opportunities at entity-level
- The **Transition Finance Guidelines** provide clear and credible guidance to steer finance into decarbonising high-emitting sectors

Scale

The UK's transition finance requirements and platforms enable broad adoption across FIs and corporates

- The **TFMR** estimated a $6.7 trillion/year global investment need for transition finance
- The **TFC** is comprised of senior leaders from across finance, industry, policy and civil society, and is focused on coordinating solutions and aligning capital with transition pathways
- The **Transition Finance Lab** provides a testing ground for scaling transition finance structures, instruments and deal models
- The UK-funded **Climate Finance Accelerator (CFA)**, extended to 2029, supports ~800 low-carbon projects across 16 countries, helping convert transition plans into bankable pipelines

[1] CDP (2026) Disclosure Dividend 2026

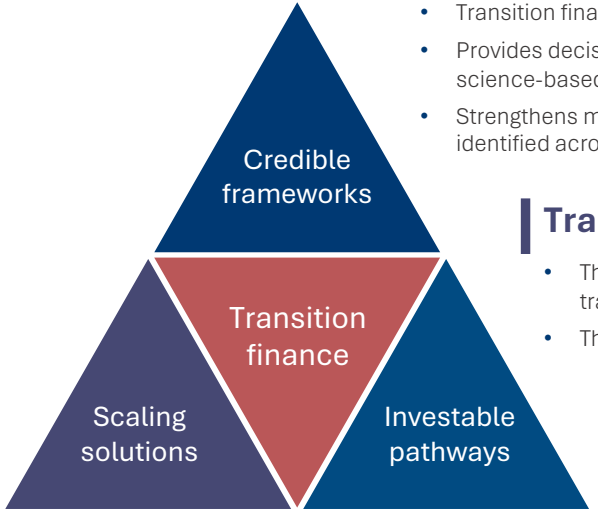
Defining transition finance

Transition finance, in the broadest sense, incorporates the financial flows, products and services that facilitate an economy-wide transition to net zero consistent with the Paris Agreement. It can be focused on individual projects, defined activities, or may apply to a transitioning entity.

Component	Description
Financial flows	Capital movements directed toward investments that enable or accelerate the decarbonisation of economic sectors. These flows span private and public sources and are essential for addressing the capital gap to meet net zero goals.
Products	Financial instruments (e.g., loans, bonds, equity, insurance) specifically designed or repurposed to support decarbonisation efforts. These may include transition bonds, sustainability-linked loans, blended finance structures, or insurance products tailored to mitigate risks of low-carbon investments.
Services	Financial and professional services — such as advisory, assurance, data provision, and stewardship — that support transition finance by improving credibility, structuring deals, and assessing transition plans or climate risks.
Economy-wide transition	A holistic shift across all sectors of the economy — including high-emitting and hard-to-abate sectors — toward net zero emissions. This encompasses systemic changes in policy, technology adoption, capital allocation, and industrial processes.
Net-zero	An emissions trajectory aligned with the Paris Agreement goal of limiting global average temperature increase to “well below 2°C above pre-industrial levels and pursuing efforts to 1.5°C above pre-industrial levels”.

Source: Transition Finance Market Review (TFMR), 2024

Transition finance key messaging



Credibility investors can price

- Transition finance guidelines establish a clear, principles-based framework for credible transition finance.
- Provides decision-useful guidance for deploying capital into high-emitting and transitioning sectors, aligned with science-based pathways, enabling investors to confidently identify credible finance opportunities at the entity level.
- Strengthens market integrity and builds investor confidence, enabling real transition finance opportunities to be identified across jurisdictions.

Translating ambition into action: scaling market solutions

- The transition finance lab converts market insight into practical, scalable financing solutions for real economy transition through testing and developing innovative instruments, structures and deal models.
- This accelerates the shift from policy ambition to market delivery, enabling transition finance to scale in practice.

Turning transition plans into bankable deals

- The Transition Finance Council and the Net Zero Council are helping to translate net zero goals into credible, sector-specific investment pathways, particularly in high-emitting sectors.
- This gives corporates and investors clarity on linking transition plans to capital allocation and enables economy-wide transition at scale, especially in hard-to-abate sectors.

Existing initiatives within transition finance

The UK mobilised $65 billion in 2024 in energy transition investment – the 4th largest as a country globally. This was supported by UK-led platforms mobilising capital at scale and creating opportunities for UK financial and professional services. [2]

Transition Finance Council

Setting the global benchmark for credible transition finance

- UK government–and City of London–backed body established to scale and shape the UK transition finance market, with over 80 senior leaders from finance, industry, policy and civil society.
- Focused on building a trusted, scalable ecosystem for transition finance, and developing sector-specific frameworks and guidelines to align capital with credible transition pathways.
- Key outputs of the TFC: Transition Finance Guidelines (final version due early 2027), Sector Transition Plans, and Long Duration Energy Storage Roadmap.

Global Clean Power Alliance

Mobilising private capital for clean energy in emerging markets

- UK co-leads the GCPA Finance Mission to scale clean energy investments in Emerging Markets and Developing Economies (EMDEs) in line with the Global Stocktake goals.[2]
- Seeks to unlock and de-risk clean-power investment pipelines, creating demand for transition-finance solutions led by UK financial institutions.
- Delivered the Roadmap for High-Quality Energy Investment Planning, to strengthen EMDE project pipelines, mobilise private finance at scale, and support partner countries through clean energy action plans launched at COP30.

Climate Finance Accelerator

Delivering bankable transition pipelines on the ground

- UK-funded technical assistance programme to address challenges in attracting finance and build bankable low-carbon pipelines across EMDEs.
- Leverages UK capability in structuring, de-risking and financing transition assets, reinforcing the UK's leadership in transition finance delivery.
- CFA Phase 1 (2020-2024) secured 60 deals, supported 200+ projects, and unlocked £500 million in investments. Phase 2 was announced at COP28, with an extra £40 million to support over 800 projects in 16 countries.

Sources: 1. TFC and EY Transition Finance report 2025 (BNEF data), 2. Delivered in partnership with Brazil

Opportunities for innovation within transition finance

The UK can become a leading transition finance hub by leveraging its established financial and professional services ecosystem to shape the standards, frameworks and deal structures needed for a global market.

Opportunity	Commercial value	Next steps
1. Advance the UK's Transition Finance Guidelines as the global benchmark.	Builds market confidence and integrity by providing clear, proportionate guidance and real-world case studies.	Promote cross-sector adoption, encourage use of illustrative examples and integration of digital tools.
2. Co-create sector transition plans and technology scale-up roadmaps, with finance embedded as a core element.	Unlocks targeted investment, guides policy and financing decisions and builds confidence by co-developing credible, financeable transition plans.	Advance sector transition plans via the Net Zero Council, showcasing UK leadership by shaping and tracking robust, financeable plans.
3. Scale transition-labelled financial products and instruments by aligning market frameworks and strengthening policy signals.	Builds market confidence, reduces fragmentation, and accelerates capital flows by aligning issuer and investor expectations.	Align market-led frameworks, strengthen incentives, and support innovation in transition-labelled debt and financing structures.
4. Harness digital and data innovation to scale transition finance solutions	Promote adoption of digital tools (e.g. blockchain, AI-powered analytics, real-time emission tracking) for MRV outcomes.	Development of digital marketplaces and data standards that enable efficient capital flows and robust impact measures.

Where the UK must go further

→ Standards are still maturing and labelled products are scaling too slowly against a $6.7 trillion/year need.

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Partnering to scale transition finance globally: frameworks, capital and delivery

The UK combines global standard-setting, deep capital markets and world-leading financial and professional services to support international partners in building and financing economy-wide transitions, helping translate transition ambition into investment at scale.

1. Partner to advance globally recognised transition finance frameworks	Work with UK institutions and government to align with internationally recognised transition finance guidelines and frameworks – enabling interoperable, decision-useful standards that support cross-border investment, investor confidence and access to global capital markets.
2. Co-develop investable transition pathways and sector roadmaps	Co-create sector pathways and transition roadmaps by combining local priorities with UK expertise in capital markets, financial structuring and technical advisory – helping build bankable projects and investable pipelines and strengthening local capability
3. Mobilise private capital through blended finance and risk-sharing solutions	Design blended finance and risk-sharing structures that crowd in private capital at scale – drawing on UK capabilities across banking, insurance, capital markets and development finance to de-risk projects and improve bankability and support investment in EMDEs.
4. Deploy UK market infrastructure and professional services to support delivery	Partner internationally to apply UK market infrastructure and professional services – including data, analytics, assurance, legal structuring and financial platforms – while supporting institutional capability, transparency and investor confidence across the investment lifecycle.
5. Build institutional capacity and long-term capability	Support regulators, financial institutions and project developers through technical assistance, skills partnerships and knowledge exchange – helping build local transition finance ecosystems, strengthen governance and support sustainable market development.

Transition finance case study: Transition finance frameworks in practice

Firm	M&G plc
When	2025 – current
Size	Covers £72bn of listed equity and fixed income assets managed by M&G investments.
Focus	In 2025, M&G introduced a forward-looking **asset alignment target** to complement existing portfolio decarbonisation targets and track the extent to which the companies M&G invests in have established credible transition strategies, with the aim of increasing exposure to companies with credible transition plans over time.
Approach	The asset alignment target measures the proportion of financed emissions (Scope 1 – 3) associated with companies that have set robust greenhouse gas targets and transition plans. It is underpinned by M&G's **Transition Assessment Framework**, which provides the methodology for assessing whether companies are on a credible path. Based on the IIGCC's Net Zero Investment Framework, it evaluates companies against a set of criteria to help determine where M&G focuses its engagement. Companies assessed as "not aligned" or "committed" are prioritised, with engagement structured around five asks: emissions disclosure, a net zero commitment, verified near-term targets, a quantified transition plan, and supporting capital allocation.
Impact	Understanding the transition alignment of companies in which M&G invests will help them focus their stewardship and engagement activity.

Outcome

- The asset alignment target allows M&G to put a forward-looking transition finance framework into practice.
- Instead of relying solely on backwards-looking emission intensity metrics, the new framework enables M&G to consider the extent to which companies they invest in are poised to transition over time.

Lessons learned

- Short-term attribution of alignment metrics year-on-year is difficult. A range of factors have driven changes within and between asset alignment categories, including upgrades and downgrades of individual issuers based on M&G's assessment, and in the financed carbon emissions of key issuers.
- Medium-term trends will be more informative than performance year on year, underlining the importance of clear communication of targets and their rationale.

Call to action

- Transition finance frameworks offer essential insight into the credibility of transition plans, helping guide stewardship and engagement to support real-world decarbonisation beyond what can be achieved by focusing on carbon intensity metrics alone.

Transition finance case study: Investing in net zero growth

Firm	Barclays
When	2020-2025
Size	Over $500bn of sustainable and transition finance mobilised
Focus	Barclays continues delivering against its net zero ambition by focusing on the high emitting sectors where they work closely with their clients and the commercial opportunity that this presents for Barclays and their clients. Their transition plan was structured around **three themes**: working with clients on their transition, financing clients' transition, and scaling climate tech.
Approach	1. **Working with clients on their transition:** Barclays has developed a Client Transition Framework tool to help build a detailed understanding of their clients' current and future transition activities. 2. **Financing clients' transition:** Launched more than 20 new sustainable and transition finance products or propositions for Barclays UK and UK Corporate Bank clients. 3. **Scaling climate tech:** Accelerating the growth of climate tech companies from idea through to IPO and beyond, through the Barclays Climate Tech Escalator. The Escalator connects teams across the bank as well as partners and programmes like Unreasonable Impact, which provide mentorship and non-financial support to founders.

Outcome

- Allowed Barclays to identify opportunities from the transition, as well as manage the bank's transition- related risks.
- £274 million invested in climate tech startups.
- Just under £0.6bn in revenue in 2025 from sustainable and transition-related activity.

Lessons learned

- Understanding clients' priorities is central to supporting the transition, acknowledging that each client is at a different point in their transition.
- With a large proportion of clients now embedding transition plans into their corporate strategies, the role for banks to support their clients has expanded.
- Scaling climate technology is integral to accelerating the transition and opening new avenues for profitable decarbonisation for high-emitting sectors.

Call to action

- Read Barclays Transition Update and latest Annual Report.

Source: UK Finance (2025) Sustainable Leadership – Case Studies

Transition finance case study: Steel Methane Investor Initiative

Firm	Fidelity International
When	Launched in January 2025
Size	20-30% emissions reduction in steel sector
Focus	Fidelity and three investor partners launched the **Steel Methane Investor Initiative**, a pilot systems stewardship programme targeting methane emissions from a key transition sector: steel. Methane emissions from metallurgical coal mining account for around ¼ of steel's near-term climate footprint, close to the equivalent emissions of Japan in 2023. The initiative focuses on methane abatement as a critical near-term lever to reduce climate risk in the steel value chain (incl. that of UK) while preserving sector investability.
Approach	The initiative set a systems-level goal to reduce emissions in the steel value chain by targeting reduction in metallurgical coal mine methane. Stakeholder mapping identified direct and enabling actors, and investor effort was concentrated where leverage was highest. The engagement strategy included four core pillars: corporates (incl. UK-based firms), policy & standard setters, innovators & funders, and global investors.
Impact	The innovative approach led by Fidelity helped raise awareness and contributed to a broader debate.

Outcome

- Initiated in Australia with plan to expand. Mixed progress at the corporate level, but Australia's Safeguard Mechanism has begun to price methane emissions and miners have launched FOAK measurement and abatement projects.
- New South Wales EPA has proposed license changes mandating abatement; the Federal Resources Sector Plan now includes coal methane; and engagement in Queensland is encouraging investment for FOAK projects.
- Investor associations are mobilising: methane is a policy priority for IIGCC in 2026.

Lessons learned

- Tackling specific transition areas with clear financial and impact materiality is key to driving engagement.
- Engagement across the system, sector and corporate level with stakeholders can build momentum towards transition solutions.
- Leverage points are often indirect stakeholders who may not be initially identified; broad stakeholder mapping with repeated reviews is critical.

Call to action

- **Met coal firms:** (i) credible, site-level methane measurement/verification, (ii) viable abatement pathways, and (iii) participation in UN Steel Methane Programme as global benchmark.
- **Steel companies:** integration of methane into transition plans, procurement and disclosure.
- **Government/standard setters:** (i) credible plans on methane abatement, (ii) integrate methane into mining license requirements, and (ii) include detailed methane disclosures for relevant sectors.
- **Investors:** continue engaging on methane emissions with companies at system-level.

Transition finance case study: Climate Aligned Benchmarks and SDR labelled funds

Firm	Standard Life
When	Launched in 2025
Size	c.£41 billion assets under administration in SDR labelled funds as at YE2025
Focus	Standard Life launched its **bespoke Climate Aligned Index Series** for regional equity and corporate bonds in 2025.
Approach	• These indices, developed with FTSE Russell and Bloomberg, are central to their decarbonisation approach and aim to help protect policyholder portfolios against the financial risks of climate change through decarbonisation, reduced exposure to companies deemed to be the most exposed to transition risk, and increased exposure to companies deemed to be the most exposed to climate opportunities. • Stocks are assessed against seven metrics including green revenue, TPI carbon performance, TPI management quality and carbon emissions. • In 2025, Standard Life utilised its Climate Aligned indices to adopt **SDR Sustainability Improvers™** labels for the six regional equity funds and two corporate bond funds underlying their default Sustainable Multi Asset solution.
Impact	Portfolio-wide implementation at scale of customised decarbonising benchmarks tilting towards transition-aligned companies.

Outcome

- Over 2 million customers are now invested in Standard Life's Sustainable Multi Asset (SMA) default workplace solution.
- The regional equities and corporate bonds which form the building blocks of the SMA and other solutions target a 7% annual reduction in economic emissions intensity. Carbon dioxide equivalent emissions associated with the portfolio have dropped by 48.7% since 2019.

Lessons learned

- The Climate Aligned indices demonstrate how institutional investors can take action at scale by tilting portfolios towards transition-aligned companies to both decarbonise their portfolios and support good customer outcomes.
- The Sustainability ImproversTM label adds an important layer of objective credibility to the benchmarks.
- It is important to establish performance guardrails to ensure that indices always support fiduciary duty and good customer outcomes.

Call to action

- Read more about Standard Life's customised benchmarks in their Net Zero Transition Plan and Sustainability Report

Transition finance case study: Financing innovative UK carbon capture and storage projects

Firm	Lloyds Banking Group
When	December 2024
Size	£8 billion financing package
Focus	Lloyds Banking Group played a leading role in financing innovative carbon capture and storage (CCS) projects, demonstrating a commitment to supporting the UK's sustainable growth.
Approach	1. Supported two major UK CCS projects, Northern Endurance Partnership (NEP) and Net Zero Teesside Power (NZT Power) 2. Acted as Mandated Lead Arranger, Hedge Provider, Global Facility Agent, Intercreditor Agent and Security Trustee on both projects, in addition to Account Bank on NEP. 3. NEP is a first of a kind CO^2 transportation and storage project in the UK which is expected to store 100 million tonnes of CO^2. 4. NZT Power involves the construction of a 742MW gas turbine power plant and will deliver flexible, dispatchable, and clean power, and capture up to two million tonnes of CO^2 per annum, which will be stored via the Northern Endurance Partnership project.
Impact	Supported large-scale decarbonisation across the Teesside and Humber industrial regions through the development of CO2 transport, storage and capture infrastructure. Created significant opportunities for UK supply chains and is expected to support thousands of jobs across the north of England during construction and operation.

Outcome

- By enabling large-scale decarbonisation and fostering regional economic growth, Lloyds Banking Group is driving purposeful change for a more sustainable future.
- The projects represent a significant opportunity for the UK supply chain, in particular for businesses across the north of England. The region will also benefit from the creation of thousands of jobs throughout the project's construction and operation.

Lessons learned

- Innovative financing structures and coordinated investment across capture, transport and storage infrastructure can help unlock emerging transition technologies.
- Financial institutions can play a broader role than providing capital alone, helping to structure transactions, manage risk and bring together public and private stakeholders.

Call to action

- Scale public-private collaboration to accelerate investment in carbon capture and storage infrastructure and other emerging transition technologies.

Transition finance case study: Syndicated term loan facility

Firm	Standard Chartered
When	May 2026
Size	USD 110 million and RMB 250 million
Focus	This deal marks Standard Chartered's first transition financing for renewable energy use in the Aluminium industry, aligned with Standard Chartered's Transition Finance Framework. A portion of the proceeds will support the production of low-carbon electrolytic Aluminium production, powered by renewable energy (hydropower). This landmark deal accelerates the Aluminium industry's shift to low-carbon solutions, enabling the client to lower their emissions footprint and align with China's national decarbonisation goals. By providing transition financing to our clients, Standard Chartered helps scale lower-carbon production and supports decarbonisation in the hard-to-abate Aluminium sector.
Approach	Leveraging London-headquartered Standard Chartered's unparalleled distribution platform and global investor network, Standard Chartered acted as the Sole Mandated Lead Arranger, Bookrunner, Facility Agent, Security Agent, and Original Lender. This transaction has attracted participation from multiple investors, distributed across Mainland China, Hong Kong, Macau, Taiwan, AME, EMEA and North America. A comprehensive mandate that highlights Standard Chartered's end-to-end execution capabilities and strong market appeal.

04

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Insurance, adaptation and risk management

Protecting value by turning climate risk into resilience investment

Introducing UK insurance, adaptation and risk management

Global analysis shows companies could gain a median of 10x return per $1 invested in physical climate risk mitigation. The return for companies in financial services is, on average, as high as $64.[1]

Innovation — Insurance, adaptation and risk management — **Scale**

Innovation

The UK pioneers insurance-led solutions for climate adaptation and risk management

- The **London insurance market** has led the development of parametric and index-based climate insurance, enabling rapid, rules-based payouts for floods, storms and droughts
- UK insurers and the London market lead globally in climate-risk analytics, translating climate science into underwriting, pricing and investment decisions.
- UK-anchored platforms, such as the **Insurance Development Forum (IDF),** have created innovative public-private delivery models, co-designing solutions with governments and multilateral development banks

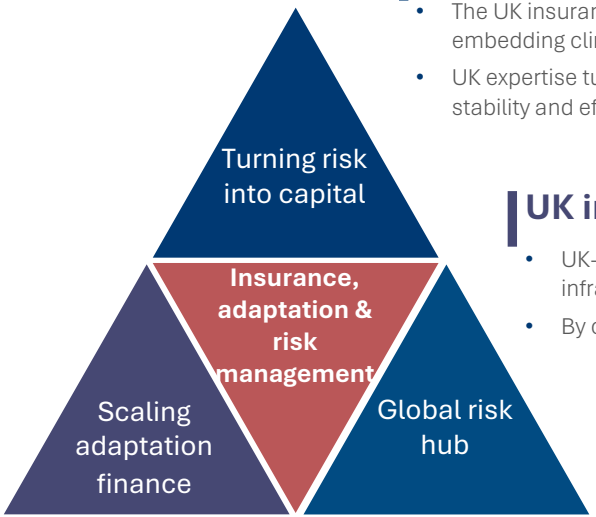
Scale

UK insurance and risk-finance platforms enable resilience at global scale

- Developing countries require an estimated **~$310–365bn/yr for adaptation by 2035**, compared to ~$26bn delivered in 2023 (12–14× gap), highlighting the need for scalable risk finance solutions to sustain insurability and unlock wider investment
- **UK-backed mechanisms** demonstrate how insurance-led models can deliver resilience at scale – for example, **Flood Re** enables affordable flood insurance for over 660,000 households, providing a globally recognised model for managing physical climate risk
- UK-based insurance and risk-finance platforms, such as the IDF, operate across dozens of countries, translating local climate risk into investable, scalable resilience solutions worldwide

[1]CDP (2026) Disclosure Dividend - 2026

Insurance, adaptation and risk management



The UK is a global leader in translating climate risk into financial action

- The UK insurance sector leads globally in **climate-risk analytics, catastrophe modelling and scenario analysis**, embedding climate science into underwriting, investment and supervisory decisions.
- UK expertise turns complex physical risks into **practical, investable and insurable solutions**, supporting financial stability and effective adaptation and resilience planning.

UK insurance-led models unlock finance at scale

- UK-led insurance-based solutions reduce risk, restore insurability and unlock private investment in climate-resilient infrastructure and adaptation.
- By closing the climate protection gap, these models crowd in capital, protect economic value and support growth.

The UK is the natural hub for climate risk and resilience solutions

- London hosts a **world-leading ecosystem** of insurers, brokers, data providers and advisory services built on decades of risk-management expertise.
- Deep market infrastructure positions the UK as the **global centre for climate risk services and resilience finance**, supporting delivery at scale across developed and developing markets.

Existing initiatives within insurance, adaptation and risk management

UK-anchored platforms translating climate risk into resilience at scale – opening new markets for UK insurers, brokers and advisers.

Insurance Development Forum

Scaling insurance-led solutions for climate resilience

- London-headquartered public-private partnership convening insurers, governments and development institutions.
- Designs and deploys insurance-based adaptation and risk-finance solutions across climate-vulnerable countries.
- Embeds UK leadership in global delivery models through practical, scalable public-private solutions.
- In 2025 alone, IDF-supported programmes mobilised £340 million for resilient infrastructure investment.[1]

Flood Re

Demonstrating how insurance can protect households from climate risk

- UK government-backed scheme enabling affordable flood insurance for higher-risk households.
- Maintains market access and stability as physical climate risks intensify.
- Provides a globally recognised model for addressing the climate protection gap in mature insurance markets.

UK climate risk analytics and modelling

Setting global standards for climate-risk assessment

- UK-based insurers, reinsurers and brokers lead globally in catastrophe modelling, climate analytics and scenario analysis.
- Underpins insurance pricing, investment decisions and resilience planning worldwide.
- Reinforces London's position as a global hub for climate-risk intelligence and market infrastructure.

[1] Insurance Development Forum 10-Year Anniversary 2025 Annual Review

Opportunities for innovation within insurance, adaptation and risk management

Where the UK can lead next: unlocking scale, credibility and delivery in global climate resilience

Opportunity	Commercial value	Next steps
1. Scale parametric insurance through the UK's world-leading climate analytics and catastrophe modelling.	Creates exportable insurance solutions, grows London's speciality insurance market, and strengthens the UK's position as a global hub.	Embed UK-designed parametric products into sovereign risk and infrastructure finance via MDBs and DFIs.
2. Integrate insurance, risk transfer and adaptation finance to reduce risk and restore insurability.	Positions the UK as the global centre for protection-gap solutions, crowding in capital and opening growth markets for UK insurers, banks and advisers.	Scale UK-led insurance-linked adaptation and resilience finance and risk transfer solutions.
3. Advance forward-looking, scenario-based climate risk intelligence.	Generates high-value data, analytics and advisory exports, reinforcing the UK's competitiveness.	Embed UK climate-risk data, analytics and methodologies into international standards and supervisory practices.

Where the UK must go further

→ Adaptation finance is running at a 12 – 14x shortfall – the protection gap is widening, not closing.

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Partnering to scale insurance and resilience solutions globally: risk, capital and delivery

The UK combines world-leading insurance, reinsurance and specialty risk markets, advanced risk analytics and proven public–private delivery models to support international partners in managing climate risk and strengthening resilience.

1. Co-develop scalable insurance and risk finance frameworks	Design and implement insurance-led frameworks by combining local priorities with UK expertise in underwriting, reinsurance and public-private delivery models – creating scalable and replicable solutions across markets.
2. Build integrated adaptation and resilience investment pipelines	Co-create investable adaptation and resilience pipelines by combining local priorities with UK capabilities in insurance structuring, advisory and project development – translating climate risk into bankable infrastructure and investment opportunities.
3. Mobilise capital by embedding insurance across the capital stack	Integrate insurance and reinsurance solutions into financing structures – leveraging UK market depth to de-risk projects, improve insurability, unlock private capital, and support long-term infrastructure investment.
4. Strengthen resilience markets through advanced data and expertise	Apply UK leadership in climate risk analytics, catastrophe modelling and advisory services alongside local data and market expertise – improving risk pricing, transparency and investor confidence to scale resilience investment globally.

Insurance, adaptation, and risk management case study: PICZ Insurance Farmer Input Support Programme

Firm	Africa Specialty Risks (ASR)
When	The program has been renewed yearly since 2023.
Size	~$190 million total sum insured across Maize, Soybeans, Sorghum and Groundnuts insured crops, 1.5 million farmers covered, $4 million paid out in claims in 2023, and claims paid in every subsequent year.
Focus	The **Farmer Input Support Programme (FISP)** in Zambia combines subsidised agricultural inputs with weather index-based parametric insurance issued by local insurers. This coverage is supported by global reinsurance capacity from ASR, deployed through the London market and ASR's Lloyd's syndicate.
Approach	FISP embeds weather index insurance within subsidised input support, with premiums partly government-funded to ensure affordability. Cover is provided by a consortia of Zambian insurers, who are the cedants ASR provides reinsurance capacity to, enabling risk transfer beyond the local market. The innovative agricultural Insurtech Pula was the technical partner. The approach uses a pre-agreed index with defined payout thresholds, combining parametric triggers with crop, yield and satellite data. Weather and crop conditions are monitored against this index, and if thresholds are breached, payouts are triggered automatically, with claims distributed to farmers through the FISP structure.

Outcome

- By partnering with local insurers to deliver scalable coverage to smallholder farmers, the programme strengthens agricultural resilience to climate shocks and provides the Zambian government with a more predictable mechanism for disaster response.
- Demonstrates how the UK's insurance market can export risk-transfer capacity and structuring expertise to deliver climate risk solutions in emerging markets.

Lessons learned

- The FISP hybrid parametric structure improves the financial resilience of the agricultural system.
- Hybrid parametric insurance can turn a fragmented, high-cost smallholder risk into a scalable national resilience mechanism.
- Without the reinsurance support, such as the $4m in 2023, the government would not have been able to provide premium subsidies in following years.

Call to action

- There is a greater need for public-private partnerships to help scale this kind of solution to other countries for climate adaptation purposes.
- The Lloyd's and London market is the home of insurance innovation and is central to the development of products for climate resilience.
- Greater cooperation with local communities and stakeholders is key in developing effective sustainable insurance products for agriculture.

Insurance, adaptation, and risk management case study: Benguela Critical Infrastructure Programme, Angola

Who	UK Export Finance (UKEF)
Size	UKEF issued loan guarantees that enabled Standard Chartered Bank to arrange financing for **a €415 million contract** between the Angolan government and British exporter Innovo Projects Limited, formerly ASGC UK Limited. UKEF was the only export credit agency involved.
Focus	The Benguela programme covers the construction, development and rehabilitation of critical infrastructure across Benguela Province in western Angola. The works include improvements to potable-water supplies, drainage and flood-risk management; rehabilitation of roads; pedestrian bridges and crossings; sustainable road drainage; restoration of historic and culturally significant buildings; and the development of marketplaces, leisure areas and beachfront facilities.
Impact	Benguela is a coastal province vulnerable to flooding and poor drainage. Support from UKEF meant that British firms were able to secure contracts to upgrade critical infrastructure and protect the region against future flooding. The programme will deliver new water supplies, storm-water channels, drainage networks and flood-risk management measures intended to reduce the risk and impact of flooding and other climate-related events. It will also improve roads, sanitation, public lighting, marketplaces and other community facilities, with the aim of improving living conditions across the province. The programme is expected to support 11,000 local jobs over five years, while generating more than £140 million of spending on UK goods and services. It demonstrates how UKEF support can combine climate resilience and essential infrastructure improvements with significant opportunities for UK exporters.

The role of UKEF?

As an Export Credit Agency, UKEF is the financing arm of the UK's international commercial offer. Its mission is to advance prosperity by ensuring that no viable UK export fails for lack of finance or insurance, doing so sustainably and at no net cost to the taxpayer. It does so by providing government-backed guarantees, loans and insurance to help UK businesses win contracts, fulfil orders and get paid. UKEF also helps overseas buyers access finance to purchase UK goods and services.

By working with banks, governments and other financial institutions, particularly where private-sector capacity or risk appetite is limited, UKEF helps turn viable export opportunities into deliverable transactions and strengthens the overall competitiveness of the UK's international offer.

UK firms to deliver €415 million sustainable development scheme in coastal Angola - GOV.UK

Insurance, adaptation and risk management case study: Unlocking Investment in Natural Capital

Firm	DUAL UK and Highlands Rewilding
When	2025 to present
Size	513-hectare Bunloit estate on the western shores of Loch Ness
Focus	DUAL developed an insurance solution to support investment in natural capital projects, first applied to Highlands Rewilding's Bunloit estate in Scotland. The product is designed to protect the economic value of natural capital assets and support the future generation and sale of biodiversity and carbon units. The project covers peatland restoration, woodland regeneration and species-rich grasslands.
Approach	DUAL worked with Highlands Rewilding to develop a comprehensive insurance solution for natural capital projects. The insurance is designed to cover habitat restoration costs following biodiversity damage. It can also cover replacement costs for validated and sold biodiversity and carbon units, including the cost of acquiring substitute units to meet contractual obligations where restoration is not feasible. It can also cover financial losses associated with clawback provisions in funding and lending contracts.
Impact	The insurance helps reduce risks associated with investing in natural capital projects by protecting the underlying habitat and providing cover against associated financial risks. This can help landowners access sources of capital that may otherwise be out of reach.

Outcome

- The insurance helped facilitate a capital raise for Highlands Rewilding, making the project more attractive to investors, including more conservative sources of capital.
- The Bunloit placement demonstrates how risk transfer can support the development of investable nature-based projects.

Lessons learned

- Insurance can give investors and lenders greater confidence in natural capital projects, helping broaden the sources of capital available.
- Natural capital projects can require protection beyond the underlying habitat, including risks associated with the units they generate and their funding arrangements.

Call to action

- As biodiversity and natural capital markets scale, project developers, investors and lenders should consider how insurance can be integrated into financing structures to protect ecological assets, contractual obligations and invested capital, helping unlock greater private investment into nature.

Insurance, adaptation, and risk management case study: East Africa Marine Transport

Investor	Private Infrastructure Development Group (PIDG)
When	2024-2044 – long-term investment horizon covering asset development, operation and future valuation.
Size	c.$24.8m investment, ~1,000 tonnes per crossing
Focus	Application of the **Physical Climate Risk Appraisal Methodology** (PCRAM)[1] for an equity investment by PIDG into a Lake Victoria freight service. Embeds physical climate risk considerations into infrastructure design, operations and investment performance, and demonstrates how integrating climate resilience can enhance reliability, performance and asset value.
Approach	The investment applied the four-step **PCRAM** to assess how climate-driven variability in Lake Victoria water levels could impact vessel operability, port access and long-term asset performance. The analysis enabled integration of climate data, engineering considerations and financial modelling to assess risk exposure and identify resilience measures. An **adaptative pathways approach** allowed investment decisions to evolve over time and ensure flexibility under uncertain future climate conditions. The assessment also incorporated system-level considerations (e.g. hydropower operations), highlighting the importance of addressing interdependencies. Delivery through collaboration between PIDG, IIGCC, Oxford ECI and LSE Grantham Institute, demonstrates how combined expertise can translate complex climate risks into investment-ready solutions.

Outcome

- Applying climate risk methodologies (PCRAM) can translate physical climate risk into stronger investment decision-making and asset performance.
- Resilience integration strengthens asset reliance and reliability, reducing disruption risk and supporting stable, long-term revenue generation.
- Approach enhanced investability and credit quality of infrastructure and delivered more reliable regional trade flows across a critical transport corridor.

Lessons learned

- Physical climate risks can be quantified and integrated into investment processes using structured, decision-useful methodologies.
- Adaptive pathways are critical to manage uncertainty, allowing flexibility as climate risks evolve over time.
- Resilience is most effective at a system level, requiring consideration of interdependencies across infrastructure and natural systems.
- Cross-disciplinary approaches (climate, engineering and finance) are essential to design robust, future-proof infrastructure solutions.

Call to action

- Apply structured climate risk analysis (e.g. PCRAM) in infrastructure investment to support resilient, bankable projects.
- Adopt adaptive, forward-looking design approaches to manage uncertainty and strengthen long-term asset performance.
- Partner with UK expertise to deploy risk analytics, structuring and delivery capabilities.

[1] PCRAM is a framework developed by the IIGCC that provides guidelines for integrating physical climate risk into investment decisions.

Source: IIGCC – Making the case for resilience investment: PCRAM 2.0 case study, ferry and port (PIDG)

05

TheCityUK

Carbon markets

Channeling capital to support growth through high-integrity carbon markets

Introducing UK carbon markets

The UK has long-standing leadership in carbon markets. The UK's Emissions Trading Scheme (ETS) held the second-largest share of global market value in 2023, covering **4% of the global carbon market.**

Innovation — Carbon markets — **Scale**

Innovation

The UK is shaping global carbon market architecture and integrity

- The UK has set out a framework for the use of high-integrity carbon credits, anchored in the **Principles for Voluntary Carbon and Nature Market Integrity** and ongoing market consultation.
- The UK hosts the **Integrity Council for Voluntary Carbon Markets (ICVCM)** and the **Voluntary Carbon Markets Integrity Initiative (VCMI)**, setting global quality benchmarks.
- The UK strongly supports international standards and interoperability, including the **ICVCM Core Carbon Principles** and the **VCMI Claims Code**, while emphasising interoperability across jurisdictions.
- The UK co-chairs the **Coalition to Grow Carbon Markets**, a government-led initiative providing clarity and confidence for corporates to use high-integrity credits as a complement to value chain decarbonisation.

Scale

The UK is mobilising demand and capital to scale high-integrity carbon markets

- The **Coalition to Grow Carbon Markets** aims to unlock over US$50bn per year in private, debt-free climate finance by 2030, supporting mitigation and nature outcomes while reinforcing the UK's convening role.
- UK capital markets and market infrastructure are well placed to channel institutional capital into high-integrity carbon projects at scale.
- Providing legal, accounting, tax and regulatory certainty is critical to treating carbon credits as an emerging asset class and anchoring activity in the UK.
- The UK is scaling carbon markets, with $5.8bn investment globally by UK financial institutions and corporates.
- The UK is the number one global provider of carbon insurance, underpinning risk to create investability globally.

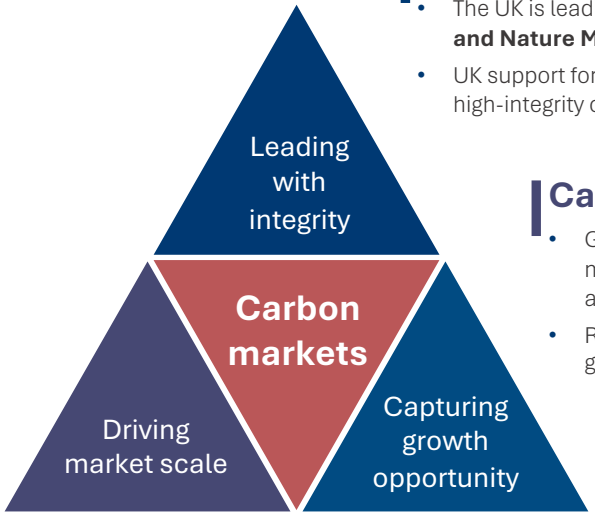
[1] City of London Corporation & Carbon Market Forum, Seizing the UK's carbon credit opportunity, April 2026

Defining carbon markets

Mobilising private finance through high-integrity voluntary carbon markets to support emissions reductions and removals, alongside ambitious transition efforts and international compliance mechanisms.

Component	Description
Carbon markets	A decentralised market where actors buy or sell carbon credits. Carbon credits representing 1 tonne of CO2e avoided or removed.
Carbon credit markets	A subset of carbon markets, that deliver sustainability impact through carbon projected, often having benefits in terms of decarbonisation, nature management and protection, as well as social co-benefits. These markets have a dual-benefit. They also create financial opportunity through the need for market-enabling services.
Buyers and suppliers	Buyers: organisations that purchase and retire carbon credits to meet voluntary climate commitments, compliance obligations, or investment objectives. Suppliers: entities responsible for identifying, designing, implementing and monitoring carbon mitigation projects that generate carbon credits.
Standards, verification and quality assurance	Organisations and processes that establish integrity standards, validate projects, and ensure quality of carbon credits throughout their lifecycles, e.g. registries and standards, verifiers/auditors, rating agencies and governing bodies.
Market infrastructure and trading platforms	Platforms, exchanges and intermediaries that facilitate discovery, transaction execution, and liquidity in carbon credit markets, e.g. trading platforms, exchanges, brokers, marketplaces and data providers.
Financial services and risk management	Financial institutions and service providers that enable capital flows, investment and risk mitigation for carbon market participants, e.g. investment and banking, insurance providers, investors/funds, and traders.
Advisory, legal and professional services	Professional service providers offering specialised expertise to navigate regulatory frameworks, structure transactions, and ensure compliance, e.g. law firms, advisory and consulting, research and academia, and technology providers.

Carbon markets key messaging



Leading development of – and confidence in – high-integrity global market

- The UK is leading global thinking on market integrity and responsible use, anchoring the **Principles for Voluntary Carbon and Nature Market Integrity** and co-chairing the **Coalition to Grow Carbon Markets.**
- UK support for the **ICVCM Core Carbon Principles** and the **VCMI Claims Code** provides clarity and confidence to scale high-integrity carbon markets.

Carbon market to scale significantly with support of UK ecosystem

- Global carbon credit market valued at approximately US$1.4bn in 2025, and voluntary carbon markets currently mobilise $8.9bn in offtake agreements, with projections of US$60bn–US$250bn by 2050 depending on integrity and demand conditions. [1]
- Rising corporate demand supports sustained growth, with UK corporates among leading high-integrity buyers globally. $5.8bn investment globally into carbon projects by UK financial institutions and corporates.

Exciting climate and economic opportunity in UK and globally

- The UK carbon credit ecosystem generates £1.2bn in GVA and supports 11,000 jobs, equal to 1.8% of the UK's net zero economy.[2]
- Market ecosystem includes 550+ entities across rating agencies, trading platforms, legal services and project developers.

Sources: 1. Ecosystem Marketplace; EY-Parthenon analysis, 2. Seizing the carbon credit opportunity – measuring value to enable action (2026), City of London Corporation & UK Carbon Market Forum

Existing initiatives within carbon markets

The UK has long-standing experience of leadership in carbon markets. UK-led platforms and governance initiatives are mobilising private capital at scale – giving corporate buyers a trusted, high-integrity route to credits.

Coalition to Grow Carbon Markets

Mobilising global demand for high-integrity carbon credits

- UK co-chairs a government-led international coalition to scale responsible corporate demand for carbon credits.
- Provides shared principles and global consistency on how credits are used alongside ambitious transition efforts.
- Aims to unlock $50bn+ per year in private, debt-free climate finance by 2030, reinforcing the UK's convening power.

LSE VCM market designation

Market solution to facilitate capital at scale into climate mitigation projects

- London Stock Exchange's Voluntary Carbon Market (VCM) designation was launched in 2022, as a new market solution to stimulate the scaling of the voluntary carbon market.
- The VCM designation identifies funds and operating companies admitted to Main Market or AIM and investing in climate change mitigation projects that are expected to generate carbon credits.
- Provides a new mechanism for companies to secure a long-term, trustworthy supply of carbon credits.

UK Carbon Market Integrity Standards

Broad carbon market ecosystem supports world-leading governance initiatives

- The UK is home to both the VCMI and the ICVCM.
- The **VCMI Claims Code of Practice** offers guidance on the credible use of carbon credits and how to communicate their use as part of science-aligned net zero decarbonisation pathways.
- The **Oxford Offsetting Principles** provides guidance to entities on net zero-aligned offsetting and transitioning to durable removals over time.
- The **ICVCM Core Carbon Principles** provide ten, science-based principles for identifying high-quality credits that create real, verifiable impact.

Opportunities for innovation within carbon markets

While capital is already flowing, with £2.2bn from UK financial institutions going into global carbon projects (2023–25)and £3.5bn into UK carbon projects, there are further opportunities to lead in scaling high-integrity carbon markets.[1]

Opportunity	Value potential	Next steps
1. The UK is a leading centre for Carbon Dioxide Removal (CDR) technologies, creating a potential £78bn/year global export opportunity by 2050.	Over £600m private investment in UK CDR projects, supported by government targets of 5Mt/year engineered removals by 2030.	Finalise GGR business models, confirm inclusion in UK ETS, approve industrial cluster access applications, create a UK GGR strategy.
2. The UK trades £1.4 trillion in carbon allowances via ICE, demonstrating capability to scale VCM trading infrastructure.	Emerging platforms such as Carbonplace and CTX Exchange demonstrate integration of VCM with UK financial infrastructure.	Develop high-integrity standardised contracts with CCP-aligned thresholds, establish clear regulatory framework for VCM-ETS integration.
3. The UK dominates global carbon insurance through Lloyds infrastructure and UK providers shaping global demand.	Insurance products de-risk investment and enable project bankability. The UK insurance market for carbon products has the potential to reach £10-30bn by 2050.[1]	Scale insurance products beyond project delivery to include long-term permanence coverage and expand political risk insurance for international projects.

Where the UK must go further

Demand is fragile and integrity concerns are still capping market scale.

Sources: 1. Seizing the carbon credit opportunity – measuring value to enable action (2026), City of London Corporation & UK Carbon Market Forum

Partnering to scale carbon markets: integrity, capital and market infrastructure

The UK combines global leadership in carbon market integrity, deep capital markets, and advanced financial and professional services capabilities to support international partners in building scalable, high-integrity carbon markets that mobilise investment and advance climate and development goals.

1. Partner to advance high-integrity carbon market frameworks	Partner with UK-based institutions and standard setters to align national approaches with internationally recognised integrity principles – supporting consistent, transparent and high-quality carbon markets that enable cross-border participation and strengthen investor confidence.
2. Co-develop investable carbon market pipelines	Co-develop high-quality carbon project pipelines by combining local opportunities with UK expertise in project development, verification and market design, alongside knowledge sharing and technical support to help scale local market capacity.
3. Mobilise capital through integrated financial and risk solutions	Design financing solutions that integrate carbon credits into investment structures – drawing on UK capabilities across capital markets, insurance and asset management to de-risk projects, improve bankability and unlock private capital.
4. Strengthen market infrastructure, data and professional services	Work with the UK ecosystem across trading infrastructure, data, verification, legal structuring, analytics and professional services– enhancing transparency, price discovery and market integrity to support the development of scalable and liquid carbon markets, including through TheCityUK's UK Carbon Credit Auction Pilot.

Carbon markets case study: London Stock Exchange Group carbon markets offering

Firm	London Stock Exchange Group (LSEG)
When	LSEG's carbon market offering combines over two decades of carbon market data and research expertise with the launch of the Voluntary Carbon Market designation in 2022.
Size	LSEG carbon research covers market developments and pricing across more than 15 regional and global carbon and environmental markets . VCM designation is unique but nascent.
Focus	Scaling voluntary carbon markets by: 1. Bringing public market standards and governance to carbon finance 2. Providing data and analytics to inform market participants 3. Creating new routes for investors to access carbon credits
Approach	Build an end-to-end ecosystem: Combine research, data, analytics and capital markets access through LSEG platforms. • **Carbon research, data and analytics:** Provide project-level data, pricing, ratings and reporting tools to support decision-making, improve trust and facilitate greater alignment between voluntary and compliance carbon markets, helping unlock long-term market growth. • **Voluntary Carbon Market designation:** Use public markets as a route to scale carbon finance by applying listed market governance and standards to projects, while creating new routes for investors and corporates to access carbon credits through listed vehicles.

Impact

- Improved market transparency and understanding through trusted carbon market data, analytics and research covering Europe, North America and China.
- Greater confidence in carbon market participation through data on pricing, regulation, project supply and corporate demand.
- Expanded routes for investors and corporates to access carbon credits and channel capital to carbon reduction and removal projects.
- Clear link between financial markets and decarbonisation outcomes.

Lessons learned

- **Trust is foundational:** Standardisation, disclosure and governance are critical.
- **Ecosystem approach wins:** Solutions need to integrate data, markets and financing, not operate in silos. Alignment between different environmental markets will support growth.
- **Listed funds challenges:** Broader challenges faced in capital markets in recent years have limited appetite for new specialist investment vehicles to come to market.
- **Investor demand remains cautious:** Adoption continues to be constrained by uncertainty around carbon credit quality, market standards and long-term demand.
- **Market development takes time:** Building infrastructure ahead of demand has positioned LSEG to support future growth as standards evolve and carbon markets mature.

Call to action

- **Governments and regulators:** Support standardisation and recognise credible market frameworks. Provide corporate guidance on the use of carbon credits.
- **Financial institutions:** Develop products that connect capital markets with carbon project pipelines. Greater convergence between compliance and voluntary markets.
- **Corporates:** Move from spot purchasing to strategic, early investment in carbon credit supply.
- **Investors:** Engage early to shape and scale high-integrity carbon markets.

Carbon markets case study: Insuring Carbon Market Integrity

Firm	Howden and Gold Standard
When	2025 – present
Size	IATA estimates demand for CORSIA-eligible carbon credits at 146–236 million units during Phase 1 (2024–2026).
Focus	When a carbon credit is sold by a project developer to an international buyer, the host country must account for the transfer to prevent the environmental benefit being claimed twice, known as 'double claiming'. This risk was restricting the supply of CORSIA-eligible credits. Howden advised Gold Standard on implementing a form of political risk insurance that prevents the double claiming of carbon credits.
Approach	Working with project developers and insurers, Howden identified and defined the adverse events that could lead to double claiming. With no equivalent insurance previously available, Howden convened Gold Standard and three specialist carbon insurance underwriters, Artio, CFC and Oka, to develop a set of criteria that insurance policies must meet to be approved by Gold Standard. This brought UK insurance expertise into the development of a solution addressing risks in international carbon markets.
Impact	The criteria created a route for insurers to provide cover against two key risks: a host country government revoking a project's authorisation or failing to record the transfer through a corresponding adjustment. By providing a mechanism to mitigate these risks, the solution supports project developers seeking to bring CORSIA-eligible carbon credits to market.

Outcome

- In October 2025, Gold Standard published the insurance criteria and approved policies from Artio, CFC and Oka.
- Gold Standard can now issue credits tagged as eligible for CORSIA where the relevant insurance requirements are met.
- The framework supports a pathway for increased supply of eligible credits, helping give investors greater confidence in financing projects against growing airline demand.

Lessons learned

- Insurance can help address systemic risks that prevent carbon credits from reaching the market, supporting the functioning of wider carbon market mechanisms.
- Where no established insurance solution exists, collaboration between standards bodies, project developers and insurers can help define insurable risks and establish common criteria for the market.
- Creating standardised insurance criteria can enable multiple insurers to participate, rather than relying on a single bespoke solution.

Call to action

- Further insurance capacity is needed to meet growing demand for CORSIA-eligible credits. Gold Standard's recent approval of Blenheim, whose policy uses traditional political risk insurance wording, provides a potential route for wider market participation and increased capacity.

Carbon markets case study: Accelerating nature restoration through high-quality carbon credits

Firm	Legal & General (L&G)
When	2025-2060
Size	£10 million +
Focus	Accelerating nature restoration outcomes through financing the creation of high quality and integrity UK carbon credits.
Approach	L&G has developed a strategic approach to meeting their net zero ambitions by addressing residual emissions within some of their operations using **high-integrity UK carbon credits**. To meet L&G's climate commitments and accelerate UK nature restoration, L&G are working with a number of large UK-based organisations who have strong credentials and history in delivering nature outcomes. In the model, L&G provides capital to support nature restoration programmes that benefit nature and society, while securing high-integrity UK-based carbon credits, underpinned and verified by strong UK carbon codes. This helps manage L&G's exposure to anticipated increases in carbon prices as they approach key milestone dates (2030, 2050) and supports delivery of climate commitments. These partnerships create a platform for deeper collaboration between private capital and leading environmental organisations, with potential to scale using pensions capital.

Outcome

- L&G's partnerships are multidecade and at an early stage, with woodland creation and peatland restoration the initial aim. One of the core outcomes is the unlocking of private capital for UK nature restoration with leading UK environmental organisations.
- Over time, this will enable L&G to source high-integrity UK carbon credits, supporting the delivery of L&G's Climate Transition Plan – approved by shareholders at the AGM – and wider environmental and social outcomes.

Lessons learned

- Strong and growing appetite among UK landowners to partner with private capital to deliver large-scale nature restoration projects, with environmental and social outcomes.
- Current UK codes provide a strong reputational underpinning to these credits. However, a greater variety is required to diversify the types of nature restoration and the timeframes in which the carbon is sequestered to meet a range of short to long-term aims. Stacking of benefits would also accelerate investment potential.
- Significant potential exists to mobilise greater volumes of private finance into nature solutions where there is a policy framework, over and above carbon, such as with Biodiversity Net Gain (BNG) regulation, providing long-term certainty to investors.

Call to action

- Delivering nature restoration using private capital requires robust enabling frameworks – whether that is carbon codes for the verification of high-integrity credits, or conservation covenants for appropriate oversight of creation of biodiversity units.
- Strengthen demand signals for carbon credits and biodiversity units through clear carbon pricing, net zero commitments/requirements and stable regulatory and political environment (including BNG), enabling private investment at scale.
- Financial institutions depend on the transition of the wider economy, alongside their own actions. This requires long-term policy that supports a whole-economy transition.

Carbon markets case study: Accounting treatment for carbon

Firm	EY for a Global Climate Advocacy NGO
When	October 2025- December 2025
Size	International coverage (IFRS & USGAAP)
Focus	This project supported a Global Climate Advocacy NGO in addressing a fragmented and inconsistent carbon credit accounting landscape by delivering a strategy on the financial accounting treatment for carbon credits and carbon market engagement, identifying targeted opportunities to influence standard setters and policymakers alongside a structured roadmap and practical actions to drive market coherence.
Approach	1. **Market assessment:** Combined deep technical accounting analysis with market and policy insight to assess asset recognition, liabilities, and constructive obligations across voluntary and compliance markets. 2. **Market gap identification:** Identified where the client could credibly influence standard-setters (IASB/FASB), policymakers, and market infrastructure to accelerate clarity and consistency. 3. **Strategy and roadmap:** EY delivered a structured carbon accounting strategy and roadmap, grounded in existing IFRS and US GAAP, with targeted focus areas, together with a technical view on gaps and routes to engagement.

Outcome

- A clear position on carbon as a financial asset, setting out the conditions under which carbon credits can be recognised, valued and risk-managed on balance sheet. There is a significant opportunity for UK to take lead on creating enabling environment for consistent accounting treatment and market growth more widely
- Concrete actions to influence guidance, consultations, and future standards rather than waiting for market consensus.
- Strengthened market leadership and credibility, strategy to position the organisation as a convenor and thought leader shaping the design of these markets.

Lessons learned

- The accounting of carbon credits and adequate accounting guidance is crucial to scale carbon markets.
- The fragmented nature of treatment of carbon on the balance sheet and the lack of illustrative guidance is a barrier to scale.
- There is an opportunity for the market to advocate for a more structured guidance suited to the nature of their purchases.

Call to action

- Engage with accounting standard bodies (IFRS) on providing illustrative guidance on treating carbon as an asset.
- Work with corporates to identify gaps in today's guidance to support the engagement and dialogue with standard bodies.

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