

Investing in tomorrow

Private capital's role in the green transition



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Foreword

This report sets out to demonstrate the important role private capital plays in supporting the green transition. Our industry is a natural partner for the Government's commitment to reach net zero by 2050, possessing deep pools of capital, a wealth of strategic experience and a focus on long-term value generation.

Accelerating the green transition to a level where we will be able to meet our commitment of net zero by 2050 will require a monumental effort, alongside tens of billions of pounds in additional investment. Here, private capital can provide critical backing that will allow companies to become more sustainable and improve the climate resilience of their operations.

Making progress on climate goals is more than just a moral imperative, it is critical for businesses' long-term economic viability. That is because embedding sustainability considerations such as decarbonisation can be a critical enabler to enhance operational performance today, as well as contributing to stronger financial returns in the future.

Meeting net zero commitments and ensuring energy security for the UK is even more important in the context of current geopolitical volatility. Private capital's capacity to provide flexible, long-term investment enables businesses to navigate periods

of uncertainty, safeguard continuity and prepare for emerging challenges. At the same time, this investment approach directs resources into sectors that support energy resilience and drive the uptake of low carbon technologies, climate adaptation solutions and robust infrastructure supply chains on which the UK's energy security and climate preparedness increasingly depends. When private capital directs capital into these areas, it not only supports the country's ability to manage future shocks but also accelerates the transition to a more sustainable, futureproof economy.

Whether it be through its expertise in backing and growing innovative tech startup businesses such as Material Exchange who are working to change the way the fashion industry sources materials and products, or private capital's hands on approach in helping more traditional businesses like Hawksmoor operate more sustainably, it is clear the industry already plays a central role in progressing the energy transition. However, there is an opportunity to do more and facilitate an even greater impact through investing private capital – by enhancing its ability to help modernise and decarbonise businesses as well as strengthen critical green infrastructure supply chains. Therefore, this report lays out a series of recommendations that aim to improve access to finance, accelerate capital flows and ensure regulation remains competitive on the global stage.

Taken together, these measures would ensure the private capital industry can play an even more significant role in helping the Government to build a resilient, competitive and future-ready economy.



Michael Moore

Chief Executive,
UK Private Capital



Foreword

This industry backs businesses both small and large in every part of the UK. Some of these companies are at the forefront of sustainability innovation, tackling the most important environmental and social challenges in the world today.

However, all parts of the economy need to make the green transition and the ability of manufacturers in Manchester and engineering companies in Aberdeen to adapt will ultimately determine how successful the sustainability agenda is. I'm confident that these businesses will get there because they are backed by an industry that believes sustainability and business success go hand in hand.

Private capital backers need to know their business will be sustainable for a future buyer, and they have the patience and know-how to make the changes needed. This, coupled alongside the long-term investment time horizons typical of private capital and their active ownership model, means private capital backed companies are inherently future-facing and proactively identifying opportunities to drive growth and create value.

An important focus of this report, and the work of UK Private Capital's Sustainability Committee, is ensuring that regulation is in the right place to enable private

capital backed companies to make the transition. That's because the industry's ability to drive sustainable outcomes in the real economy cannot reach its full potential without competitive and proportionate regulation and reporting requirements.

Regulation and reporting must strike the right balance between promoting intended outcomes and minimising the regulatory burden placed on firms. UK Private Capital is supporting the industry to navigate complex reporting requirements with a new [Sustainability Reporting Hub](#), which maps out resources to help firms of all sizes at every stage of the investment process.

The Committee also works to empower private capital firms to integrate sustainability into their business and investment strategies by offering practical guidance and insights, enabling them to create tangible value for the companies they invest in.

I hope that readers of this report gain a greater understanding of the role the industry is already playing in helping the UK reach net zero by 2050. But also that our industry's contribution could be even larger with a policy framework that supports the industry in its efforts to finance the green transition and a regulatory environment that drives sustainable outcomes in businesses across the economy.



Lucie Mills
Partner, NorthEdge



Executive summary

Private capital is critical to helping the UK transition to a net zero, climate resilient and nature-positive economy. The industry's active ownership model, coupled with its long-term patient capital and track record in backing high-growth, innovative businesses, is central to private capital playing a key role in this agenda.

This approach plays an integral role in helping unlisted small- and medium-sized enterprises (SMEs) – who are responsible for the majority of global business emissions – work towards decarbonisation (alongside broader sustainability goals) throughout the investment period and beyond¹. In addition to helping drive economic growth and ease the pressure on public purses to deliver action on climate change.

It should come as no surprise that private capital will be central to greening the economy. The industry is a major engine of UK growth, supporting 13,000 businesses nationwide which represent 7% of gross domestic product (GDP). The portfolio companies backed by private capital investors employ millions, drive a meaningful share of GDP and are attracting rising levels of investment. This capital flow is helping scale firms across the UK, with most private capital-backed businesses located outside London.

The Government has made its ambitions clear. It wants to position the UK as the sustainable finance capital of the world, deliver clean power by 2030 and achieve net zero emissions by 2050. Meeting these objectives requires a significant mobilisation of capital. These goals present two of the UK's most substantial challenges, but also major economic opportunities, where private capital is essential to accelerate progress given its focus on SMEs, value-creation and track record in backing and scaling innovation.

Private capital backers take a long-term view on their investments and need to know these investments will be sustainable for a future buyer. Integrating sustainability helps to drive and protect financial and impact-related value, forming a smart approach to business growth. This is increasingly central to private capital's focus on operational performance today and supports stronger financial returns over the long term.

In this context, private capital plays a critical role in strengthening the UK's economic and sustainability resilience. Its ability to provide flexible, long-term

capital enables businesses to navigate uncertainty, maintain continuity and invest in futureproofing their operations. This investment model also supports the advancement of key national priorities by directing capital into sectors that enhance energy security, accelerate the adoption of low carbon technologies and modernise essential infrastructure. Through this targeted deployment of capital, private equity helps to underpin a more competitive, innovative and climate resilient UK economy.

To unlock the full impact that private capital can make in delivering these sustainability outcomes for the UK, the industry must be able to attract diverse forms of capital and continue to refine regulation and reporting requirements, ensuring they are clear, proportionate and interoperable with wider regulatory frameworks. However, the investment market faces structural challenges that currently impede its full potential; uneven capital conditions, complex and competing reporting priorities, uncertain policy signals and obligations to report immaterial data slow the flow of private capital into the green transition.

¹ World Economic Forum. (2025) *Fast-Tracking SME Sustainability Could Accelerate Global Climate Targets and Unlock Economic Value*



Executive summary

To ensure the UK reaches its ambitions of being a net zero, climate resilient and nature-positive economy, alongside remaining as a globally leading sustainable finance hub, the Government must create a more enabling policy ecosystem by:

Enabling access to diverse financing sources to deliver the green transition

- **Strengthen pension investment in the transition:** Maintain government leadership to ensure the Mansion House Accord and Compact deliver increased Defined Contribution (DC) pension investment in private capital, while ensuring Local Government Pension Scheme (LGPS) pools expand place based and regional private capital allocations.
- **Provide long term policy certainty to unlock investment:** Deliver stable, cross party policy direction, prioritise clarity for transformative early-stage green technologies, and implement the Industrial Strategy consistently to strengthen investor confidence and enable effective deployment of the National Wealth Fund and GB Energy.
Support climate-focused venture investment: Expand innovative finance tools that can absorb risk for early-stage climate technologies and ensure new public investment institutions such as National Wealth Fund (NWF), GB Energy and the British Business Bank (BBB) support smaller high-growth businesses that require phased, relatively modest investment to scale over time.
- **Expand innovative finance mechanisms for net zero:** Further build government capability to scale impact investment, as well as blended, transition and other catalytic finance instruments, including sustained support for initiatives such as the Just Transition Finance Labs.
- **Leverage the UK's leadership in impact investing:** Work with industry to remove barriers to scale, attract additional institutional capital and build policy makers' awareness of private capital's role across the impact investment "staircase," including impact-led venture and private equity strategies that align with the Government's missions.

Competitive and proportionate regulation and reporting requirements to drive sustainable outcomes in the real economy

Ensure regulation and reporting continues to deliver decision-useful data rather than being a tick-box compliance exercise. Reporting regulation needs to:

- **Be investment enabling:** To ensure sustainability reporting requirements remain proportionate and flexible to private capital, continue to avoid public-markets-only frameworks to reduce risking unnecessary burdens which can slow capital flows.
- **Be interoperable:** Our analysis shows that just 15% of private capital financing comes from UK sources. North American investors are the largest investors in UK-managed funds, having contributed between 25-29% of capital raised in recent years, followed by investors from Europe and Asia pacific². Regulation must continue to recognise that capital often flows through multiple jurisdictions, promote standardisation and avoid unnecessary duplication.
Be flexible: To maintain a principles-based approach and minimise unnecessary compliance burdens on the SMEs that private capital typically invests in.
- **Result in decision-useful data:** To ensure regulation and reporting remains focused on materiality, prompting disclosures that genuinely inform decision making while avoiding disproportionate demands on smaller entities.

Addressing these systemic hurdles is key to unlocking the full extent of the role private capital can play in helping the UK achieve its net zero ambitions. Together, the private capital industry can help the Government to build a resilient, competitive and future-ready economy.

² UK Private Capital. (2022-2024) UK Private Capital Activity dataset analysis



Private capital can help Government close the green financing gap

The green financing gap is substantial. Different sources provide different estimates over different time periods, but one thing unites them all – the UK reaching net zero is going to cost tens of billions of pounds each year.

The Green Finance Institute³ estimates that delivering the UK's net zero goals could require between £44 billion and £97 billion in additional investment each year over the next 10 years, while the Climate Change Committee⁴ estimates that the total costs of reaching net zero are likely to amount to around 2% of UK GDP per year, with a significant proportion of this investment expected to come from the private sector. On a global level, delivering the UN Sustainable Development Goals (SDGs) will likely require around £3.5 trillion in additional annual investment⁵. All of these numbers highlight the sheer scale of investment required to address both the environmental and social challenges the UK and wider globe is facing.

While governments play a critical role in setting policy direction and catalysing investment, fiscal constraints and competing spending priorities mean that significantly greater mobilisation of private investment is required. Public development finance alone is insufficient to meet global sustainability objectives⁶. This makes the mobilisation of private capital central to achieving net zero goals.

In 2024, the total amount invested by private equity and venture capital (VC) in UK businesses was £29.4bn, which was itself a 44 per cent increase on the amount invested in 2023⁷. Private capital invests for the long term, with an average investment period of around 6 years, in contrast to less than a year in public markets.⁸ UK-based private capital specialists⁹ have raised £190bn of funds, known as dry powder, which is expected to be invested over the next three to five years. This is capital which will be invested in British businesses, across every corner of the UK and in every sector. The vast majority of this investment will be directed to SMEs, some of which will be in the process of decarbonising and many which have yet to truly start.

The industry is not just investing in the wider business population that will need to take significant steps to transition. Private capital is also backing innovative companies that are at the forefront of the green transition. Global private equity climate investment transactions amounted to \$73 billion in 2024¹⁰. Looking closer to home, European Climate Tech VC investment is eight times higher than a decade ago, totalling \$4 billion¹¹. In the European Union (EU), more than 40%

of climate and clean tech VC deals in 2025 were over USD5mn, up from under 10% in 2019, indicating a shift to larger, capital-intensive projects¹². According to the BBB, greentech accounted for 16% of total investment in 2024, up from just 5% over the period 2014–2016¹³, indicating a significant strengthening of private capital allocation to innovative technologies.

Private capital has the unique ability, through its collaborative and growth-driven approach, to support businesses to operate more sustainably. It also has a formidable track record of backing innovative companies that are essential to tackling environmental and social challenges. When coupled with its strong focus on value creation, the industry is pivotal to help the UK Government deliver both its economic growth ambitions and its sustainability goals.

³ Green Finance Institute. (2021) *The Finance Gap for UK Nature*

⁴ Climate Change Committee. (2025) *The Seventh Carbon Budget*

⁵ United Nations. (2025) *UN warns of \$4 trillion shortfall threatening global development goals*

⁶ World Bank. (2017) *Maximising Finance for Development*

⁷ UK Private Capital. (2025) *Report on Investment Activity*

⁸ UK Private Capital. (2025) *Report on Investment Activity*

⁹ UK Private Capital. (2025) *Investing in a better economy*

¹⁰ BCG. (2025) *Sustaining the Private Capital Opportunity in Climate*

¹¹ Deal Room. (2025) *Climate x resilience Tech in Europe*

¹² HSBC. (2026) *Why ESG Matters: Climate tech VC boosts net zero transition.*

¹³ British Business Bank. (2025) *Examining the patient capital problem for green technology start-up and scale-up businesses*



Private capital is a natural partner in the UK's transition to a net zero, climate resilient and nature-positive economy

Private capital already plays a significant role in driving economic growth, supporting businesses and jobs across the UK. The industry currently backs 13,000 British businesses, more than half (52%) of which are located outside of London.¹⁴ Businesses backed by the industry employ 2.5 million people across the UK and contribute 7% of GDP¹⁵. The majority of these businesses will be making the transition to becoming more sustainable over the next decade, and they will be supported by owners that are perfectly positioned to support their efforts.



HAWKSMOOR

[View case study](#)

Hawksmoor, backed by Graphite Capital, are an example of a business partnering with suppliers to support the transition to more sustainable and responsible food systems.



Private capital is central to powering this transition in the following ways:

SME focus: 9 in 10 businesses supported by private capital are SMEs. Investors play a critical role in helping these unlisted (and sometimes high emitting) businesses work towards decarbonisation (alongside broader sustainability goals) over an average 6-year investment period and beyond.¹⁶

Driving value: Private capital backers need to know their business will be sustainable for a future buyer, and they have the patience and knowhow to make the changes needed. This coupled alongside the long-term investment time horizons typical of private capital and their active ownership model mean private capital backed companies are inherently future-facing and proactively identifying opportunities to drive growth and create value.

Expertise at backing and scaling innovation: Private capital investors are key to backing the innovative UK businesses who are developing transformative solutions to the challenge of net zero and climate change, providing long-term investment into sectors such as clean energy, low-carbon fuels, electrification, energy efficiency and nature-based technologies.

¹⁴ EY | UK Private Capital. (2026) Economic contribution of UK private equity and venture capital in 2025

¹⁵ EY | UK Private Capital. (2026) Economic contribution of UK private equity and venture capital in 2025

¹⁶ UK Private Capital. (2025) Report on Investment Activity 2024

Private capital is a natural partner in the UK's transition to a net zero, climate resilient and nature-positive economy

Private capital's focus on SMEs

According to World Economic Forum (WEF) data, SMEs are responsible for approximately 60% of global business emissions¹⁷. With around 90% of private capital investment directed into SMEs¹⁸, the industry has the unique ability to reach parts of the market that other investors often cannot. This deep presence across the SME landscape, combined with private capital's long-term average investment period of approximately 6 years, and strategic influence (through its majority or significant minority ownership stakes) means private capital can be a powerful driver for sustainable economic growth.

This same reach also enables private capital to play a significant role in boosting regional investment and growth across the UK. As detailed above, the majority of British businesses backed by the industry are located outside of the capital¹⁹. The private capital industry is therefore a key partner for accelerating nation- and region-led economic growth, ensuring the green transition can be felt in every part of the UK.

¹⁷ World Bank. (2025) *Sustainability Meets Growth: A Roadmap for SMEs and Mid-Sized Manufacturers*

¹⁸ UK Private Capital. (2025) *Report on Investment Activity 2024*

¹⁹ EY | UK Private Capital. (2026) *Economic contribution of UK private equity and venture capital in 2025*



FUTURE
INDUSTRIAL SERVICES

[View case study](#)

Future Industrial Services, backed by NorthEdge, are an example of a business demonstrating how long-term investment can support the sustainable scaling of industrial service SMEs.

Medik8

[View case study](#)

Medik8, backed by Inflexion, demonstrate how sustainability can be leveraged as a driver of long-term value with the support of patient growth capital.

Private capital is a natural partner in the UK's transition to a net zero, climate resilient and nature-positive economy

Private capital's focus on driving growth and creating and protecting value

Under the active ownership model, private capital investors take an engaged, hands-on role to support companies in strengthening governance, improving performance and delivering long-term growth. This approach means their impact extends far beyond just providing finance. By combining patient capital with close collaboration, private capital firms help portfolio companies build resilience and embed environmental efficiency and social considerations into their business. Furthermore, given private capital backed SMEs are often critical players in the supply chain of large corporations their decarbonisation plays an important role in enabling the wider economy to reach net zero goals.

Private capital's role in driving growth and creating value is further supported by the increasing body of evidence demonstrating that integrating Environmental, Social and Governance (ESG) and wider sustainability considerations drives value, bolsters resilience and makes for a smart business strategy – all of which are key considerations to a private capital investment approach. Given the

typically long holding periods, issues such as climate change become a particularly material consideration. Acting now to enable innovative decarbonisation can be a critical enabler to enhance operational performance today, as well as contributing to stronger financial returns in the future.

Furthermore, as regulation of the real economy and sustainability regulatory reporting expectations rise, the sector is increasingly incentivised to allocate capital to green technologies and sustainable business models that can create or protect value in the long term.

As a result, the private capital industry continues to demonstrate its commitment to investing in sustainable businesses and incorporating sustainability factors into its operating models through increasing levels of target setting, tracking and reporting:

- Private capital firms are aligning strategies with sustainability disclosures and adopting science-based targets. UK Private Capital's annual ESG survey showed that in 2024, more than three quarters (**78%**) of large PE & VC backed firms employing more than 250 people tracked Scope 1 (direct) emissions of greenhouse gasses. A similar proportion (**79%**) report Scope 2 (indirect energy-related) emissions, while **75%** stated that they track Scope 3 (indirect value chain) emissions from businesses in their supply chain. This represents a notable improvement compared to 2021 where around 50% of large PE & VC firms tracked their Scope 1 & 2 emissions while only **29%** tracked their scope 3 emissions.
- **34%** of large UK private capital-backed firms that have responded to our survey have a net zero target, up from **24%** in 2021 and **19%** of funds account for biodiversity considerations as part of their investment process, up from **15%** in 2023²⁰.
- VC-backed businesses in the UK lead comparative countries in their reporting. Reframe Ventures (formerly known as Venture ESG) found that **26%** of UK start-ups measure their carbon footprint compared to **23%** in Europe and only **8%** in the US²¹.
- UK Private Capital data shows that at least **£128bn** has been raised by funds managed by UK Private Capital members under SFDR Article 8/9 (or who act as if they are SFDR Article 8/9) between 2021-2025.²²

²⁰ UK Private Capital. (2025) *Creating Sustainable Growth: Private Capital at Work 2025*

²¹ Reframe Venture. (2025) *Cutting through the noise: Embedding materiality into ESG in start-ups*

²² UK Private Capital. (2026) *UK private capital internal Activity & ESG dataset analysis*



Private capital is a natural partner in the UK's transition to a net zero, climate resilient and nature-positive economy

Private capital's expertise on backing innovation

Private capital investment helps turn research and development into thriving businesses, creating jobs and driving economic growth. The UK is a major international hub for technological innovation, with entrepreneurs, university spin-outs and innovative start-ups creating products and services that meet the needs of a changing economy. Venture capital, in particular, supports innovation-led growth by providing long-term risk capital and expertise to early-stage and scaling companies across sectors including technology, life sciences, deeptech and climate.

This type of funding is especially important in areas with long development cycles and high upfront risk, where it enables businesses to move from research and development through to commercial scale and become globally competitive.

Private capital also plays a critical role in backing innovative companies that combat climate change, scaling sustainable infrastructure and bridging financing gaps that public markets often cannot reach. In addition, it supports export growth and the UK's international competitiveness, with investment spanning clean energy manufacturing and early stage innovation. This enables UK firms to maintain access to global markets and

capture growth opportunities in the green economy, even during periods of wider economic weakness.

From an innovation perspective, recent research from the BBB has shown that the UK greentech market has expanded rapidly in recent years. The number of greentech deals into UK companies has increased by 495% from 2011 to 2022, standing at 357 deals in 2022. Over this period, the volume of equity investment into greentech companies increased by 833% to £2.6bn. In this context, greentech includes companies developing innovative technologies such as artificial meat, biomass and biofuels, smart energy solutions and electric and hybrid vehicles.²³

²³ British Business Bank. (2025) *Examining the patient capital problem for green technology start-up and scale-up businesses*

GREENWORKX

[View case study](#)

Greenworkx, backed by Ufi Ventures, are an example of an innovative edtech business driving positive social outcomes and enabling sustainable and inclusive economic growth.

Material Exchange

[View case study](#)

Material Exchange, backed by Molten, are an example of a business actively accelerating the circular economy by unlocking value from surplus materials and reducing waste across supply chains.



Private capital is a natural partner in the UK's transition to a net zero, climate resilient and nature-positive economy

Private equity as a driver of UK resilience

Resilience is increasingly synonymous with sustainability. By investing in low-carbon technologies, climate adaptation measures and critical infrastructure supply chains, private equity can strengthen UK energy security and support a crisis response that aligns with long-term climate goals. In doing so, it enhances the UK's capacity not only to withstand future shocks, but also to transition towards a more sustainable and future proof economy.

Private equity has proven to be a critical resilience mechanism, and tends to outperform wider capital markets, during periods of crisis by providing flexible, long-term financing that can be rapidly deployed to support businesses, infrastructure and essential services. By complementing public sector interventions, private investment can help stabilise markets, maintain economic continuity and enable faster recovery across communities and industries.

The evidence shows that private equity firms have a very strong track record of performing well during periods of market dislocation, such as the Global Financial Crisis (GFC), or, more recently, the COVID-19 pandemic. Research into business performance during the GFC found that PE-backed companies increased

investment in their businesses' resilience relative to their peers and had access to greater financial resources – both debt and equity financing.²⁴ An International Organisation of Securities Commissions (IOSCO) report from September stated it is “notable that private finance markets navigated the COVID-19 crisis without experiencing significant losses.”²⁵ The academic research also finds evidence that PE-backed firms' sales, employment and earnings were more resilient compared to closely matched industry peers during the pandemic.²⁶



[View case study](#)

H&MV Engineering, backed by Exponent, are an example of a business strengthening energy system resilience while enabling the energy transition through critical power, grid and renewable infrastructure.



[View case study](#)

Nova Pangaea Technologies, backed by PXN Group, are an example of a business developing advanced bio-based materials that support the transition to a cleaner, more resilient economy.

²⁴ NBER. (2017) *Private equity and financial fragility during the crisis*

²⁵ IOSCO. (2023) *Thematic Analysis: Emerging Risks in Private Finance*

²⁶ Journal of Corporate Finance. (2024) *The performance of private equity portfolio companies during the COVID-19 pandemic*



The regulatory landscape and barriers to unlocking sustainable investment

The UK Government recognises that transitioning to a net zero, climate resilient and nature-positive economy can underpin long-term economic growth. The Industrial Strategy highlights clean energy as a key lever for achieving net zero, strengthening energy security, supporting the transition, and creating high quality jobs.²⁷ The UK has also signalled its ambition to be a global leader in sustainable finance, including through efforts to scale its impact economy – reflecting the vital role that investment and innovation can play in achieving national missions such as ‘breaking down barriers to opportunity’ and ‘establishing Britain as a clean energy superpower’.

In recognition of this, the global sustainability policy and regulatory landscape is evolving within many jurisdictions, including the UK and EU, now entering a period of refinement following an initial wave of new requirements. This presents an opportunity to recalibrate how policy strategies can be effective in attracting capital flows for the green agenda, enable decision-useful disclosures and increase transparency and accountability.

The first wave of regulations initially focused on helping financial market participants to understand and manage the risks and opportunities associated with the climate emergency, while also providing the guardrails to prevent green washing. However, as the agenda has matured, regulators and policymakers – particularly in the UK and EU – are now more focused on ensuring these frameworks are proportionate, effective and support competitiveness and growth which is an appropriate approach to ensure data remains valuable to users.

This has prompted regulators and policymakers to reassess existing frameworks to improve clarity, reduce burdens and ensure the rules work as intended. Recent positive developments include the UK’s move from Task Force on Climate-Related Financial Disclosures (TCFD)-aligned reporting towards International Sustainability Standards Board (ISSB) based standards to streamline disclosures and bring the UK closer to a globally consistent baseline. In addition, the UK Government decided not to proceed with a UK-specific green taxonomy due to concerns that the added complexity outweighed the potential benefits.

²⁷ Department for Business and Trade. (2025) *The Modern Industrial Strategy White Paper*



The regulatory landscape and barriers to unlocking sustainable investment

A further positive step is the Department for Business and Trade's (DBT) recognition of the value of credible sustainability-related information for investors, reflected in its engagement through interviews and discussions to identify the climate-related and other non-financial disclosures most relevant to investors and other users. Research commissioned by DBT estimated that the provision of non-financial information through current requirements is worth £11-£26 billion per year to UK investors. DBT further estimates that UK asset managers currently incur £140-£230 million per year in costs to use non-financial reporting information.²⁸ Efforts should therefore focus on preserving reporting requirements that deliver clear value while removing those that are unduly burdensome.

The challenge — and opportunity — lies in designing competitive regulatory and policy regimes that support growth and market confidence, safeguard the financial system, and enable private capital to continue flowing towards the green transition and broader sustainability goals. However, significant barriers continue to impact private capital flows for the green agenda – these include:

1. **UK pension funds continue to under-allocate to private capital funds**, limiting their ability to make impact-driven investments. Though there has been a number of positive commitments made in recent years, such as the Mansion House Compact, existing levels of investment remain low relative to other countries, and we are yet to see much tangible progress that this is changing.
2. **Policy uncertainty coupled with jurisdictional differences in regulatory expectations** have also fuelled periodic sustainability backlash against sustainability initiatives, driven mainly by political actors rolling back climate and ESG commitments. Examples include rollbacks of climate regulations, withdrawal of support for multilateral frameworks such as the UN SDGs, and pauses or pushback on disclosure rules in major jurisdictions, including the US and EU. These shifts heighten policy volatility and reduce the regulatory predictability needed for long-term investment.
3. **The focus on data integrity and verification is intensifying scrutiny.** Investors require high-quality, decision ready information to justify sustainability linked investment decisions, yet such data can be limited or inconsistent, particularly for nature- and social-related issues which are newer topics.

²⁸ Department for Business and Trade. (2024) *Value of Non-Financial Reporting to Investors*



Policy recommendations

Private Capital's hands-on approach — often centred on supporting regional SMEs — combined with its strong track record in backing high-growth, innovative businesses, positions it as a natural partner in helping the UK achieve its net zero ambitions and transition to a green economy.

The industry manages a substantial share of the real economy, with many parts specifically focused on generating positive environmental and social outcomes. This includes direct investment in businesses that enable the green economy, even when these investments are not formally labelled as 'green', as well as explicitly sustainability focused investment strategies.

To realise the UK's climate and economic goals, every part of the private capital investment chain must operate efficiently and effectively. This requires tailored and well aligned policy levers that recognise the distinct roles, strengths, and contributions of each component – within this interconnected system.

On the next page we have listed out our key policy recommendations, which help address the challenges in section 3 above, enabling private capital to support the Government's net zero and green-transition ambitions.



Private capital requires well-supported access to diverse financing sources to deliver the green transition

Clear, consistent and ambitious government policy on pensions, innovative public/private investment commitments and investing for impact are essential for catalysing capital flows and building investor confidence to support the green transition. Government can achieve this in the following ways:

Offer policy certainty and clarity to underpin investor confidence

- **Access to capital for the green transition**, including for companies not explicitly labelled as green but contributing to it, will accelerate if supported by consistent, long-term policy development and direction. This requires cross party consensus on where the UK can be a global leader and a first mover, to minimise disruption to investor confidence from political cycles and unexpected global events.
- **Investors need confidence in the long-term financial viability of green investments.** Clear policy direction is essential to give the market certainty to enable capital to flow towards the technologies best able to drive the transition. This should include offering domestic, early-stage green technologies the same level of policy clarity and focus currently afforded to largescale infrastructure projects. These emerging solutions can deliver comparable decarbonisation benefits or support larger companies in reducing supply chain emissions. Creating attractive and scalable markets for priority technologies will strengthen the UK's overall pathway to net zero.
- **Government must deliver on the long-term vision set out in the Industrial Strategy** and the commitment to driving growth in the eight priority sectors. This consistency will build investor confidence and help to fully realise the potential of capital deployment from public finance institutions like the BBB, National Wealth Fund and GB Energy.



Policy recommendations

Accelerate deployment of pension investment into private capital through strong Government leadership

- Given the continued low levels of investment into private capital by the UK's Defined Contribution (DC) pension funds, the Government should continue to provide leadership to ensure that the Mansion House Compact commitments are met. The Government also needs to ensure that UK pensions move away from an undue focus on cost, which has been to the detriment of savers, and private capital investment.
- The Local Government Pension Scheme (LGPS) is well placed to support local and place-based impact opportunities and has a strong history in doing so. As the reforms in England and Wales take effect – which will see significant consolidation of assets into pools – it is important that the scheme is able to expand these investments. It is important that the LGPS pools and funds work together and that the expertise and resources are in place to make smaller investments in regional private capital funds.

Increase capital flows towards VC that back climate tech solutions

- Venture capital investors support domestic, early-stage green technologies that align with net zero ambitions. They need easily deployable and replicable innovative finance mechanisms that can absorb risk and support longer investment horizons. This includes collaborative public and private debt and equity investment approaches, clearer long term signals and increased investment in high impact technologies that accelerate progress towards net zero.
- Government must strengthen the pipeline of investable climate tech companies by expanding and simplifying support for R&D-intensive businesses, including R&D tax relief and stronger support for university spinouts developing climate solutions.

- Government must ensure VC investors have access to risk-absorbing public finance tools that crowd in private investment into early-stage climate technologies, including through programmes delivered by institutions such as the BBB.
- Government must enable and encourage collaboration between larger financing institutions, such as the National Wealth Fund and GB Energy, and those providing lower investment volumes, including the BBB and Innovate UK, so they can work together to support the wider supply chain, including innovative, high-growth companies typically backed by venture capital. By ensuring that funding and policy support also reach these critical parts of the ecosystem, the Government can help build a resilient, competitive and future-ready green economy.



Policy recommendations



Expand innovative finance mechanisms to support the real economy to achieve net zero

- Government needs to better understand, support and build capacity to facilitate the expansion of innovative finance sources such as blended and transition finance, which will play a critical role in the move to a net zero economy. To achieve this goal the Government should continue to support the work of initiatives such as the Transition Finance Council's Just Transition Finance Labs, ensuring that lessons learned and research undertaken inform future approaches to policy, public capital provision and public-private partnerships.

Capitalise on the UK's position as a world leader in impact investing

- Government should work closely with UK Private Capital and its Impact Investing Taskforce to identify barriers to scale, including how to attract more UK institutional capital and leverage our position as a global centre of excellence to continue to attract capital from outside the UK.²⁹
- Drawing on the UK's position as a centre of excellence for impact investing, policy makers should increase their understanding of the role and value of private capital in impact investing. As outlined in the "staircase model of impact capital" (produced by the Social Investment Advisory Group's final report) private capital has a significant role to play in impact investing.³⁰ Delivering Government missions using impact-led venture capital and private equity presents a significant opportunity to accelerate national renewal. To achieve this goal the Government should continue to support the work of initiatives such as the Transition Finance Council's Just Transition Finance Labs, ensuring that lessons learned and research undertaken inform future approaches to policy, public capital provision and public-private partnerships.³¹

²⁹ City of London Corporation & UK Private Capital. (2024) *The UK - A Centre of Excellence in Impact Investing*

³⁰ Social Impact Investment Advisory Group. (2025) *Mobilising the impact economy as partners in national renewal*

³¹ City of London Corporation, UK Private Capital, Impact Investing Institute and Better Society Capital. (2025) *Delivering Government missions using impact-led venture capital and private equity*



Policy recommendations

Private capital needs competitive and proportionate regulation and reporting requirements to drive sustainable outcomes in the real economy

Sustainability reporting regulation that is proportionate, interoperable and produces decision-useful data is critical to driving sustainable outcomes in the real economy. To maintain and bolster the UK's position as a world leader in sustainable finance, the Government must ensure that burdensome regulation does not impede capital flow and constrain investment. It must also ensure that reporting translates to outcomes that drive action on sustainability, rather than becoming a "tick box" or compliance exercise.

Government should implement the following principles when developing and refining sustainability reporting requirements:

- Continue to focus on materiality and set the required guard rails to best practice and minimum requirements without creating "tick-box" requirements.
- Ensure that sustainability regulation and disclosure is not burdensome for smaller businesses and prioritises areas that will have the greatest impact. Consider the knock-on effects that policy implementation for larger companies can have on resource-constrained SMEs in the supply chain and make allowances for that – and support all parts of the value chain to transition through proportionate regulation.
- Maintain a principles-based, proportionate and interoperable approach to developing any further regulation around incentives, governance and capacity, ensuring strategic goal alignment across geographies including the ability to reference equivalent reporting, where appropriate.

- When introducing future new regulations or frameworks that interface closely with existing ones, it is essential to assess their reciprocal impacts and to enable clear signposting of reporting where requirements are similar, helping organisations navigate overlaps and reduce unnecessary duplication.
- Ensure that emerging regulations and standards (Transition Plans, implementation of UK SRS, TNFD etc.) are not solely designed for public markets as this risks rendering them impractical for private markets and could inadvertently slow capital flows from private investors due to unnecessary complexity. This extends to the Modernising Corporate Reporting programme, ensuring that non-financial reporting remains fit for purpose for private capital.

Drive standardisation and alignment by galvanising private capital industry best practice, further seeking to improve data quality and transparency. UK Private Capital has identified many of the challenges associated with data capture and reporting and has developed the [UK Private Capital Sustainability Reporting Hub](#) to support private capital with data convergence, effective engagement and good practice among investors, fund managers and portfolio companies.



Where private capital is making an impact

Leveraging sustainability to deliver long-term sustainable value

Future Industrial Services

Backed by NorthEdge

- 📍 Merseyside
- 🕒 Circular economy-focused business

Future Industrial Services (FIS), based in Merseyside, operates the only industrial-scale mercury recovery facility in the UK. FIS works with Government, major utility, and multinational companies, supporting them in processing waste responsibly.

Throughout the investment period NorthEdge supported FIS in improving its ESG credentials, including investments in the team and facilities, completing three strategic acquisitions to expand its sustainable service offerings and geographical coverage across the UK.



David Lusher, CEO of FIS during NorthEdge's investment said:

"Since investment, the NorthEdge team have supported us to restructure the business to drive commercial and operational efficiencies and continuously encouraged us to invest in and evolve our approach to ESG, which has seen us make improvements to our business in every area."

"Our [Quality, Health, Safety and Environment] (QHSE) performance is critical for us to maintain operating licences; our approach to people has supported our business to grow; and the launch of a number of new sustainable services has allowed us to support our customers to achieve their ESG goals. As a result, we have become a more sustainable business in every sense of the word and successfully created meaningful value for all of our stakeholders."



Where private capital is making an impact

Leveraging sustainability to deliver long-term sustainable value

**GREENWORKX**

Greenworkx

Backed by Ufi Ventures

-  London
-  Climate EdTech business

Greenworkx is a leading workforce platform for the green economy backed by Ufi Ventures, built to address the biggest bottleneck to the energy transition: the lack of people with the right skills.

Greenworkx provides the digital infrastructure for employers to train, certify and upskill the talent – from energy advisors to retrofit installers – needed to deliver net zero homes, roads and energy systems. Its aim is to place 10 million people into green jobs within 10 years.

Launched in 2022, Greenworkx has built a community of over 10,000 aspiring workers and trained 500+ people in accredited retrofit qualifications. In 2024, Ufi Ventures invested in Greenworkx, recognising the urgent need for clearer, more accessible pathways into green jobs and the role VocTech can play in unlocking opportunity at scale. Now working with enterprises on large scale home decarbonisation programmes, Greenworkx is supporting economic resilience and social mobility, earning recognition as a Blue Earth Summit BE100 winner.

Where private capital is making an impact

Leveraging sustainability to deliver long-term sustainable value



H&MV Engineering

Backed by Exponent

-  Limerick
-  High-impact transition infrastructure business

H&MV Engineering is a specialist in high-voltage electrical engineering, providing mission-critical infrastructure to support the transition to low-carbon energy systems across the UK and EU.

Since Exponent's investment in 2022, the company has grown from 240 employees at acquisition to over 1,300 today. H&MV has also embedded a strong ESG ethos across its operations, making it a recognised leader in sustainable engineering. With private capital support, H&MV has accelerated the build-out of renewable energy infrastructure, supporting 6.12GW of projects that collectively avoid an estimated 4.69 million tonnes of CO₂ emissions. The business has invested in innovation, developing lean engineering practices and a carbon calculator that have reduced the carbon footprint of its substation builds by 80.5%.

Where private capital is making an impact

Leveraging sustainability to deliver long-term sustainable value

Hawksmoor

Backed by Graphite Capital



London



Decarbonising restaurant group with sustainability-aligned strategies

Hawksmoor is the operator of 14 premium steak restaurants, eight of which are in London, with one in each of Manchester, Edinburgh, Liverpool, Dublin, Chicago and New York. Established in 2006 by two entrepreneurs, it has since built a strong reputation for serving consistently high-quality food and providing outstanding customer service.

Hawksmoor has embedded ESG at the core of its business model, aligning commercial success with positive environmental and social outcomes. The company achieved B Corp certification in 2022, joining a relatively small but growing group of B Corp-certified restaurants globally. This has provided a structured framework to measure and continually improve its impact, while reinforcing its position as a responsible operator within the hospitality sector.

From an environmental perspective, Hawksmoor has become a carbon-neutral restaurant group and has committed to achieving net zero by 2030. It works closely with its supply chain, including UK beef farmers who are also progressing towards net zero targets, and continues to focus on reducing its operational footprint. These initiatives not only support sustainability goals but also enhance operational efficiency and resilience over the long term.

Graphite embeds ESG within its investment strategy and works in close partnership with Hawksmoor's management team to advance its ESG agenda. Together, they identified relevant ESG KPIs, targets and metrics to support effective measurement and management. Progress is reviewed regularly at board level, with ongoing dialogue to ensure appropriate resourcing, continuous improvement and alignment with long-term value creation objectives.



HAWKSMOOR



Where private capital is making an impact

Leveraging sustainability to deliver long-term sustainable value



Material Exchange

Backed by Molten

- Stockholm
- Transition, circular economy-focused fashion company

Material Exchange is a Swedish fashion tech start-up that is changing the way the fashion industry sources materials and products to be more efficient, transparent, and sustainable. Their Digital Sourcing Platform and services allows material suppliers to showcase their materials more effectively to fashion brands, and fashion brands to find the materials they need in a fraction of the time.

Material Exchange's international team is focused on transforming how the fashion industry sources materials within its day-to-day operations. They seek to measure and reduce the impact of their daily performance and global operations. In practice, this means following a social commitment to inspire sustainability mindsets; an environmental commitment to reduce planetary impacts; and an economic commitment to drive sustainable growth.

With Molten's direct support Material Exchange has launched several ESG-related policies including a Whistleblowing Policy, an Anti-corruption and Bribery Policy, and a Health, Stress, and Wellbeing Policy.

Where private capital is making an impact

Leveraging sustainability to deliver long-term sustainable value

Medik8

Backed by Inflexion



Elstree



Sustainability-led British skincare brand

Medik8 is a premium British skincare brand which was back by Inflexion in 2021. From the outset, its ambitions aligned with Inflexion's stewardship approach, which encourages portfolio companies to develop net zero pathways and, where relevant, pursue leading sustainability practices.

In 2022, Inflexion supported significant investment in Medik8's new innovation centre, built by a net zero construction company. This enabled the complete removal of fossil fuels from operations and a switch to 100% renewable energy, a major milestone towards Medik8's target of net zero by 2040, a decade ahead of the Paris Agreement goal.

Sustainability is also embedded in Medik8's product offering. In 2024, Medik8 launched its most sustainable packaging to date with a reusable jar format. Over 22% of customers opted for refills, saving almost 9 tCO₂e and nearly 5 tonnes of material. The success from this initiative is now being used to inform future product upgrades.

In 2024, Medik8 became received its B Corp certification with support from Inflexion, joining a select group of just 66 beauty manufacturers worldwide to meet this rigorous standard. The company also became a UN Global Compact signatory and launched its refreshed sustainability strategy, Medik8 Made, following its first materiality assessment with Inflexion's input.



Where private capital is making an impact

Leveraging sustainability to deliver long-term sustainable value



Nova Pangaea Technologies

Backed by PXN Group

- 📍 Stockholm
- 🕒 Clean energy company developing sustainable aviation fuels

Nova Pangaea Technologies (NPT) is an innovative clean energy company supported by PXN Group and now the UK Department of Transport. NPT's REFNOVA® process converts woody and non-food derived agricultural biomass waste into 2G ethanol and biochar, which is used to produce sustainable aviation fuel (SAF) and to naturally sequester carbon, respectively. Combined on a lifecycle basis (total climate impact of the entire production chain), the 2G ethanol and biochar production enables the delivery of carbon negative aviation fuel.

NPT has partnered with British Airways and LanzaJet to deliver Project Speedbird, which will produce 102m litres of SAF annually, reducing CO2 emissions by 230,000 tonnes per year on a net lifecycle basis. Construction of the first plant in Grangemouth, Scotland will see hundreds of jobs created throughout the supply chain in rural Scotland and North England, as well as 45 full-time, green, local and highly skilled jobs on site once in operation³².

³² Nova Pangaea Technologies. (2025) *Personal communication*

How UK Private Capital is helping its members

Sustainability policy

UK Private Capital's sustainability policy work is driven by its [Sustainability Committee](#) and five action-orientated Taskforces covering Green Finance, Sustainability Regulation and Reporting, Value Creation, Diversity and Impact Investing.

The Sustainability Committee supports UK Private Capital by shaping members' knowledge, building policy positions and promoting policy asks on the sustainability agenda. This includes wider net zero, climate change, social and impact investment issues as well as other relevant topics. The Committee also plays a key role in empowering industry members to integrate sustainability and or impact investing approaches into their business strategies by offering practical guidance and insights, creating tangible value for companies.

Our responses to some of our most recent sustainability consultations can be found below:

- We have provided [feedback](#) on the Exposure draft of UK Sustainability Reporting Standards: UK SRS S1 and UK SRS S2, which noted the need for a focus on materiality, improved flexibility and interoperability, alongside the development of tailored tools and templates.
- We have been playing a leading role in the work of the Transition Finance Council on scaling

transition finance including [responding](#) to the Entity-level Transition Finance Guidelines and feeding into and drafting sector specific guidance for private equity and credit. We highlighted the need for well defined, practical guidelines — supported by real world examples relevant to private markets — to clarify what constitutes a credible transition plan to help close the gap between ambition and implementation.

- Our [response](#) to the Transition Plan Requirements consultation emphasises that requirements must be proportionate for smaller entities and avoid boilerplate reporting. Regulation should support realistic targets, transparent adjustments and long-term flexibility, while retaining robust interim milestones to ensure credible progress.
- Our [response](#) to the Department for Environment Food and Rural Affairs' (DEFRA) call for evidence in Expanding the Role of the Private Sector in Nature Recovery highlighted the need to strengthen nature markets, establish a clear and stable policy environment for nature-related reporting and build education and capacity to support the integration of nature considerations.

In addition to our responses to government consultations, we have produced several publications and data to showcase the UK's leadership role in sustainability, including:



Pensions policy

Following the Mansion House Compact in 2023, UK Private Capital set up the [Pensions & Private Capital Expert Panel](#) to consider how the commitments would be taken forward. The panel produced an [Interim Report](#) in 2024, and a [Final Report](#) in 2025, setting out a number of recommendations for industry and Government.

UK Private Capital now has two panels in place to direct its work across the pensions landscape, one focused on DC, and another on the LGPS. It is also involved in a number of external initiatives, such as the Sterling 20, and continues to actively engage with the Government and wider stakeholders on reforms to the UK's pension landscape.

How UK Private Capital is helping its members

Sustainability knowledge hubs

Our sustainability focused knowledge hubs contain practical resources to help members navigate challenges and seize opportunities, through sharing of best practice and knowledge.

Responsible Investor Toolkit

The [Responsible Investor Toolkit](#) is a guide that provides a high-level summary of how investors can build and implement their ESG Strategies, the key elements to consider, and signposts tools and best practice guidance. It includes information on best practice approaches to embedding and responding to ESG for the VC community from both a GP to portfolio and an LP to GP perspective.

Impact Investor Knowledge Hub

The [Impact Investor Knowledge Hub](#) provides insights on the UK's impact investing landscape and how firms can approach impact investing with tools on how to measure, manage and disclose impact.

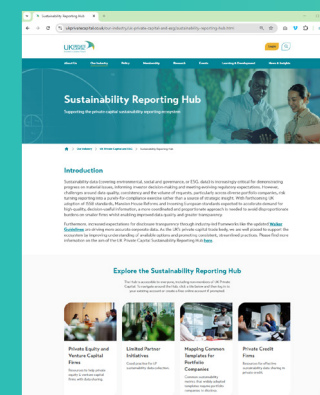
Learning & Development

We offer short-format training courses to both members and non-members (including policy officials) to equip new and existing sustainability professionals and investment teams with the knowledge to navigate sustainability-related challenges and opportunities. UK Private Capital's portfolio of sustainability courses include:

-  [Diversity, Equity & Inclusion \(DE&I\) Strategy](#)
-  [Impact Investing for VCs](#)
-  [Leveraging Sustainability to Build Better Businesses](#)

Sustainability Reporting Hub

The [Sustainability Reporting Hub](#) is a navigational resource designed to improve the effectiveness of sustainability reporting in private capital by promoting convergence and transparency across the investment spectrum. It clarifies the role and value of existing sustainability frameworks, templates and guidance, outlines good practice considerations for achieving convergence and recognises the need for proportionate reporting requirements across different investment stages. It supports Limited Partners (LPs), General Partners (GPs) and portfolio companies in delivering meaningful sustainability reporting.



How UK Private Capital is helping its members

UK Private Capital awards

UK Private Capital's awards provide us with an opportunity to celebrate and showcase outstanding performance within our membership. Our awards recognise high growth leaders, our members' outstanding commitment to responsible and impact investment, and the best teams backed by private capital.

Excellence in Sustainability Awards

Celebrates firms from across the private capital ecosystem that have made an outstanding commitment to responsible investment principles. The [initiative](#) recognises the vital work our members are undertaking to embed responsible investment principles and practices and provides a platform to demonstrate our industry's commitment to sustainability.

Excellence in Impact Awards

Celebrates our members' commitment to making an environmental and social impact, alongside making financial returns. The [initiative](#) aims to showcase best practice in impact investing; alongside the environmental and social solutions our members are facilitating through their portfolio companies.



Glossary of terms

B Corp

A certification awarded by the nonprofit B Lab to companies that meet verified high standards of social and environmental performance, transparency and accountability. B Corps are assessed across areas such as governance, workers, environment, community, and customers, and must legally commit to considering impacts on all stakeholders.

Cleantech

Technologies and solutions that improve environmental performance while delivering commercial value, typically by producing cleaner energy, increasing efficiency or reducing waste and pollution at scale.

Defined Benefit (DB) pension schemes

A sponsor-funded investment model where the scheme is obligated to pay a pre-determined retirement income. Investment strategy is dictated by Liability-Driven Investment (LDI) principles, prioritising capital preservation and hedging against interest rates and inflation risks to ensure

the fund remains solvent to meet future payout promises.

Defined Contribution (DC) pension schemes

A member-funded investment model where the final retirement value is solely dependent on cumulative contributions and market performance. The individual bears the investment risk, typically utilising a growth-oriented asset allocation strategy that shifts toward capital preservation as the retirement date nears.

Greentech

Technologies, products, and services designed to reduce environmental harm or restore natural systems, often focusing on resource efficiency, emissions reduction, biodiversity, and sustainable use of materials.

ISSB

International Sustainability Standards Board. A global standard setter responsible for developing baseline sustainability related disclosure standards focused on investor need.

Just Transition Finance Labs

Centres that develop financial solutions to support a fair and inclusive shift to a low-carbon economy, using people-centred approaches to align climate action with social benefits and community resilience.

LGPS Pooling

The process by which administering authorities within the Local Government Pension Scheme (LGPS) in England and Wales are required to combine their investment assets into larger asset pools. This approach aims to achieve economies of scale, reduce investment costs, strengthen governance and expand access to a broader range of investment opportunities.

Modernising Corporate Reporting (MCR) Programme

A UK government initiative launched in 2025 to streamline and improve the corporate reporting framework through an integrated, “holistic” review of both financial and non financial disclosures. The programme aims to reduce reporting complexity, refocus annual reports on

decision useful information for investors and creditors, and introduce deregulatory measures while consulting widely with companies and stakeholders.

Net zero

A state in which the amount of greenhouse gas emissions released into the atmosphere is fully balanced by the amount removed, typically through deep emissions reductions and the removal of any residual emissions via natural or technological means.

SBTi

Science Based Targets initiative. A partnership that validates corporate emissions reduction targets to ensure they align with climate science and the goals of the Paris Agreement.



Glossary of terms

Scope 1 emissions

These include direct greenhouse gas (GHG) emissions from sources that are owned or controlled by an organisation. These arise from activities where the company has operational control, such as fuel burned in company facilities, manufacturing processes, or company-owned vehicles. Scope 1 reflects emissions the organisation can influence most directly.

Scope 2 emissions

These include indirect GHG emissions associated with the generation of purchased energy, typically electricity, heat, steam, or cooling, that an organisation consumes. Although these emissions occur at the site of energy production, they result directly from the organisation's energy demand.

Scope 3 emissions

These include all other indirect GHG emissions that occur across an organisation's value chain, both upstream and downstream, excluding Scope 2. These emissions arise from activities not owned

or directly controlled by the company but essential to its operations. Scope 3 includes 15 categories, such as purchased goods and services, business travel, waste, use of sold products and investments. For many sectors, Scope 3 represents the largest share of total emissions and often requires assumptions, supplier data and modelling to quantify accurately.

SFDR

An EU regulatory framework requiring financial market participants and advisers to disclose how they integrate ESG factors into investment decisions. Under the current SFDR regime, Article 6 products neither promote ESG characteristics nor pursue a sustainable objective, Article 8 products promote environmental and/or social characteristics with good-governance safeguards and Article 9 products have a dedicated sustainable investment objective aligned with "do no significant harm. The regime is currently being revised through the EU Commission's proposed "SFDR 2.0" reforms, which aim to simplify disclosures and introduce a clearer product-categorisation system.

SRS

Sustainability Reporting Standards. These include the UK SRS and EU ESRS and specify how companies must report sustainability information across environmental, social and governance topics.

TCFD

Task Force on Climate-related Financial Disclosures. A disclosure framework that helps organisations report on climate related governance, strategy, risk management, and metrics and targets.

TNFD

Taskforce on Nature-related Financial Disclosures. A global framework that guides organisations in identifying, assessing, managing, and disclosing nature related risks, impacts, and dependencies.

Transition plans

Strategic, time bound plans outlining how an organisation will adapt its business model and operations to align with a low carbon and climate resilient economy.

UN Global Compact

A voluntary UN initiative that urges companies to align with 10 principles on human rights, labour, environment and anti corruption, and to report progress annually through a Communication on Progress (CoP). It promotes responsible business conduct and supports the advancement of the UN Sustainable Development Goals (SDGs).

UN SDGs

United Nations Sustainable Development Goals. A set of 17 global goals adopted by all UN Member States in 2015 as a universal call to end poverty, protect the planet and ensure peace and prosperity for all by 2030. The goals are interconnected and aim to balance social, economic and environmental sustainability across areas such as health, education, equality, climate action and biodiversity.





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