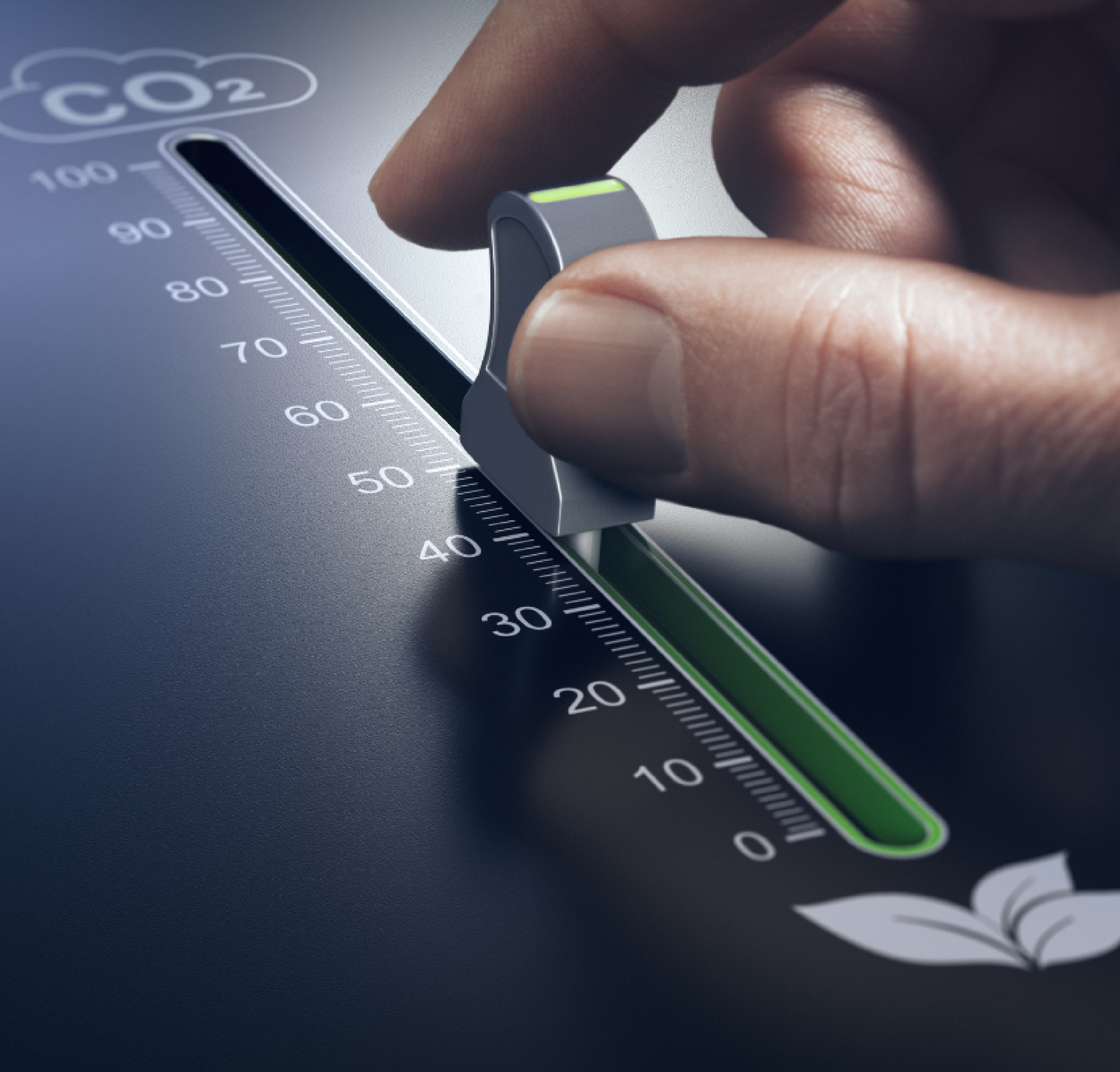
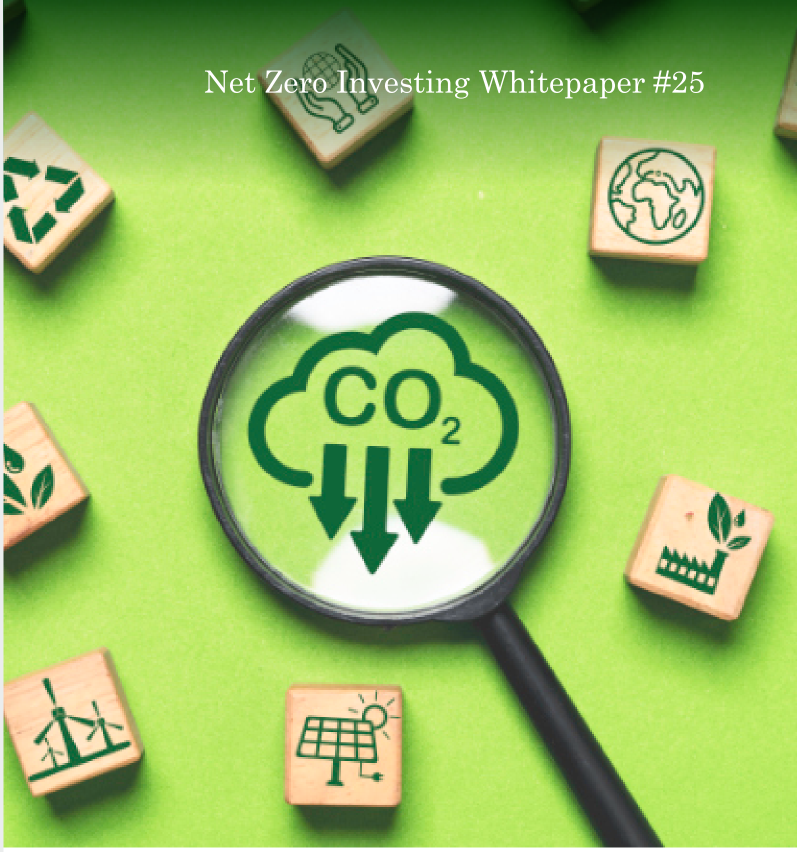
cio investment club

Whitepaper #25 April 2026

Net Zero Investing Whitepaper: From token targets to actionable, innovative solutions



From token targets to actionable, innovative solutions



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From token targets to actionable, innovative solutions

One could be forgiven for believing a backlash against net zero is underway. The US abandoned its net zero target in early 2025 and exited the Paris Agreement in January – for the second time. And where the world superpower leads, others follow. Indeed, national commitments to net zero fell from 93% to 77% of GDP over the year to September 2025, according to Net Zero Tracker.

But while some country-level policies may have been watered down, the majority of national net zero goals remain intact and regional pledges and company commitments are continuing to rise. A trend towards recalibrating net zero goals is also emerging, as organisations shift from aspirational commitments to actionable strategies.

This shift is reflected in the UK's asset management sector. At the cio investment club's Net Zero roundtable Hannah Evans, Head of Manager Research at Omnis Investments, said asset managers remain committed to net zero behind the scenes and are cognisant of the financial risk of ignoring climate change, but are conscious of optics.

"Publicly asset managers are pulling back, partly on the marketing front and partly because it's hard to know if net zero is achievable," she said. "But positively, I think overall asset managers are taking climate risk seriously in terms of it being a financial risk."

Alex Godfrey, Head of Nature Markets and Partnerships at Great Yellow, says asset managers broadly fall into two buckets; firms focused on corporate social responsibility who see sustainability as a side show to core business, and firms who identify climate and nature risk as a risk to core business and portfolios.

While recognising that asset owners have a "fiduciary responsibility to hedge against sustainability risk," Godfrey notes firms are moving away from targets to sector allocation on the belief it's a good investment.

"Arguably the most astute investors have got a toe in each camp, green and brown, betting on both, rather than being more ideological about it," he says.

In the pensions space there are grounds for cautious optimism. With many DB schemes now running on and DC schemes experiencing rapid growth, trustees are looking to invest in higher-yielding, sustainable assets.

"DC pension funds are probably just a little early in their thought process about how they can properly implement their capital in a net zero promotional manner," says Brendan McDonald, Founding Partner at Solas Private Market Advisors.

"Hopefully they will start to figure out their allocations to infrastructure, energy storage, and natural capital. Their vision is on the right trajectory, but they still need to take the step of putting the money to work."

Mobilising investment

UK Chancellor Rachel Reeves may have dubbed net zero "the industrial opportunity of the 21st century", but the challenge is securing investment in businesses that are part of the transition.

"It's often not viable to make an allocation to these projects," Godfrey says.

Great Yellow is hoping to change that.

"The reason we started the business three years ago focusing on the UK is because of its subsidies," Godfrey explains. "There's a £500m government blended finance pool allocated to landscape recovery, which creates the opportunity to mobilise private capital, because public funding covers 50% to 70% of project costs at scale," he said, adding: "We've got the subsidies to build out the infrastructure."

Godfrey is confident the cost benefits to businesses will become apparent. "We show businesses with an asset at climate risk what it's going to cost to replace it or guard it through grey infrastructure versus a nature-based solution. The business case is obvious."

Hopefully in 10 years' time, once the trailblazers have completed some of their projects, we'll have a better approach.

The discussion turns to the Department for Environment, Food and Rural Affairs (DEFRA) – which subsidises green projects in England and promotes private finance in nature markets – and how it should take corporates to task on their high carbon footprint and e-waste.

"If I was DEFRA I would make corporates pay, but also provide an incentive, such as an outcome payment," says Ashish Kumar, Adviser at Pensions for Purpose.

The problem with engaging some of the tech giants is they have been disincentivised from properly engaging in offsetting their private footprint by the political rhetoric, McDonald says.

"At Solas we're working with a group in Ireland, and engaging with government bodies, to bring capital into fund vehicles so that we can finance nature solutions, such as carbon sequestration," McDonald says. "The key is to try and find those offtakers. Hopefully in 10 years' time, once the trailblazers have completed some of their projects, we'll have a better approach."

Making carbon removal credible

The carbon credit market has had a bad press in recent years, tarnished by accusations of greenwashing, a lack of integrity, and double counting. But the Integrity Council for the Voluntary Carbon Market (ICVCM) is supporting the market through the Core Carbon Principles, 10 fundamental, science-based principles for identifying high-quality carbon credits.

"The ICVCM standard has given the carbon markets a really good benchmark of what good looks like, alongside the rise of the likes of rating agencies MSCI and Sylvera," Godfrey says.

"There is no net zero without carbon credits. Every company in the world, every portfolio in the world, will have to buy offsets or create insets to reach net zero," he adds.

Carbon sequestration projects – which physically remove existing carbon – can be used to generate credits for carbon offset markets. They differ from other offsets that simply avoid future emissions.

"It's going to take a few more years and more capital invested into the space before it becomes properly institutionalised and investors become more comfortable with the with the carbon credit market, McDonald says.

Charlie Beard, Responsible Investing Manager and Climate Lead at Pension Insurance Corporation, says the challenge with long-term investment in the carbon removal market is that carbon removal does not have any inherent value.

"Carbon removal has societal value, but to an individual business, it's not worth anything," he says. "Until it has value, or you have an offtake contract where you can guarantee the price, it will be hard to get long-term capital into it."

> *It is good to see some movement from institutional areas to look at this as a sector and scaling up*

"People are turned off to carbon despite the fact they're going to need it to get to net zero," Godfrey counters.

The key could be uniting corporations' Biodiversity Net Gain (BNG) teams, water teams and carbon teams to take a more holistic approach and make the underlying assets more investable, he says.

Kumar notes institutional investors can invest in carbon removal through the Aviva Investors Carbon Removal Fund, which launched in 2024.

The fund aims to generate and distribute high-integrity carbon-removal credits and financial returns by investing in a diversified portfolio of nature-based and engineered carbon removal solutions.

"It is good to see some movement from institutional areas to look at this as a sector and scaling up," Kumar says.

However, he says the concentration of the carbon removal is a concern.

"Microsoft has bought 90% of the carbon removal credits coming up. If Microsoft's CEO decides to sell out, the whole sector could crash."

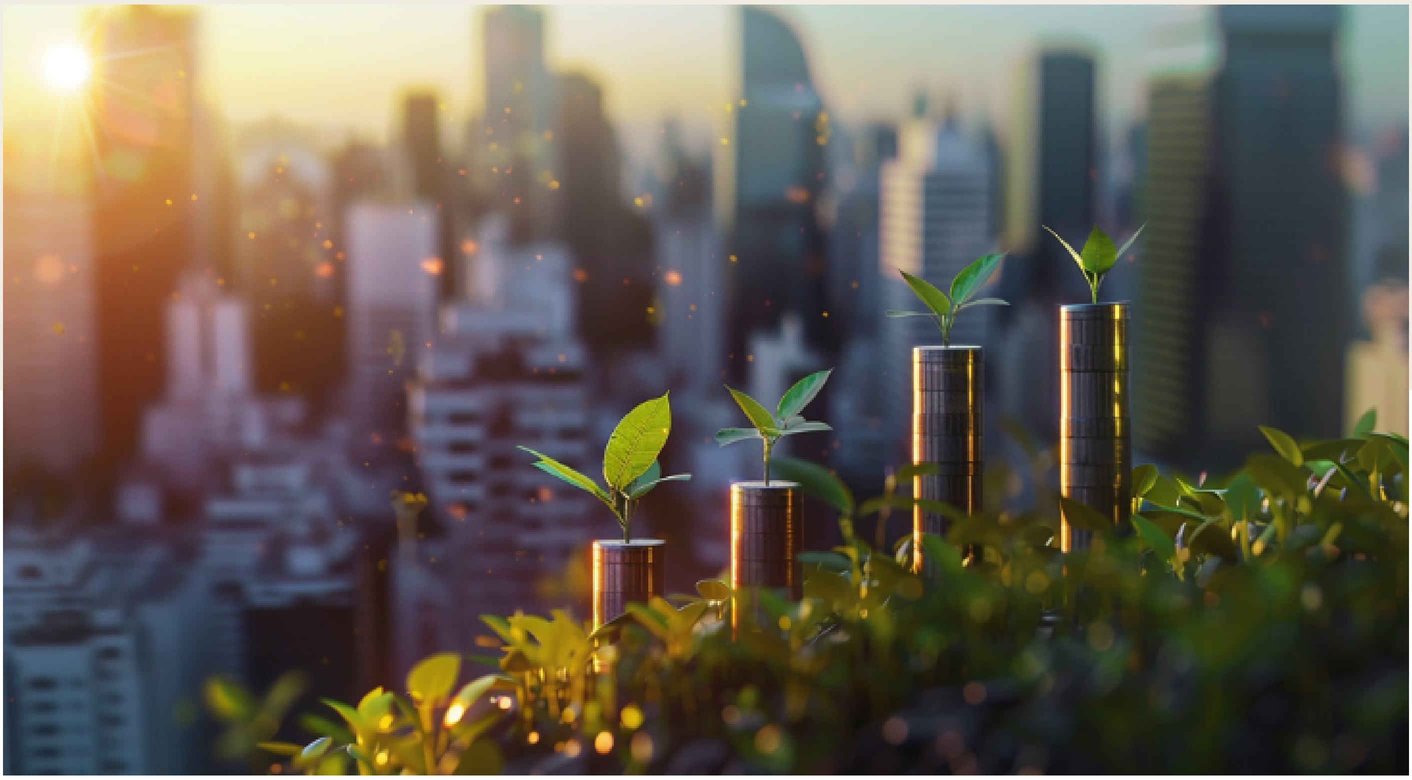
Instead of offsetting, big corporates are now looking at carbon insetting, a strategy that entails investing in carbon reduction or removal within their own value chain.

"That is a structural momentum I think will pick up," Kumar says.

Another trend gaining traction is internal carbon pricing, Kumar adds. Fashion retailer H&M Group uses internal carbon pricing to drive its goal of reducing greenhouse gas emissions by 56% by 2030 and achieving net zero by 2040.

Moving the goalposts

In 2025 many countries updated their Nationally Determined Contributions (NDCs), introducing 2035 emission targets as a stepping stone to their net zero goals. However, the UN says these commitments fall "far short" of what is needed to limit the global temperature rise to 1.5°C. Is the 2050 net zero timeline being quietly abandoned?



"2050 will be so different to how things are now because things are becoming more innovative," Evans says. "The markets people aren't investing in today might be huge by 2050. But we're not going to get to 2050 and say we've achieved all the things we discussed back in 2025."

Beard reckons that while 2050 targets will remain, conversations will focus on individual sectors and technological advancements.

"In the UK, for example, we have the Clean Power 2030 Action Plan. In some sense, that's disconnected from net zero by 2050. It's very sector specific. I think we will focus less on the overall numbers and the overall target, and more on adopting technology."

On the flip side, Godfrey suggests national net zero pledges may be hindering progress.

"195 countries have signed up to net zero, excluding the US, and from my understanding of COP, you must have a strong majority or unanimous vote on actions to get them through. That has slowed things down massively, because you have countries involved in decisions that don't need to be there.

"I think you'll see countries moving away from net zero and taking more competitive advantage of economics that work better for them."

The focus among asset owners should be on fiduciary stewardship and clarity, Kumar says, citing

I think you'll see countries moving away from net zero and taking more competitive advantage of economics that work better for them.

amendment NC17 to the UK Pension Schemes Bill – which will mandate pension trustees consider systemic risks such as climate change as part of their fiduciary duty – a step in the right direction.

“How do we move away from political net zero attacks to more grounded, fiduciary-related efforts? This initiative is what excites me.”

Zooming in on asset managers and how they are aligning their portfolios with net zero, there is a mixed picture.

“Some asset managers have dedicated funds with net zero benchmarks, others are integrating decarbonisation through risk models, and others do a lot less,” Evans says.

“Even if an asset manager is signed up to net zero, that doesn't mean every single fund across their range will have a net zero strategy. But whether or not asset managers have a credible transition pathway will become a differentiator between firms. And you can only understand their abilities when you discuss their portfolios with them.”

While asset managers are starting to embrace nature-based solutions, largely afforestation, it could be some time before they broaden their allocation and the sector becomes mainstream.

“We need some of these other projects to start kicking off, to see that they have made money and there are recurring revenues before public markets start to dip their toe in,” Evans says.

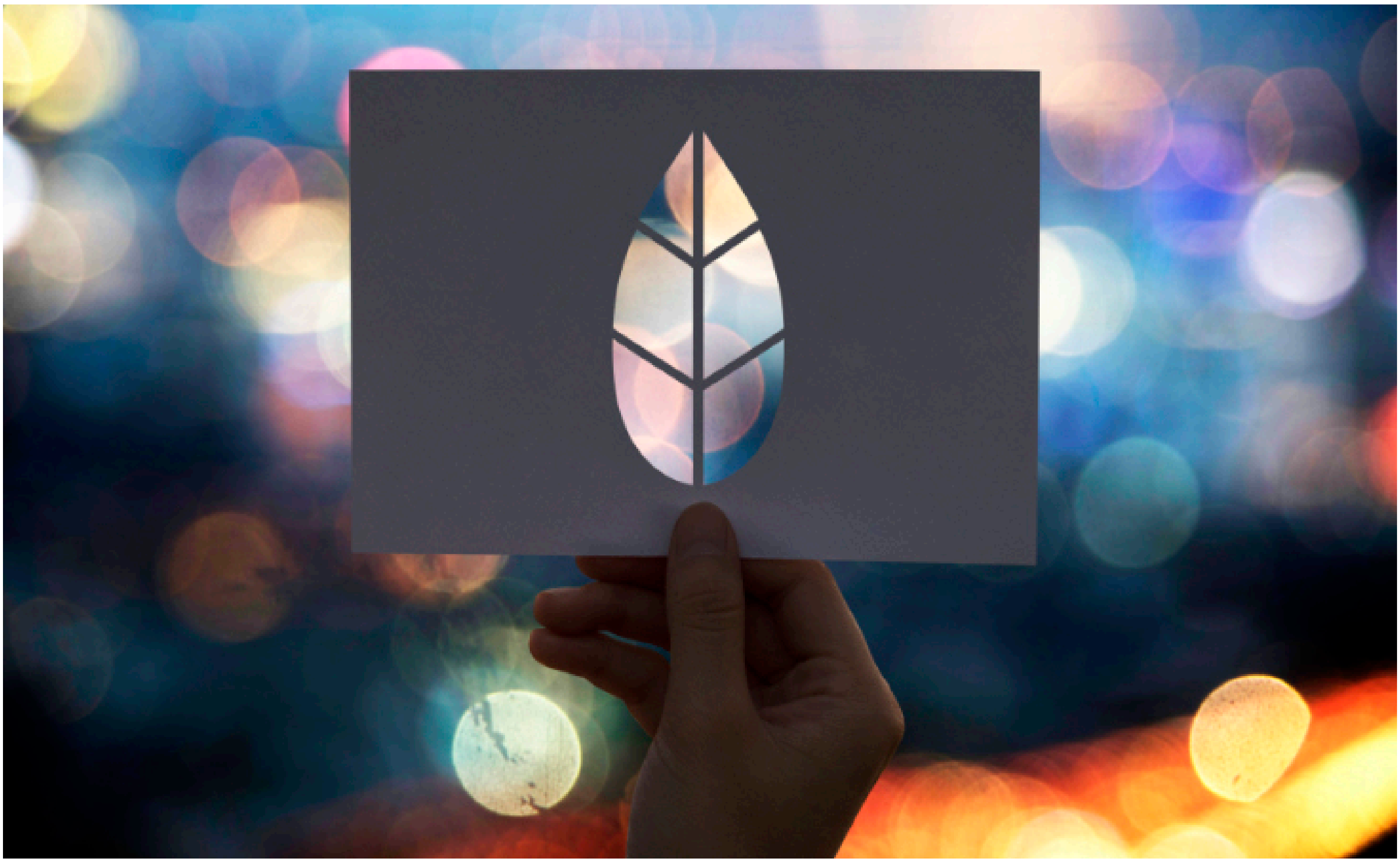
Kumar has seen new products emerging on the fixed income side, such as the T. Rowe Price Blue Bond Emerging Markets Strategy, which was created in partnership with the International Finance Corporation and backed by family office Builders Vision.

“I see the potential for more innovation on the fixed income side, such as blended finance, than on the public equity side,” he says.

“Some of the liquid bond strategies can offer credit enhancement through guarantees, and other structures that make them investment grade, BBB+. I think a lot of money could be directed to infrastructure assets, for example, all the way to natural capital.”

But for public equity to be a bigger part of the conversation, Kumar says asset owners need to follow the lead of US public pension fund CalPERS, which is executing a $100bn climate-related investment strategy by 2030, and be more vocal in their lobbying.

> *“How do we move away from political net zero attacks to more grounded, fiduciary-related efforts?”*



Participants

Hannah Evans

Head of Manager Research, Omnis Investments

Hannah joined Omnis in 2022 having begun her career at a UK actuarial consultancy, Lane Clark and Peacock, LLP.

Hannah has nearly 20 years' experience in investment manager research and more recently worked at Russell Investments evaluating and identifying investments strategies that offer the optimal risk and reward characteristics for clients.

At Omnis she will lead our work on selecting and monitoring the investment managers of the Omnis funds.

Brendan McDonald

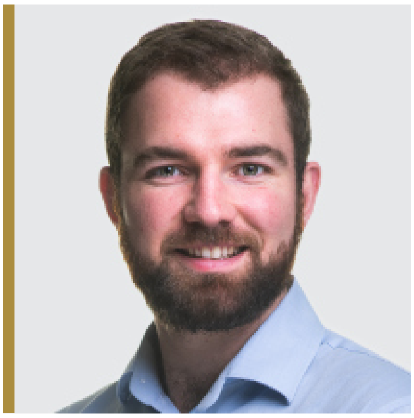
Founder, Solas Private Market Advisors

Brendan McDonald is the Founding Partner of Solas Private Market Advisors, a boutique advisory firm specialising in secondary market intermediation and capital raising within private markets.

Brendan began his career in the Manager Research team at Willis Towers Watson, where he progressed to Consultant level and qualified as a Fellow of the Institute of Actuaries (FIA) and Chartered Enterprise Risk Actuary (CERA).

Prior to founding Solas, Brendan spent five years as a Director at Equitix, a UK headquartered infrastructure manager. Earlier in his career, he worked within BlackRock's OCIO team, advising institutional clients on strategic allocations to private equity and infrastructure, as well as providing advice on private fund secondary transactions.

Brendan holds a BSc in Actuarial Science from Queen's University Belfast and an MSc in Actuarial Management from Bayes Business School, London.



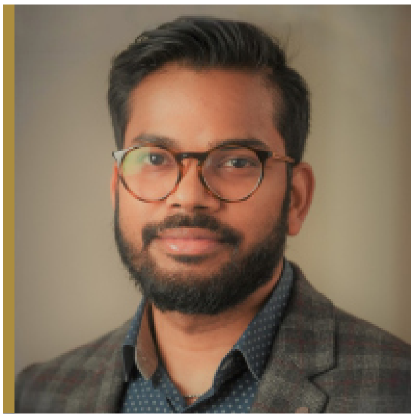
Charlie Beard

Responsible Investing Senior Manager, Pension Insurance Corporation

Charlie is a Senior Manager in PIC's Responsible Investing team. He focusses on managing climate risk in PIC's investment portfolio and meeting stakeholder expectations with respect to sustainability, as well as assessing transition assets from an investment perspective.

He has contributed to PIC's carbon removals strategy and considered approaches to investing in nature for insurance companies.

PIC



Ashish Kumar

Advisor, Pensions for Purpose

Ashish comes from a long background in sustainable finance and private markets – with investment experiences across Funds, Directs, and ecosystem-building programs.

These experiences span across Asset Owner, Asset Manager, and Advisory set-up, and in a range of Sectors and Themes including – ClimateTech, Agri/Nature Finance, Blended finance, Carbon markets, and private capital mobilization towards SDG impact in the emerging markets.

Ashish is currently involved in a portfolio of activities on the above themes, including being an Advisor at the UK's Pensions for Purpose.

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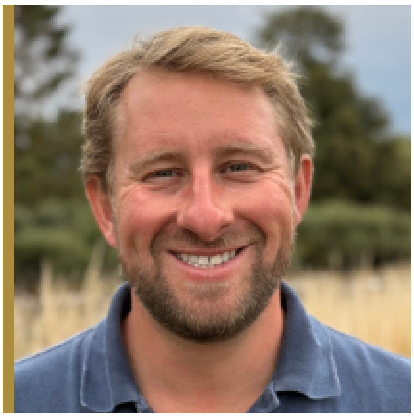


Alex Godfrey

Head of Nature Markets & Partnerships

Alexander Godfrey is a seasoned professional in the field of natural capital, regenerative agriculture, and climate finance, with over 10 years of experience in finance and environmental consulting. He is head of nature markets and partnerships at Great Yellow.

Great Yellow

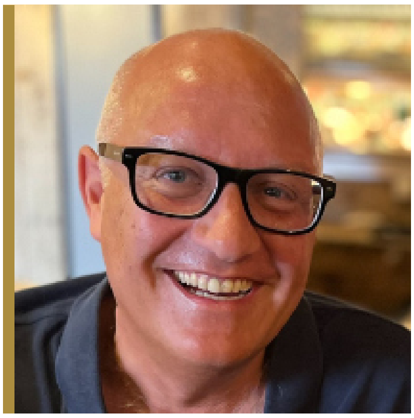
In attendance

Beth Brearley (Moderator)

Freelance Writer

Beth Brearley is a freelance writer specialising in asset management, institutional investing and private equity.

A former editor of several prominent B2B titles, Beth has spent almost two decades covering the financial services sector.



Sean Thompson

Founder & Director, cio investment club

Sean has nearly 40 years of experience working in London's financial services sector and the insurance market. After 10 years as Managing Director of CAMRADATA, Sean launched the cio investment club on 1st January 2024.

The cio investment club's mission is to become the voice of chief investment officers and investment professionals at institutional firms. To help achieve this the club hosts events throughout the year that educate and inform, whilst providing thought-provoking content to its members.

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