



UK Carbon Markets Forum

# The role of the UK in carbon markets: a path to global leadership





# Acknowledgements

The UK Carbon Markets Forum, the City of London Corporation and McKinsey & Company would like to thank all those who contributed to this publication.

This publication was supported by invaluable input and feedback from multiple Carbon Market Forum members and industry stakeholders, to whom we extend our gratitude:

Abatable	Kita	
Airbus	Leaf Coalition	
Allied Offsets	London Stock Exchange Group	
BeZero	Marsh	
British Airways	NatWest Markets	
CAD Trust	Oxford Net Zero	
Carbon Gap	Respira International	
Cibus Capital	S&P Global	
Clifford Chance	Standard Chartered Bank	
Climate Asset Management	Startup Coalition	
Climate Impact X	Stripe	
ClimeFi	Sylvera	
CUR8	Thallo	
Intercontinental Exchange	Trafigura	
The Integrity Council for the	UK Financial Conduct Authority	
Voluntary Carbon Market (ICVCM)	UK Department for Energy Security Net Zero	
International Swaps and Derivatives Association (ISDA)		
	UK Treasury	

Isometric



# Contents

Foreword	
Executive summary	
Introduction	
1. UK strengths in carbon markets	
2. UK opportunities for leadership	1
a. Scaling demand for a high integrity carbon market	1
b. Scaling supply and enabling a just transition	1
3. Actions for stakeholder consideration	1
Conclusion	1
Annex A	1
Endnotes	2





### Foreword



Dame Clara Furse Chair, UK Carbon Markets Forum

The impact of climate change is global, falling disproportionately on the most marginalised communities and poorest nations. Today, there is insufficient finance reaching mitigation projects to achieve Paris Agreement goals,<sup>1,2</sup> as well as to fund adaptation initiatives; a shortfall highlighted at COP29.<sup>3</sup> Carbon markets will be critical in bridging this gap, to provide alternative financing options and catalyse a just transition.

After a few challenging years, we are starting to see green shoots in these markets. COP29's historic agreement on a global carbon market rulebook under Article 6 of the Paris Agreement could accelerate climate finance to support Nationally Determined Contributions (NDCs). Corporate demand is increasing, building on a 102% increase in corporate science-based climate targets in 2023,<sup>4</sup> and driving a high-integrity market; most retirements are now rated BBB or above by BeZero.\*<sup>5</sup> Trove Research (now MSCI) and Sylvera have both found that companies buying carbon credits are typically decarbonising at twice the rate of those that do not,<sup>6,7</sup> while Ecosystem Marketplace found that voluntary carbon buyers are 3.4 times more likely to set approved science-based targets.<sup>8</sup> Increasingly, UK corporates are leading the charge; in October

2024, Allied Offsets rated 61 purchasers with the top rating of A+, of which eight buyers were UKbased.<sup>9</sup> The UK government is also increasingly signalling support for the market, announcing its Principles for Voluntary Carbon and Nature Market Integrity at COP29. We look forward to forthcoming consultations on policy, market architecture, and appropriate use of credits in climate claims.<sup>10</sup> The economic implications of a well-functioning carbon market are material, as it supports the outlook for the broader net zero economy in the UK, which already accounts for nearly 3% of UK employment and has grown three times faster than the overall economy.<sup>11</sup> While the overall value of the market has consolidated over the past few years, this is (partially) attributed to a shift to guality and a disinclination to invest in lower-integrity credits.

Nevertheless, several challenges remain. Mandatory emissions trading and other carbon pricing systems often lack comprehensive sectoral coverage and do not always provide the necessary incentives. Voluntary projects that deliver climate impact, often in low- and middle-income countries, may struggle to attract finance. This investment gap limits high-quality credit supply; by 2030, McKinsey analysis suggests that there could be up to a 50MtCO2 global shortage of durable removals.<sup>12</sup> And many companies are pausing carbon credit purchases due to uncertainty regarding the level of climate mitigation from historical projects, and the lack of coherent guidance on climate claims. A recent survey by the We Mean Business Coalition found that if these barriers were addressed, over twice as

many companies would be encouraged to enter the voluntary carbon markets compared to those already expecting to enter the market irrespective of market reform.<sup>13</sup>

The UK has all the critical components required to be a global high-integrity carbon markets hub. The UK has a history of climate leadership, being the first G20 economy to halve emissions from their peak,<sup>14</sup> the first country to set a legally binding net zero target, and the first to publish a dedicated Industrial Decarbonisation Strategy.<sup>16</sup> It possesses geological and natural capital advantages, is a hub for commodities and sustainable finance. and hosts an existing and ever-improving carbon markets ecosystem – with stakeholders committed to the good governance necessary to scale the market responsibly.<sup>17</sup>

Amid a ramping up of net zero commitments<sup>18</sup> and shifting dynamics of global carbon markets, it is an opportune moment for reflection on where the UK's opportunities for leadership lie. There is significant value at stake that will only be realised through ambitious collaboration, bold commitment, and good governance. This report will focus on recommendations to support coherent policies for carbon markets, which can be facilitated by the actions of government, the private sector, and other stakeholders. Drawing upon the UK's existing strengths, the Forum calls for stakeholders to scale demand, cultivating a high-integrity and liquid market at scale and support the scale of supply through a just transition approach.



\* Indicates a "moderate" likelihood that a given credit achieves a tonne of CODe avoided or removed.





# **Executive summary**

A high-integrity, liquid carbon market is beneficial for both the UK and the world. There is a global consensus that carbon finance will be critical to meet the 1.5 degrees threshold goal under the Paris Agreement. High-integrity and liquid carbon markets are an essential tool for scaling this finance and enabling a just transition globally.

The UK has a legacy of leadership in carbon markets, with over two decades of experience in the space. It has also been influential in the regulatory development, design, and operationalisation of carbon markets around the world. For example, many of the integrity standards that exist in today's market, from the Oxford Net Zero Offsetting Principles to ICVCM's carbon credit integrity principles, have been influenced by the UK (see Appendix 1).

Now is a decisive moment for carbon markets globally and this paper identifies opportunities by which the UK may strengthen its leadership by scaling and supporting well-functioning global markets.

#### The strengths of the UK on carbon markets

The UK has key carbon market strengths that position it strongly to be a global leader in scaling the market, including:

- The UK's distinct geological and natural capital advantages to establish cost-effective and high-integrity carbon removal solutions, unlocking new value pools. Taken together, its stakeholders can ensure the country is a major source of carbon credits for domestic buyers and exports to the world.
- The UK's depth of experience in sustainable finance and commodity innovation, from both the private sector and government.
- The UK's comprehensive carbon market ecosystem, which facilitates world-leading governance initiatives and make it an attractive locale for investment and innovation.





#### **UK opportunities for leadership**

The broad ecosystem of carbon market stakeholders in the UK has many different routes and levers to unlocking growth in the market. These can be categorised into actions to scale demand for high-integrity carbon markets as well as support the development of supply with a just transition approach.

• Scale demand for high-integrity carbon markets: Level of demand in the market has continued to be low, which needs to be addressed as markets mature. Action is required both to reduce the barriers to entry and incentivise entry for buyers in the market.

Public sector actors have a key role to play in signalling confidence in the market and encouraging market engagement. Where there has been concern surrounding supply-side integrity, acknowledgement by the government of the progress that has been made to date and potential endorsement of integrity standards, can be impactful signals to buyers. Greater clarity and guidance on when and how carbon credits can be used as part of net zero targets, disclosures and green claims, can also incentivise greater engagement in the market. A more direct approach to scaling demand in voluntary carbon markets could also include the government leveraging the compliance market and policy options like a carbon takeback obligation. The private sector and wider stakeholders also have a key role to play. There is an opportunity to evolve standardised contracts to include more high-integrity thresholds and to collaborate on purchases through buyers' coalitions.

• Develop supply with a just transition approach: Capitalising on the UK's geological and ecological advantages, developing domestic projects offers significant value and the potential to establish a major green industry in the country. McKinsey estimates that the durable removal value pool, for example, could potentially be worth up to \$1.2 trillion by 2050 globally under an optimal net zero scenario.<sup>19</sup> To capture this opportunity, there needs to be support for building capacity in the UK. This can be achieved by enabling climate start-ups to access capital in the UK and by investing in skills within organisations and across the country. These investments will help build a workforce capable of seizing this opportunity. Where there are emerging areas of work, blended finance opportunities and public-private partnerships can support in de-risking projects, facilitating knowledge sharing and scaling impact. Given the geographic breadth of the supply opportunity in the UK, it will be important anchor these efforts through engagement with local communities and governments.

#### Snapshot of actions for stakeholder consideration



#### Wider ecosystem of stakeholders

1. Engage and collaborate across the ecosystem on carbon markets

2. Prioritise responsible use of high-integrity credits, alongside deep mitigation

3. Convene buying coalitions to secure future supply today

4. Develop and trade high-integrity standardised contracts

5. Build a talent pipeline with a just transition approach



# Introduction

The UK has over two decades of carbon markets experience. The nation pioneered national emissions trading in 2002 to help the country meet its commitments under the Kyoto Protocol.<sup>20</sup> Continued leadership ensured that the UK became a case study on the use of markets for abating greenhouse gas emissions. For example, the UK continually advocated for ambitious emission reductions in the Emissions Trading Scheme (ETS), to move away from free allocations, and broaden sectoral coverage. The original design of the UK ETS further informed the UN Clean Development Mechanism (CDM), an international carbon credit mechanism developed under the Kyoto Protocol.

As the ecosystem expanded beyond compliance markets into CDM carbon projects, the UK began to cultivate leadership in the voluntary carbon markets (VCM) as well, as illustrated in Figure 1 and Table 1. The UK holds

extensive experience from participating in the four archetypes of markets in operation today. It is well positioned to support climate-critical global markets for the world to reach net zero. These markets will also be critical for the UK government – as well as entities across the private, public and third sectors – to achieve their own regulatory obligations and voluntary carbon offsetting commitments.

This is a pivotal moment for carbon markets. COP30 will mark 20 years since the Kyoto Protocol entered into force and 10 years of adoption of the Paris Agreement. The COP30 Presidency is calling in all public and private funds to scale climate finance to at least USD 1.3 trillion per year by 2035.<sup>21</sup> Carbon markets will have a role to play in mobilising towards this target. This paper identifies opportunities by which the UK may support well-functioning global markets.

The following three sections: (1) highlight why the UK is uniquely positioned to scale high-integrity carbon markets, and (2) explore opportunities for the UK and (3) summarise key recommendations for the public sector and wider stakeholders to activate the opportunities outlined above.

Recommendations presented in this paper build upon a series of interviews with a diverse array of stakeholders in the UK's carbon markets ecosystem conducted in 2024 and 2025. This paper is delivered as joint research by the City of London Corporation and McKinsey & Company for the UK Carbon Markets Forum. The Forum seeks to operationalise a high-integrity carbon market ecosystem in the UK, scaling demand, services, and supply, and to leverage the UK's potential as a global hub for carbon market activities.



The UK holds extensive experience from participating in the three types of VCMs in operation today.



*Figure 1: Timeline of UK involvement in carbon markets* 



### THE GLOBAL CITY

#### Table 1: UK experience in carbon markets

Market type	UK actions
<b>National Compliance Market</b> Led by the UK government with the aim of incentivising climate mitigation in sectors or activities of interest in a country, state, or region	The UK ETS was the first national, multi-sector emissions trading program established, before it merged with the EU ETS.
	The UK ETS now applies to energy intensive industries, the power generation sector and aviation. While still emerging, the new UK ETS has reached a value of around £75 billion per year in carbon trading. The secondary market of the UK ETS experiences over 500 trades per day, with an average daily value around £30 million. <sup>22</sup>
<b>National Voluntary Market</b> Led by the UK government with the aim of incentivising climate mitigation in sectors or activities of interest in a country, state, or region	Jurisdiction-specific crediting standards in the form of the Woodland Carbon Code (WCC) and the Peatland Code, both issuing measurable and verifiable carbon removals.
	The UK government directly develops and manages the WCC to certify woodland creation projects, whereas the Peatland Code is a UK-government backed standard developed and managed by IUCN UK Peatland Programme for peatland restoration activities. Together, they cover over 110,000 hectares of woodland creation and peatland restoration, with expected annual removal of 17MtCO2.
International Voluntary Markets A decentralised market where actors can voluntarily buy or sell carbon credits	UK corporates are estimated to have retired 60 MtCO2 of credits between 2009 and 2021, although the share of global demand has significantly decreased in recent years. <sup>17</sup>
	Many integrity standards have originated in the UK to steer the scaling of voluntary markets globally, from SBTi's net zero claims to ICVCM's carbon credit integrity principles.
<b>UN-backed Markets</b> Frameworks adopted through collective decisions under United Nations bodies	UK-based organisations engaged in more than 2,800 projects that issued over 1GtCO2 in certified emission reductions under the Clean Development Mechanism. <sup>23</sup>
	The UK spearheaded Article 6 negotiations at COP26 in Glasgow which laid considerable groundwork for the global carbon market rulebook.
	A unique sector-specific market is the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA), which was established by a UN agency, the International Civil Aviation Organization (ICAO). The UK played a leading role in the development and agreement of CORSIA by ICAO. It is also supporting and encouraging other countries to participate and seeks to strengthen and improve the scheme over time. In December 2024, the UK published a consultation seeking views on implementing CORSIA in the UK, which followed the first meeting of the Jet Zero Taskforce – a new group charting a clear path toward cleaner aviation. <sup>24</sup>





# **1. UK strengths in carbon markets**

The UK is well positioned to scale supply and demand while cultivating integrity during this pivotal moment for global markets. Building on its geological and natural capital advantages and its notable strengths as a financial markets, commodities and sustainable finance hub, an ever-improving carbon markets ecosystem has emerged, distinguished by stakeholders committed to good governance.



\* British Airways intends to become the largest carbon removals purchaser in the UK and the largest airline purchaser of carbon removals globally, financing innovative solutions such as enhanced weathering. Rio Tinto are seeking value chain control of projects, investing in nature-based solutions. \*\* Partnerships between buyers are also allowing knowledge to be consolidated and best practices shared; Unilever, Burberry, and GSK have all been active participants in the LEAF Coalition, which has pioneered improved avoided deforestation methodologies and will play a pivotal role in the largest-ever carbon markets transaction at COP30, estimated to be worth \$180mn to the Brazilian state of Para.43

### **Carbon Markets Ecosystem Committed**

and the Government Office for Science (GO-Science) that underpin the development of science-aligned climate

concentration of critical players. For example, UK entities comprise ~15% of all those listed on Puro's removals mapping<sup>38</sup> – a remarkable number considering that the UK economy is only 2% of global GDP.<sup>39</sup> Also, in the newly



### 2. UK opportunities for leadership



The commitment to stay within the global 1.5°C climate threshold and the urgency for scaling climate finance to meet this ambition, makes it a pivotal moment for carbon markets. Notably, the global sustainable finance market is facing significant headwinds. Increased uncertainty from geopolitical tensions, ever evolving global green regulatory regimes and high global interest rates, have all contributed to a tough market environment. Yet there have also been great enablers for the market. The past few years has seen an increasing focus on nature and biodiversity protection, including new nature investment and disclosure guidance from the Taskforce for Naturerelated Financial Disclosure. Meanwhile, durable removal technology costs have continued to fall due to innovation and economies of scale, while monitoring, reporting and verification improvements have given greater confidence to the quality of emission reductions. This evolving global landscape creates an opportunity for UK to leverage its strengths and show global leadership both as a leader for sustainable finance and within carbon markets.

The Forum has identified key opportunities for UK leadership in carbon markets, focusing on scaling demand for a high integrity market, and expanding supply, whilst supporting a just transition. The following section provides an overview of each of these areas, alongside tangible opportunities for action.

#### a. Scaling demand for a high-integrity carbon market

UK voluntary credit retirements in 2021 were estimated at just 0.1% of global demand.<sup>17</sup> If the UK is to realise the market's full potential, it will need to grow its own domestic demand, while channelling international demand through its markets to build liquidity. The Forum outlines five key enablers to do so below.

In addition to the adoption of high integrity standards, the UK's strong professional services industry is instrumental to bolstering integrity and confidence in the market. These industries can capture significant value from VCM ancillary services. McKinsey's analysis of carbon removal transactions indicates that 10-40% of overall revenue are generated by such services.<sup>19</sup> Key service offerings include carbon financing, legal expertise, technical project consultancy (including validation and verification), and an emerging insurance market. Even if a supply of low-quality carbon credits remains available in the market, these service providers can help buyers navigate towards high integrity and managing risks associated with low-integrity credits. Each of these areas presents an opportunity for the UK to use its strengths and enhance trust in the carbon market.

#### Building market confidence in supply-side integrity

Increased scrutiny and scepticism around the integrity of the carbon market has been a challenge to scaling demand. In response, standard setters like the ICVCM, have made great strides in creating guidelines on what integrity looks like through their Core Carbon Principles. To date, ICVCM has approved six programmes and 20 methodologies,<sup>44</sup> with many more in the pipeline for review. As work progresses in the voluntary standards space, endorsement by the government of these efforts could be a route to encourage confidence in the supply of high-integrity projects and kick-start demand in the market. Many interview participants noted that the UK's principles for voluntary carbon and nature market integrity were a welcome first step, signalling support for the market, endorsing the use of high integrity principles and acknowledging the work of the ICVCM and other global standard setters.

For instance, London's insurance market is the largest in the world, twice the size of its nearest competitor, and contributes £50 billion annually to the UK economy.<sup>45</sup> Developing new carbon credit insurance could provide certainty to participants by mitigating the risks associated with carbon credit projects. Early insurance



offerings, including from London-based Kita,<sup>46</sup> have generally focused on buyer protection from project underperformance, but is expanding to include other products, including unanticipated reversal events exceeding buffer pools or protection against changing claims and standards validity. This innovation and de-risking could make carbon projects more attractive for both investors and buyers.



#### **DEEP DIVE: Enabling Legal Environment for Carbon Trading**

The UK's work on trading contracts and settlement procedures is among the most important contributions to the development of modern carbon markets, rooted in centuries-old commodities and derivatives trading practices. The UK experience extends to definitions of trading instruments, terms of trade, contractual obligations, and framework documentation that may facilitate a more predictable and transparent trading of carbon units. The UK is also home to around 200 foreign law firms from around 40 jurisdictions, creating a rich ecosystem of legal expertise.<sup>47</sup> These strong legal foundations in the UK create confidence for participants to enter the market.

The UK first developed forward contracts for commodities trading in the 19th century as way to capture the distant dates between time of contracting, delivery, and payment of goods purchased from overseas. International standards on quality of commodities framed forward contracts by facilitating verifiable specifications on products purchased. Traders organised around commodity-specific market associations (e.g., cotton, metal) developed standard contracts to specify the quality or grades of commodity purchased and established clearing houses to facilitate the settlement of price and guality claims differences, a valuable practice for the growth and efficiency of a market.<sup>48</sup> The UK also originated arbitration procedures to settle any disputes on forward contracts, which became readily acceptable throughout the world.<sup>A</sup> Futures contracts were also introduced as a measure to hedge against price changes on the goods purchased.<sup>49</sup> These practices have informed proposals on the legal implications of voluntary markets, the definitions and fungibility of carbon credits, and their accounting by corporates when trading them or using them for offsetting own emissions.

#### Scaling demand through compliance markets and mechanisms

Integrating voluntary carbon markets (VCM) with compliance markets is a key opportunity to boost VCM demand. It can also reduce ETS costs and enhance abatement efficiency across the economy. One example of where the UK could do this is to look to Singapore's Whitelist, which defines approved voluntary credits for partially meeting carbon tax obligations.<sup>50</sup> Another option could be to integrate the Woodland Carbon Code (WCC) into the UK ETS. This could unlock an additional 11-26% of total afforestable land in the UK and deliver an additional 7.5-19 MtCO2 of seguestration although concerns have been raised about the possibility of fossil emissions being compensated by temporary, nature removals.<sup>51</sup> The UK could also look at integrating such removals as a way to meet a future CBAM requirement, potentially requiring them to "geographically inset" to channel funding towards UK projects.<sup>52</sup>

Beyond compliance market mechanisms, potential regulatory mandates such as a Carbon Takeback Obligation (CTBO) can help increase demand for carbon dioxide storage to compensate for ongoing and residual emission. The CTBO is a targeted mandatory obligation requiring fossil fuel extractors and importers to capture and permanently store a fraction of carbon dioxide emissions, increasing over time.<sup>53</sup> Adding an offsetting compliance option for residual emissions could help signal demand for high-quality and durable removal credits in both international and domestic VCMs, increasing market liquidity. Emerging best practice guidance suggests that such offsets should likely follow the like-for-like principle, ensuring durable fossil emissions are counter-balanced with similar durable removals. It could also minimise transition risks for UK fossil fuel producers, ensuring they meet net zero targets on or ahead of time while minimising long term costs by investing in and developing much of their own infrastructure.

Guiding on the use of carbon credits within net zero strategies and green claims

Guidance on net zero targets and green claims can be used to encourage demand for high integrity carbon credits. The Science Based Targets Initiative (SBTi) is a global standard setter for net zero

targets and holds validated targets for over 7,000 companies.<sup>54</sup> SBTi is currently reviewing its voluntary Corporate Net Zero Standard and inviting market feedback on incorporating carbon removal into corporate climate strategies, and recognition for using high integrity carbon credits in beyond value chain mitigation activities.<sup>55</sup> Clarity on whether and how these can be used could unlock demand for a large section of companies with SBTi targets.

Before reaching net zero, further government guidance for intermediate targets and in-year carbon credit accounting would also signal improved confidence in the market. One example could be to provide guidance to account for carbon credits in emissions accounting, as has recently been done in the UAE.<sup>56</sup> Similarly, asking companies to forecast the removals required for net zero pathways in transition planning reports could further enhance the legitimacy of the voluntary market. Ideally, this would be supported by intermediate removal targets from the likes of SBTi. Similarly, legitimising VCMI's intermediate claims may also provide an option to stimulate demand in the more near-term. As the UK government reflects on its principles for voluntary carbon and nature market integrity, it should consider the existing landscape of regulatory and voluntary standards.57







Aside from clarity around net zero targets, the right guidance on green claims could also be impactful in building integrity, confidence and demand in the VCM. In recent years, a cloud of scepticism has gathered around carbon neutral claims. This has cast doubt on the legitimacy of using carbon offsets as well as net zero claims linked to carbon removals. Scepticism has increased the perception of risk, which has naturally dampened market demand. UK regulators, including the Advertising Standards Authority (ASA) and the Competition & Markets Authority (CMA) have published guidance for companies navigating risks on green claims.<sup>58</sup> For example, the ASA's guidance recommends that marketers should look to include accurate information about whether and the degree to which they are basing green claims on offsetting.<sup>59</sup> The EU has gone further through the Directive on Empowering Consumers for the Green Transition by prohibiting reliance on offsets to make product carbon claims.<sup>60</sup> The VCMI's Claims Code of Practice offers an alternate high watermark for companies looking to mitigate risks making green claims.<sup>58</sup> Clarity from the UK government on the expectations of companies can help build confidence for companies and incentivise use of highintegrity carbon credits.

Meanwhile, product level claims can often be realised sooner than at the corporate level. There is an emerging opportunity for high-quality credits to compensate for residual emissions at the product level. This is particularly the case in East Asia and the Middle East, where demand for carbon-offset products is rapidly growing, with buyers (both B2B and B2C) willing to pay a premium\*. Government intervention could include endorsement of a high-integrity carbon label for projects, potentially in collaboration with the British Standards Institution (BSI). Legitimising a scheme for this could help stimulate confidence and demand from more green-conscious buyers.

#### Scaling secondary market demand and high-integrity standardised contracts

Beyond direct demand to retire credits against emissions (or allowances, in case of ETS integration), a liquid secondary contract market requires globally tradeable products that are



accessible and attractive to corporates, traders, and retail investors. This is a key step towards commoditisation of carbon markets but currently faces integrity challenges. There is a need for a new wave of contracts that offer minimum integrity and quality guarantees.

Since spiking in 2021, over-the-counter VCM prices have remained mostly stable. However, Figure 2 illustrates that several standard contract products without integrity safeguards have seen prices collapse over the last three years. The problem results from the nature of standard contracts, where demand is met by the cheapest (and therefore, typically, lowest guality) credit that meet certain criteria. In a market that lacks

commoditisation, this presents a major headwind for building the necessary liquidity to scale.

Notably, the few standard contracts that have kept or increased in value are those of higher integrity or quality. This includes Platts CEC, a CORSIA-eligible contract, which has benefitted from a significant tightening of supply as the CORSIA scheme moved from Pilot to Phase 1 in 2024. In contrast, contracts that have not transitioned to the Phase 1 (AirCarbon CEC and CBL GEO SPOT) have continued to see prices fall. Nature-based removal contracts, often viewed as "higher quality" than avoidance credits, have also broadly retained their value. This

\*Green steel, for example, can often reach a premium of >\$200/t, or equivalent to >\$100/tCO2 – especially when selling to the European market; cost competitive with the cheapest durable removals. Carbon-offset steel could go even further, complementing mitigation with removal of the remaining emissions and providing an ever "greener" product. It could also, if the EU were to introduce removals into its ETS, offer opportunities to minimise the cost of meeting CBAM requirements in sectors that will both be adversely impacted by CBAM (steel, fertilisers, etc.) and typically command significant green premiums.

#### Figure 2: Standard contract prices from 2022-24, data from Carbon Pulse



stands in sharp contrast to general nature indices that allow far cheaper avoidance credits (in light green).<sup>61</sup>

New products, with integrity safeguards, will likely be needed for corporates to have sufficient confidence to invest at scale. The market is beginning to move in this direction, with Xpansiv, the world's largest carbon trading exchange, launching a Core Carbon Principles aligned contract last year.62



#### **5** Leveraging buyers' coalitions

The creation of buyers' coalitions can be a high-impact lever to scaling demand in carbon markets. These coalitions can be a crossecosystem collaboration, where a group of entities work together to buy credits collectively. There are many benefits to this approach for buyers, namely the opportunity to pool resources for knowledge and due diligence, negotiate better pricing (leveraging economies of scale), and diversify portfolio risk. Such opportunities could begin to move carbon credit budgets away from marketing or sustainability teams and instead to Chief Finance and Investment Offices, which may also be better placed to consider the transition risks of purchasing carbon credits as well as the accounting implications of carbon credits. The demand signals from buyers' coalitions also support suppliers with greater confidence to scale and make informed investment decisions.63

We have already seen buyers' coalitions make a significant contribution to the market and demonstrate replicable models. There is a need for UK corporates to take leadership here, in a space that has historically been dominated by coalitions of US tech and professional services companies in the likes of NextGen and Frontier. However, three UK corporates – Unilever, GSK, and Burberry –have been involved with the LEAF Coalition, which is comprised of 25 corporates, 27 forest governments, four donor governments and a range of civil society groups and non-governmental organisations. The LEAF Coalition has pioneered improved avoided deforestation methodologies and will play a pivotal role in the largest-ever carbon markets transaction at COP30, estimated to be worth \$180mn to the Brazilian state of Para.<sup>44</sup> This illustrates the value that a crossecosystem effort through buyers' coalitions can have in scaling demand.



#### b. Scaling supply and enabling a just transition

The potential to develop carbon projects offers opportunities to stimulate economic growth and revitalise industrial clusters. Capitalising upon the UK's geological and ecological advantages, there is great value to be realised in developing projects domestically, with the potential to develop a major green industry in the UK. McKinsey estimates that the durable removal value pool, for example, could potentially be worth up to \$1.2 trillion by 2050 globally under an optimal net zero scenario.<sup>19</sup> Collaboration across actors will be required to scale the supply of carbon projects necessary for net zero.

### Supporting companies to raise finance

While the UK has significant potential, the successful implementation of such projects will necessitate substantial infrastructure development. This presents an opportunity to facilitate a truly just transition, supporting regions of the UK which are often overlooked from an investment perspective. Innovate UK has suggested that plans to decarbonise six industrial clusters across the UK could crowd in £22 billion of investment by 2040 – by which point at least one cluster could be the world's first to achieve net zero operational emissions.<sup>64</sup> The UK will only achieve supply at scale if companies scale, raise finance, and, in some cases, go public. Today, many of the UK's most exciting carbon technology start-ups are looking abroad – both for capital and for physical space to implement their projects. An important open question for cultivating a high-integrity and liquid carbon markets, as well as the UK economy at large, is how to make UK valuations competitive and how to encourage investment. Both private and public listings trade significantly below their American (and even European) counterparts,<sup>65</sup> and a wave of high-profile IPOs have seen key businesses leaving the UK in recent years.<sup>66</sup> Given the existing advantages of the UK carbon market ecosystem, retaining these businesses will become increasingly important as they scale. Moreover, there may be a need to raise finance in non-traditional markets; in particular, moving from equity financing towards more project finance models. Some of this could come through LSE's Sustainable Bond Market, while innovative new carbon indices could offer further opportunities.







Among the most pertinent aspects of this transformation is the transition of the workforce from declining industries to new green jobs. This transition is essential to ensure that the shift to a low-carbon economy is inclusive and equitable, avoiding the mistakes of past transitions, such as the coal-to-gas shift, which left many communities economically disadvantaged. The UK has a significant number of workers in traditional industrial sectors that are facing decline, including oil and gas. By some estimates, around three million workers will need to be retrained.<sup>67</sup> An opportunity to facilitate a just transition could include investing in retraining and upskilling programmes to support these workers to transition into carbon project development and contribute towards scaling the UK's supply of carbon credits. The Carbon Capture and Storage Association estimates that the UK's North Sea capacity could create around 70,000 new jobs and retain 77,000 existing ones, projecting £40 billion of private investment by 2030.68

The UK is well renowned for its rich talent pool, hosting four of the world's top ten universities.<sup>69</sup> There is continued opportunity for the education sector to offer new courses to equip the next generation of carbon market leaders with critical technical skills. For example, the University of Oxford hosts Global Youth Climate Training Programmes to build capacity for young people on international climate policy, as well as hosting free masterclasses on international carbon markets for public sector and non-profit employees globally.<sup>70,71</sup> Networks like the Greenhouse Gas Removal (GGR) Future Leaders Network are examples of successful cross-ecosystem collaboration leveraged to shape ideas and build capacity in the carbon space.<sup>72</sup> The private sector must also play a role in equipping their workforces with the skills needed and capacity building for a green transition. London is widely recognised as having a higher concentration of sustainable finance investors, ancillary services, and professionals, than any other major city.<sup>73</sup> To maintain this leadership, investment in human capital is needed. Investment in carbon market skills could look like a dedicated rotational carbon market apprenticeship or internship scheme, partnering with incumbents and startups to broaden the future talent pool.



To scale supply of carbon projects, there is a need for dedicated strategic frameworks that cover both geological and agricultural carbon, including research and development support, transport, storage, funding, and methodological recognition. The current CCUS Cluster Track 2 does not explicitly include carbon dioxide removals (CDR),<sup>74</sup> and more dedicated support is necessary to scale geological removals in the UK. The EU Carbon Removal Certification Framework is one example offering clarity to investors and project developers, although there would be a balance between defining acceptable frameworks versus specific methodologies. Notably there is also no similar cluster framework for non-geological removals, with agricultural and nature-based removals comparably neglected in government funding plans, despite the apparent natural advantages of the UK. Once again, there is a significant opportunity to work with local farmers to co-create a more sustainable vision for the UK – something that has, to some extent, been successfully done through Woodland Carbon Code (WCC). At the same time, the UK has historically struggled to attract capital investment for these projects amid reduced investor confidence, attributable in part to a combination of high debt costs, limited corporate liquidity, and stringent planning regulations. McKinsey estimates that, to date, the durable removal pipeline in the UK has less than half the funding per tonne announced when compared to the global average.<sup>31</sup> Engaging with key stakeholders on developing robust frameworks could be the start of a broader conversation to tackle investment barriers in the space.

#### **Exploring agricultural and geological** carbon frameworks





#### Utilising public-private partnerships

If the UK is to realise its full leadership potential, transferring and commercialising carbon research in the country's academic institutions will be essential. Public-private partnerships (PPPs) can bring together government bodies, academic institutions, and private companies to create an ecosystem that fosters innovation, supports commercialisation, and drives economic growth. While the UK lagged behind many peer nations in this respect, there has been a recent resurgence, often led by UK Research and Innovation (UKRI) dedicated funding.<sup>75</sup> Tech hubs and corridors such as UCL East and Imperial's West Tech Corridor in London,<sup>76,77</sup> as well as the Leeds Innovation Arc,<sup>78</sup> Cambridge's Silicon Fen,<sup>79</sup> and Manchester's Innovation Clusters,<sup>80</sup> among others, have been successful in transforming how the UK translates fundamental academic research into large-scale impact. Co-location of new manufacturing hubs, especially in the case of potentially modular technologies such as DAC, as well as financiers and investors, will prove critical. Ideally, all UK projects, funding, and certificates from this cross-actor supply side support would be transparently available in a single place, potentially linking to the Article 6 registry.

#### Engaging local governments and communities

Public awareness of carbon solutions remains low globally. There is a need for local governments to engage communities and build awareness of the role carbon markets play in the present transition to a low-carbon future. Working with devolved governments and local councils will be critical not only for acceptance, but also to activate value creation opportunities on the ground. While community-based development projects are a common model in the Global South, often with benefit sharing requirements to local communities, there is a need to ensure that same equity and community participation at home in the UK. This becomes particularly relevant for geological storage of carbon, where communities may view the exercise as "waste disposal" unless they see value in the proposal.



#### **DEEP DIVE: UK's Carbon Market Leadership Globally**

Carbon markets offer an opportunity for climate diplomacy leadership and for the UK to shape global carbon market standards while scaling development finance in low-income countries. The UK already has a strong legacy of international leadership in the space. Starting with the CDM, it was then instrumental in the World Bank's Partnership for Market Readiness (PMR), launched in 2010, which helped to transfer knowledge of these carbon markets to nearly 30 developing, emerging and transition countries.<sup>81</sup>

The UK was also instrumental in setting up the rulebook for Article 6 international carbon markets. However, currently the UK is not expected to be a major demand driver in the Article 6 market. The Climate Change Committee's (CCC) Seventh Carbon Budget has noted that the UK's net zero goals can be achieved through domestic action without use of international carbon credits.<sup>82</sup> However, the CCC has acknowledged there may be potential future circumstances which might warrant their use. The UK government may look to work with the CCC in future to further review the role of carbon credits in NDC-compatible pathways, including the use of Article 6 credits, to raise UK decarbonisation ambition. Potentially, the UK could pool its due diligence expertise with other Article 6 buyers, diversifying its portfolio of credits in a country-level buyers' club.

The UK can also show significant leadership globally through the strength of its ancillary services. As the carbon market grows internationally, this could be a major source of UK exports in the coming years. The UK can bring expertise from both compliance and voluntary markets to the world. For example, IETA estimates the global value pool for Article 6 to be \$100bn by 2030; historically 10-40% of the value pool has gone to ancillary services, potentially creating a \$10bn+ value pool that the UK is well placed to cover.<sup>83</sup> Some UK service providers have begun to diversify their products to include Article 6 advisory services and products. For example, the carbon credit insurance provider Kita offers a political risk insurance to protect against those risks associated with host country authorisation changes, under Article 6.<sup>84</sup> Article 6.8, which covers non-market approaches to assist in the implementation of NDCs, may also be a route by which the UK can showcase ancillary services providing capacity building assistance or technology transfers to developing countries.



# 3. Actions for stakeholder consideration

The UK can best leverage its strengths through holistic, interdisciplinary, and multi-stakeholder collaboration. There is a collective responsibility, across all concerned actors, to make a difference, and position the UK's demand, services, and supply at the forefront of a carbon market that works for the UK and the world.

The Forum has identified a selection of potential actions for the public sector and the wider ecosystem of carbon market stakeholders. These are intended to spotlight the levers for scaling demand for a high-integrity carbon market and scaling supply and a just transition. Proposals are not intended to be exhaustive but instead aim to facilitate a continued conversation as the UK government and the broader ecosystem reflects on how to build leadership in this emerging market.

	Public <sup>A</sup>		
	Actions	Description	
	1. Endorse high integrity standards	<ul> <li>Explore how to identify and endorse high integrity standards for carbon credits. This might be possible as part of the government's consultation process on the UK's <i>principles for voluntary carbon and nature market integrity</i>.</li> <li>Raise awareness of ancillary services that support the derisking of VCMs, for example, carbon rating agencies, insurance providers and firms providing risk advisory services.</li> </ul>	<ul> <li>Create confidence in the over</li> <li>Raise awareness for risk avers</li> <li>Increase investment in carbor stable product quality percept</li> </ul>
	2. Create a roadmap integrating voluntary and compliance markets	<ul> <li>Consider, in consultation with stakeholders, the benefits of developing a clear roadmap, with timelines, to integrate compliance and voluntary demand through a unified interoperability framework with clear eligibility guidelines and quality standards.</li> <li>Explore the possibility of a North Sea carbon takeback obligation, transitioning over time to full coverage of residual upstream emissions with durable removals.</li> </ul>	<ul> <li>Raise market efficiency, attrac credits – particularly removals</li> <li>Future-proof remaining UK fo compensating for climate imp</li> </ul>
B	3. Clarify the role of carbon market within corporate net zero strategies and within near-term high-integrity green claims	<ul> <li>Consider clarifying advertising guidance as to how carbon credits can be used to compensate for residual emissions in a target year, and which credits can be used to support which claims (carbon-neutral, net zero, etc.).</li> <li>Consider the potential value of intermediate target initiatives (e.g., VCMI) as near-term government incentives to offset some, but not all, emissions before a final target year; potentially with updated guidance on how UK companies account for this in sustainability reports.</li> <li>Consider creating, or endorsing, product level carbon offset standards – which require deep mitigation alongside compensation.</li> </ul>	<ul> <li>Provide certainty on the value climate claims.</li> <li>Stimulate near-term demand</li> <li>Offer opportunities for green</li> </ul>
	4. Explore opportunities for agricultural and industrial strategies to stimulate local carbon credit project development	<ul> <li>Examine the potential to develop a detailed carbon management cluster strategy, complementing existing industrial cluster plans and potentially explicitly including geological CDR within the CCUS Cluster Track 2 initiative.</li> <li>Consider engaging stakeholders on developing a complementary Agricultural Removals Cluster strategy to support biochar, enhanced weathering, and nature-based removal initiatives.</li> </ul>	<ul> <li>Provide top-down signal of go transition.</li> <li>Assist innovative carbon remo supporting smaller start-ups v</li> </ul>
	5. Engage with local governments and councils to drive action on the ground	<ul> <li>Where appropriate, collaborate with devolved governments and councils on incentive plans and awareness campaigns to build capacity beyond traditional service centres.</li> <li>Explore possibility to develop a central UK database for projects, funding, and certificates.</li> </ul>	<ul> <li>Distribute benefits of new and</li> <li>Bring transparency to market</li> </ul>

<sup>A</sup> Key public sector actors range from central government departments such as the Department for Energy Security and Net Zero to dedicated bodies such as the North Sea Transition Authority, as well as local councils and governing entities.

#### Impact

rall level of integrity in the carbon market.

se companies on how to manage any outstanding risks.

n market projects through additional demand and more tions.

t diverse participants and boost demand for carbon

ossil fuel production against transition risks while bacts.

of voluntary credits to corporate social responsibility and

by offering an "endorsed" stamp of approval. premiums for UK industry.

overnment support for carbon markets as a tool for a just

oval methods beyond large-scale geological storage, with lower capital barriers to scale.

cillary services value pool beyond London. across the UK; increase global visibility for investment.



Wider Stakeholders <sup>B</sup>		
Actions	Description	
1. Engage and collaborate across the ecosystem on carbon markets	<ul> <li>Industrial consortiums, trade bodies and professional bodies can support in bringing together stakeholders around carbon market topics. This can facilitate knowledge sharing, capacity building and advocacy for standards and guidance.</li> <li>Research groups may collaborate with governments, multilateral initiatives and the private sector to support in building institutional knowledge and capacity in the UK and transferring knowledge to the Global South.</li> </ul>	<ul> <li>Diversify UK projects and supply</li> <li>Ensure the facilitating architecture</li> <li>Establish the UK as the leading of</li> <li>Further strengthen UK research</li> </ul>
2. Prioritise responsible use of high-integrity credits, alongside deep mitigation	<ul> <li>Market intermediaries should prioritise integrity in both the voluntary and compliance markets; the UK's right to win in this market is from a shift to high-integrity, and intermediaries will be among the most critical to get this right.</li> <li>Buyers might also consider institutionalising risk management procedures, including but not limited to requiring CCP-adherence and/or minimum credit ratings for procurement.</li> </ul>	<ul> <li>Build market confidence and average of the second second</li></ul>
3. Convene buying coalitions to secure future supply today	<ul> <li>These could be akin to Frontier, Leaf Coalition, and NextGen, ensuring UK corporates match their American and Japanese counterparts. These could also be industry organised or potentially government-mandated, like Switzerland's KliK Foundation.</li> <li>Review where carbon credit budgets are being held within organisational structures and consider the value-add of including Chief Finance and Investment Offices into carbon market decision-making.</li> </ul>	<ul> <li>Minimise due diligence costs, ali issues / underperformance.</li> <li>Secure supply in a highly competition</li> </ul>
4. Develop and trade high-integrity standardised contracts	• Financiers and investors may wish to consider creating standard contracts with minimum standards, such as CCP, durable removals, or minimum ratings.	Drive (high integrity) commoditie
5. Build a talent pipeline with a just transition approach	<ul> <li>Universities could offer new courses to equip the next generation of carbon market leaders with critical technical skills and offer programmes to translate fundamental research into commercialisation and scaling.</li> <li>Suppliers could explore possibility of industrial placements and/or apprenticeships for carbon markets, potentially fostering partnerships between start-ups and established companies.</li> <li>Investors could look to align investment with key elements of a just transition (including advancing climate and environmental action, improving socio-economic distribution and equity and increased community voice). For example, investors may find it useful to refer to the Impact Investing Institute's Just Transition Criteria.</li> </ul>	<ul> <li>Build workforce capacity for a just</li> <li>Create new tech corridors connected economy.</li> <li>Support the delivery of a just tradesign of new products, adapting underlying investments.</li> </ul>

<sup>B</sup> Wider Stakeholders encompass private sector actors (covering the entire value chain, from buyers to suppliers, as well as intermediaries) as well as other agents of change, including research institutions, advocacy groups, and individuals.

#### Impact

- y to minimise reliance on technologies/ projects.
- ure is in place for the market to scale.
- centre of expertise among ancillary services.
- reputation for global excellence.
- oid another false dawn in carbon markets.
- nagement measures and away from individual, subjective

lign buying practices, and diversify risk for credit delivery

etitive market.

isation of the market and improve ease of doing business.

ust transition.

ecting academia with industry and boosting the local

ansition in the UK by embedding just transition into the ng of existing products and through engagement with



# Conclusion

As the role of carbon markets becomes more apparent in the context of net zero, the UK's experience and expertise can prove ever more important. The UK's strengths in carbon markets are multifaceted, building on its historical precedent for sciencealigned policy to create a world leading contemporary carbon markets ecosystem today. Yet for the UK to further strengthen its leadership, collective action is needed.

There could be great benefits if the UK were to further enhance its leadership. A highintegrity, liquid market is good for the UK, and good for the world; carbon finance will be a critical tool to enable the world to meet the Paris Agreement and minimise the impacts of climate change. The ancillary value capture opportunities are significant, especially to leverage the country's strengths in professional services and to bring UK expertise to the world. And the prospect of a truly just transition, catalysing new green jobs and infrastructure, offers opportunities for the UK to reverse industrial decline while building a new market for domestic carbon credit supply. All stakeholders must work together to realise this vision.

> For the UK to further strengthen its leadership, collective action is needed.





### Annex A

Function	Organisation - Name	Description
Demand	VCMI – Claims Code of Practice	Offers guidance on the credible use of carbon credits and how to cor part of science-aligned net zero decarbonization pathways. There are based on the percentage of a company's emissions offset, after near- silver (10 - <50% of residual emissions), gold (50 - <100%), and plating
	Oxford Net Zero – Offsetting Principles	Provides guidance to entities, from private sector to local governmen aligned offsetting, and transitioning to durable removals over time.
	SBTi Corporate Net Zero Standard	Provides companies with a clearly defined path to reduce emissions Agreement goals. Carbon credits are an option for companies going well as to use durable removals for residual emissions. Widely consid zero claim for corporates.
Supply	ICVCM – Core Carbon Principles	Ten fundamental, science-based principles for identifying high-qualit create real, verifiable climate impact. Approved methodologies are of benchmark for high integrity in the voluntary carbon market.
	IEAGHG – Integrated GHG accounting guidelines for CCUS	Widely referenced standard for carbon capture accounting calculatio grave assessment. Recently supplemented by carbon removal specif reporting and verification in October 2024. <sup>85</sup>
Overall	UK Government – Principles for Voluntary Carbon and Nature Market Integrity	High-level integrity principles, building off existing literature, and acti for further consultations in 2025.
	Taskforce for Scaling Voluntary Carbon Markets (TSVCM)	Launched at COP26 as an initiative by Mark Carney, UN Special Envoy and Finance and former Advisor to UK Prime Minister Johnson. Princ operationalised through the UK Carbon Markets Forum and the four

Overview of select UK-domiciled VCM integrity initiatives

mmunicate their use as e three levels of claims r-term mitigation efforts: num (>=100%).

nt, on developing net zero

in line with the Paris beyond their targets, as dered as the leading net

ty carbon credits that ften used as a global

ons, including cradle-toic report on monitoring,

ting as a thought-starter

y for Climate Action ciples have been ndation of ICVCM.



### **Endnotes**

- 1. Climate Policy Initiative (2024), Top-Down Climate Finance Needs
- 2. Moody's (2024), Global Climate Finance Gap at COP29
- 3. Carbon Brief (2024), COP29 Key Outcomes Agreed at the UN Climate Talks in Baku
- 4. Science Based Targets (2025), Growth in Number of Companies with Science-Based Targets Fuelled by Growth in Asia
- 5. BeZero Carbon (2024), Rating Two Years in Carbon Markets
- 6. Trove Research (2023), Corporate Emission Performance and the Use of Carbon Credits
- 7. Sylvera (2023), Carbon Credits and Decarbonization
- 8. Ecosystem Marketplace (2023), New Research: Carbon Credits Are Associated with Businesses Decarbonizing Faster
- 9. AlliedOffsets (2024), Corporate Buyers Report October 2024
- 10. UK Government (2024), Principles for Voluntary Carbon and Nature Market Integrity
- 11. CBI (2025), Growth and innovation in the UK's net zero economy
- 12. McKinsey & Company (2024), Matching Durable Carbon Removals Supply and Demand by 2030
- 13. We Mean Business Coalition (2024), Accelerating Corporate Climate Finance
- 14. UK Government (2024), UK First Major Economy to Halve Emissions
- 15. UK Government (2023), Net Zero Government Emissions Roadmap
- 16. UK Government (2021), Industrial Decarbonisation Strategy
- 17. The Climate Change Committee (2022), Supply and Demand in the UK Voluntary Carbon Market
- 18. Oxford Net Zero, Net Zero Tracker (2025) Data Explorer
- 19. McKinsey & Company (2023), Carbon Removals: How to Scale a New Gigaton Industry
- 20. S. Smith & J. Swierzbinski (2007), Assessing the performance of the UK Emissions Trading Scheme, Environmental and Resource Economics
- 21. COP30 (2025), Letter from the Brazilian Presidency
- 22. UK Government, (2023), Evaluation of the UK Emissions Trading Scheme: Phase 1 report – Annex 4.
- 23. UNFCCC, Clean Development Mechanism
- 24. UK Government (2024), Next Steps to Help Decarbonise Aviation Sector
- 25. UK Government (2024), Farming Evidence Pack A High-Level Overview of the UK Agricultural Industry
- 26. CDR.fyi (2025), Leaderboards
- 27. Climate Change Committee (2025), Seventh Carbon Budget
- 28. CO2 Stored (2025), Home
- 29. North Sea Transition Authority (n.d.), The Move to Net Zero: Carbon Capture and Storage

- 30. McKinsey (2025), CDR360 solution. For more information, please contact the report authors
- 31. Imperial College London (2025), Carbon Capture and Storage
- 32. UK Government (2023), Mobilising Green Investment 2023: Green Finance Strategy
- 33. LSEG, (2024), Green Economy Mark
- 34. LSEG (2025), London Stock Exchange's Debt Capital Markets Update End of Year 2024
- 35. TheCityUK (2024), Key Facts About the UK as an International Financial Centre
  - 36. National Wealth Fund (2025), Story Behind Data
  - 37. UKAS (2025), Validation / Verification Bodies Who's Accredited
  - 38. Puro.earth (2024), Market Map
  - 39. Office for National Statistics (2024), Gross Domestic Product (GDP)
  - 40. Carbon Market Watch (2023), Rating the Raters: Assessing Carbon Credit Rating Agencies
  - 41. Howden Group (2025), Howden Launches World-First Voluntary Carbon Credit Insurance Product to Help Scale the Market
  - 42. Kita (2025), Home
  - 43. Emergent Climate (2025), Para Signs \$180M LEAF Coalition Deal: First in Brazil
  - 44. ICVCM (2025), Assessment Status
  - 45. London Market Group (2024), The London Market Employs 60,000
  - 46. Kita (2025), CPP-C
  - 47. The CityUK (2024), UK legal services 2024: Legal excellence, internationally renowned
  - 48. Bank of England (1964), U.K. Commodity Markets. Quarterly Bulletin 1964 Q3. and Jeffrey Williams, (1982) The Origin of Future Markets. Agricultura History Vol 56, No. 1. Jan.1982
  - 49. Nigel Hall (2017) The Liverpool Cotton Market: Britain's First Futures Market
  - 50. Clifford Chance (2024), Singapore Carbon Initiatives: The Carbon Tax and the Eligibility List
  - 51. Imperial College London (2023), The Carbon Credit Price and National Tree Planting Impact of Woodland Carbon Code Admittance to the UK-ETS
  - 52. UK Government (2025), Consultation on the Introduction of a UK Carbon Border Adjustment Mechanism
  - 53. Carbon Balance (2025), *Report: Markets and Mandates*
  - 54. Science Based Targets (2025), Target Dashboard
  - 55. Science Based Targets (2025), Net-Zero Standard v2 Consultation Draft
  - 56. Freshfields (2025), Understanding the UAE's New National Register of Carbon Credits
  - 57. Voluntary Carbon Market Integrity (2023), VCMI Claims Code of Practice
  - 58. UK Government (2021). Environmental Claims on Goods and Services

- Responsibility

- 23

- lobs Tracker
- 69. QS (2024), World University Rankings

- International Carbon Markets
- - 2023
- 76. University College London (2025), UCL East

- 79. Cambridge Network (2025), Cambridge Cluster

- (PMR)
- 84. Kita (2025), Carbon Political Risk Cover
- Dioxide Removal

59. ASA (2023), Advertising Guidance: Misleading Environmental Claims and Social

60. EUR-Lex (2024), EU Legal Text on Emissions Trading 61. Carbon Pulse (2025), Voluntary Carbon Market Platform (VCMP) 62. XPansiv (2024), XPansiv CBL to Launch First ICVMC CCP Standardized Contracts on July

63. Engie Impact (2025), Buyer Groups Drive Decarbonization 64. UK Government (2019), Industrial Clusters Mission Infographic 65. Schroders (2024), Six Charts that Show Just How Cheap UK Equities Are 66. fDi Intelligence (2025), The London Stock Exchange's Star Fades 67. PCAN (2024), Tracking Local Employment in the Green Economy: PCAN Just Transition

68. Carbon Capture and Storage Association (2023), CCUS Delivery Plan Update 2023 70. Oxford Net Zero Climate (2025), Global Youth Training 71. Oxford Smith School of Enterprise and the Environment (2025), Masterclass in 72. CO2Re (2025), Future Leaders Network 73. Long Finance (2024), Global Green Finance Index 74. UK Government (2023), CCUS Cluster Sequencing Track 2 Market Update December

75. UK Research and Innovation (2025), Commercialisation Project Funding 77. Imperial College London (2025), Amplifying Impact: West Tech Corridor 78. Inclusive Growth Leeds (2025), *Leeds Innovation Arc* 80. Innovation Greater Manchester (2025), Innovation Clusters 81. Department of Energy & Climate Change (2012), Partnership for Market Readiness

82. Climate Change Committee (2025), Seventh Carbon Budget 83. IETA (2023), Modelling the Economics of Article 6 85. IEAGHG (2025), Measurement, Reporting, and Verification, and Accounting for Carbon





### About the Global City campaign

The Global City campaign is the City of London Corporation's overarching initiative to promote the UK as a worldleading international financial centre. It showcases the UK as a great place for financial and professional services firms to invest, locate and grow.

theglobalcity.uk

### About the City of **London Corporation**

The City of London Corporation is the governing body of the Square Mile dedicated to a vibrant and thriving City, supporting a diverse and sustainable London within a globally successful UK.

We aim to:

- Contribute to a flourishing society
- Support a thriving economy
- Shape outstanding environments

By strengthening the connections, capacity and character of the City, London and the UK for the benefit of people who live, work and visit here.

cityoflondon.gov.uk

UK Carbon Markets Forum

### About the UK Carbon **Market Forum**

The UK Carbon Markets Forum was established in April 2021 to support the growth of a high-integrity scaled carbon market in the UK and to support and amplify common international frameworks. The Forum is chaired by Dame Clara Furse, with City of London Corporation providing secretariat support. This research draws on joint research carried out between City of London Corporation and McKinsey & Company.

# McKinsey & Company

### **About McKinsey** & Company

McKinsey Sustainability is the firm's client-service platform that aims to help all industry sectors reach net zero carbon emissions and the world reach the goals aligned with the Paris agreement. We aspire to become the largest private sector catalyst for decarbonization, and partner with companies from all parts of the global economy to accelerate decarbonization efforts in the toughest sectors, scale innovative green ventures, and deploy sustainable investments. We do this by leveraging our thought leadership, innovative tools and solutions, leading expertise, and vibrant ecosystem of collaborators to lead a wave of innovation and economic growth that safeguards our planet and advances sustainability.

The information and opinions in this report were prepared by the City of London Corporation and McKinsey. The report draws upon a diverse range of inputs and the recommendations do not necessarily represent the views of the individual authors, nor of the contributors to the report. This report is not investment advice and should not be relied on for such advice or as a substitute for consultation with professional accountants, tax, legal or financial advisors. We have made every effort to use reliable, up-to-date and comprehensive information and analysis, but all information is provided without warranty of any kind, express or implied. We accept no liability for any loss arising from as a result of information contained in this report or any reports or sources of information referred to herein, or for any consequential, special or similar damages even if advised of the possibility of such damages. The report is not an offer to buy or sell securities or a solicitation of an offer to buy or sell securities.

The research was led by Felicity Hall, Kamile Jankauskyte, Kerstin Mathias and Carla Sateriale from the City of London Corporation, and Daniel Mikkelsen, Cindy Xue, and Ben Santhouse-James from McKinsey & Company. The McKinsey team would also like to thank the support received from Juan-Carlos Arredondo, Anna Granskog, Christopher Blaufelder, Oisín Campbell, Colin Rebel, Alexander Rock, Rishi Shah, and Anna Giulia-Murgia.