

# Has Finance applied its own discipline to net zero?

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How financial firms can apply their expertise in risk management, portfolio discipline and due diligence to stress-test their strategies for emission reductions and removals.

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# Corporate net zero requires portfolio management

**A volatile world is nothing new for financial firms.** Even with today's exceptional challenges – geopolitical tensions, the acceleration of AI, a changing climate – the questions from prior periods of upheaval are the questions today: **how do we manage the risk, and how do we come out ahead?**

## Net zero: time to look behind the numbers

Corporate net zero is a useful framework for managing climate-related risks, because it breaks a sprawling issue into process-manageable components:

- **First:** reducing corporate emissions as much as possible, through changes to energy procurement, operations and infrastructure.
- **Then:** addressing residual emissions that cannot be eliminated through reductions, using permanent carbon removals.

But have financial institutions applied their familiar disciplines of risk management, portfolio management and partner selection to these commitments?

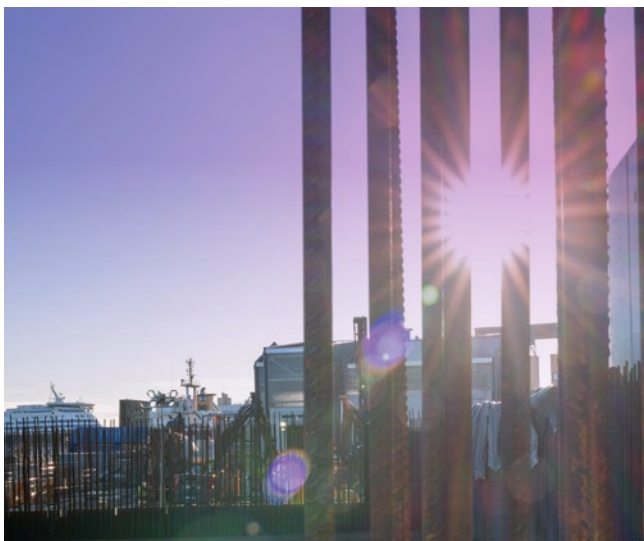
## Risk management: questions worth asking

For CEOs and senior management, there are several useful probes to consider:

- **Reductions:** Have we stress-tested our emissions-reduction plans against different growth and operating scenarios?
- **Residual emissions:** Which emissions are likely to remain, and how will we address them?
- **Supply risks:** Have we assessed whether the permanent carbon removal capacity we may need will be available, and our exposure to future price volatility?
- **Competition:** How will our competitive position be affected by our ability to execute on reductions and acquisition of removals?

Financial institutions have an edge in assessing these variables, because this is a discipline they know.

So far attention has mostly been paid to reductions. This document takes on the other leg of net zero, permanent removals.



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# What is a blue-chip portfolio asset for net zero?

## **Risk management: the overlooked residual emissions**

Emissions reductions remain the first priority. The EU has committed to cutting net greenhouse gas emissions by 90% by 2040, relative to 1990 levels, on the path to climate neutrality by 2050. Many financial institutions have set their own net zero targets, often before 2050.

Yet even with ambitious reductions, some emissions will remain. How these residual emissions will be neutralised has received considerably less attention than emissions reductions themselves. That could put corporate net zero targets at risk.

Permanent carbon removals will be needed to address these residual emissions. But this is an emerging, complex industry. Not all removal technologies are mature or permanent, and not all projects will deliver.

## **Carbon removals: identifying the blue-chip assets**

Here, finance has an advantage. Financial institutions know how to assess emerging asset classes, scrutinise risk and identify quality partners.

J.P. Morgan, Nordea, Swiss Re and Nasdaq are among the financial institutions already acquiring permanent carbon removals.

In a market where supply may struggle to keep pace with demand, the ability to identify blue-chip partners could determine who secures the quality and volume of removals needed to meet their net-zero commitments.

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# Net zero: a supply crunch in the making?

EU-approved carbon removal approaches rely on major infrastructure, with direct air capture facilities and carbon capture from bioenergy plants expected to play the main role. These plants and value chains are being built across the continent and require substantial investment. Coming online in the next few months and years, they will deliver permanent carbon removals at prices starting from around €250 per tonne.

## Two factors make action now particularly important

First, the political and financial climate has become markedly more challenging for climate technology projects. Shifting political priorities and a more cautious investment environment are creating uncertainty for projects that already face long development times. Delayed investment today risks becoming a shortage of capacity tomorrow.

Second, the window is narrowing. More than 12,000 companies have validated SBTi targets. Many will find themselves seeking permanent removals in the early 2030's, as their net-zero deadlines approach.

## Standards and regulation: another source of demand

Recent standards and policy developments have strengthened the position of permanent carbon removals.

The SBTi's proposed Corporate Net-Zero Standard V2 states that, from 2035, larger companies will be required to start acquiring eligible removals, increasing over time to 100% of residual emissions.



Meanwhile, the European Commission has proposed using the EU ETS to finance the central purchase of 250 million tonnes of permanent carbon removals between 2031 and 2040. If adopted, this would introduce a major new buyer into the market.

## From risk management to value creation

As McKinsey argued in June 2026, financial institutions can turn climate-related obligations into commercial opportunities, using their expertise to identify opportunities and advise clients on credible transition plans.

Permanent carbon removal offers one such opportunity. Financial institutions that can identify credible projects will be better placed to secure the supply needed for their net-zero commitments, finance promising European infrastructure and help clients navigate their own transition strategies.

## The future cannot always be procured at the last minute

Capacity does not appear on demand. A tonne of permanent carbon removals in 2040 has to come from something somebody planned and built long before 2040.

**Facilities have to be financed. Permitted. Built. Connected to transport and storage.**

If you expect to depend on infrastructure in the future, you have an interest in how it gets built today.

# Securing future supply: putting financial discipline to work

Financial institutions can apply their expertise in portfolio management and risk mitigation to secure high-quality carbon removals at competitive prices, building net-zero strategies that stand up to scrutiny.

While delivered credits remain scarce, some large carbon removal projects are already contracting for deliveries over the coming 10 to 15 years, depending on ambition and timing of their net-zero targets.

Long-term supply contracts can help institutions and their customers:

- Hedge exposure to future price volatility.
- Meet their net-zero commitments with greater confidence.

## Supply and demand factors driving upward price pressure and a potential scarcity premium for high-quality permanent removals

| FACTOR                          | OPPORTUNITY                                                                                                             | RISK                                                                                                                                           |
|---------------------------------|-------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------|
| SUPPLY                          | <b>Secure supply and hedge future prices</b> through long-term agreements with credible early suppliers.                | Expected capacity may be delayed, underperform or fail to materialise.                                                                         |
| COMPLIANCE DEMAND<br>Regulation | <b>Secure eligible supply before competition increases</b> , reducing exposure to future scarcity and price volatility. | The timing, scale and eligibility requirements of future regulated demand remain uncertain, while already fully anchored in EU climate policy. |
| VOLUNTARY DEMAND                | <b>Secure high-quality volumes early</b> , before a broader pool of corporate buyers competes for limited supply.       | Corporate climate strategies, standards and willingness to pay may evolve, affecting demand and prices.                                        |
| MARKET DYNAMICS<br>New supply   | <b>Long-term contracting provides price and supply certainty</b> while supporting investment in new capacity.           | If demand outpaces successful capacity, prices could rise sharply; if supply expands faster, early buyers may lock in above-market prices.     |

# The company you keep: A checklist for carbon removal partnerships

Finding the right suppliers is crucial – all the more so as companies need secure supplies from reliable partners for at least 20 years through 2050.

As climate commitments come under increasing scrutiny, the quality of these long-term partnerships matters to corporate reputation and a company's competitive edge.



## 1. The corporate climate goal

Does the supplier's carbon removal project align with the corporate net-zero goal?



## 2. Certification

How is the project verified and certified?



## 3. Volumes

What is the volume of carbon removal credits available over the project's lifetime, and is it meaningful to the company's needs?



## 4. Near-term supply availability

Are credits deliverable in the near term? Is the supplier capable of delivering the project as promised?



## 5. Long-term supply reliability

Are supplies likely to remain available over a 10-20 year timeframe?



## 6. Governance

Does the supplier meet stringent corporate governance standards?



## 7. Geopolitical risk

What risk factors relate to the geography of the carbon removal project?



## 8. Regulatory support

Does the carbon removal method have long-term regulatory support, for example through alignment with the EU CRCF?



## 9. Price and value

Are the carbon removal credits correctly priced relative to value? If the first eight factors are positive, then value is easy to determine.

## Start before you must

Financial firms have a genuine advantage in the emerging, increasingly competitive European carbon removal market. Their expertise in portfolio management, asset selection and risk analysis is precisely what is needed to identify credible projects and long-term partners.

The decisions companies make today determine what will be available tomorrow. The company you keep matters. So does the capacity you rely on. For finance leaders, the challenge is not to become carbon removal experts, but to identify the partners and projects they can trust to deliver at scale, over decades.

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This executive briefing is written by **Stockholm Exergi**.

Stockholm Exergi is building one of Europe's largest carbon management infrastructures: a €1.2 billion, EU-backed facility delivering 800 000 tonnes per annum of permanent carbon removals from 2028.

The SBTi, ISO and the EU ETS are all strengthening the role of permanent removals, pointing to the need to secure supply now.

Launching end 2028, Beccs Stockholm offers corporates and institutions EU backed carbon removals, with over 70% of early issuance already purchased.

Get in touch for more information.  
[www.stockholmexergi.se/en/beccs](http://www.stockholmexergi.se/en/beccs)

