

Clean Growth Fund:

Powering the UK's transition to a low-carbon economy through homegrown clean tech

The UK is Europe's largest venture capital market, yet UK asset owners and pension funds remain largely absent from Seed and Series A investment. This matters because economy-wide decarbonisation will not be achieved by adjusting listed portfolios alone. It requires productive capital flowing into new companies, new industries, and high-quality UK jobs. CGF bridges that gap.

What is the Clean Growth Fund?

The Clean Growth Fund (CGF) is a specialist UK climate tech venture capital fund. Launched in 2020, it invests in British start-ups that significantly reduce greenhouse gas emissions or improve resource efficiency. With initial investments typically between £500k and £5m at Seed or Series A stage, CGF provides the expertise and capital that UK clean tech entrepreneurs need to tackle the climate crisis and build successful businesses.

CGF focuses on six sectors critical to delivering low-carbon economic growth and climate resilience in the UK: power and energy, transport and mobility, industrial decarbonisation, buildings and the built environment, agrifood and land use, and the circular economy (including waste and water).

Clean Growth Fund I raised £101m of capital – from institutional investors including Queens College Cambridge, Aviva, DESNZ, CCLA and multiple Funds in the Local Government Pension Scheme (LGPS) – and has invested in 19 innovative companies across the UK, from London to Glasgow and Belfast, creating over 600 high quality jobs in the clean economy. Fund I has recently announced its first exit (Rendesco) and distribution of capital back to its LPs.

The team is now raising its second fund, with £59m already committed and a final target of £150m in early 2027.

What CGF does differently

Clean tech is not solely software, we need hardware and engineering solutions. Successful investment requires hands-on support: helping start-ups

move from prototype to production, open facilities, and reach cost parity with incumbent technologies. CGF takes board seats at every portfolio company and provides specialist guidance on commercialising decarbonisation hardware. The following case studies illustrate the process:

Case study 1: Sunswap: solving a critical decarbonisation challenge for Tesco

Tesco, a major UK employer and core holding in many institutional portfolios, has a Science Based Target-initiative (SBTi) commitment to Net Zero by 2050. One obstacle was transport refrigeration – historically diesel-dependent, with no commercially proven zero-emission alternative.

Sunswap, founded in 2020, developed a zero-emission, triple-temperature refrigeration unit (e.g; chilled, frozen, and ambient all in one unit). CGF's Series A investment (March 2022) enabled customer trials. A follow-on Series B (August 2024) scaled production. In 2025, Tesco rolled Sunswap units into its fleet. Manufactured in Leatherhead, Surrey, they now export as far as Australia and Chile.

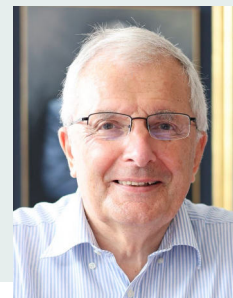
CGF's venture capital backing proved critical in enabling this component of Tesco's decarbonisation programme.

Case study 2: Clean Food Group: creating jobs and decarbonising food supply chains

Palm oil is a leading driver of deforestation, yet large food companies struggle to find cost-effective, functional alternatives. Clean Food Group, originating at the University of Bath, produces microbial oils that mimic palm oil's fatty acid profile without the environmental damage.



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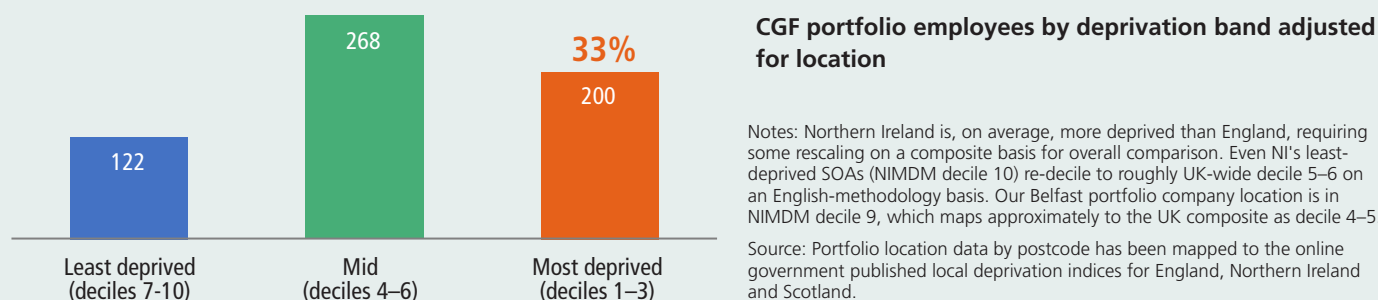
CGF invested in March 2024. Since then, Clean Food Group has secured regulatory approval, built partnerships with major food manufacturers, and acquired a one-million-litre fermentation facility in Knowsley (Northwest England). That facility will bring up to 150 new jobs to the region.

Again, this outcome relied on early-stage VC capital from CGF. Many UK climate technology companies originate from publicly-funded research conducted in universities and research institutes. Ensuring that these innovations can access commercialisation capital is therefore an important component of maximising the economic and societal return on public investment in R&D. CGF also supports companies to access grant funding from schemes such as Innovate UK and develop further funding rounds to promote the success of public-private funding initiatives.

Creating high quality jobs to stimulate the UK economy and bring industry to regions outside the 'golden triangle'

The latest CBI report¹ shows that the clean economy is bringing growth and higher productivity to all regions across the UK, generating £1.85 in economic value for every £1 invested and creating jobs with 11% higher wages than the UK average.

CGF invests in a diversified portfolio of start-up businesses, growing the clean economy and bringing job creation and industry to regions all around the UK. They can demonstrate tangible place-based impact as their companies have created over 600 jobs, 200 of which are located in the UK's most deprived regions.



Matching capital to opportunity

The recently published findings of the Transition Finance Pilot by the FCA² found that there is no shortage of innovation or investment appetite in the UK, but material mismatches exist between available institutional private capital and climate solutions opportunities. Companies developing climate innovations are often very small, early-stage, pre-revenue opportunities. They can struggle to demonstrate their ability to meet institutional asset owners' expectations of risk and return, which have traditionally been based on commercial maturity and repeatable pipelines.

Clean Growth Fund exists to match this investment appetite to the best quality, early-stage climate solutions innovations in the UK. Its diversified portfolio and experienced team of investors, with long careers in scaling and commercialising climate technology businesses, aims to address market concerns about risk and reward. CGF's success thus far in attracting and deploying institutional private capital demonstrates these risk reward perceptions can be overcome – and it has shown first hand that early-stage companies can successfully scale and commercialise.

Case study 3: Rendesco – heating up the clean economy

In May 2026, CGF exited the UK's leading independent clean heat network operator in a £100m deal whereby Pioneer Point Partners took a majority position, enabling the company to directly finance and own the networks it builds.

Heating accounts for roughly one-third of UK emissions, making clean heat one of the highest-impact decarbonisation categories, and Rendesco's ground-

source heat pump networks operate at 3–4 times the efficiency of traditional gas systems.

CGF, alongside Aviva Ventures and Eurazeo, supported Rendesco as it became the UK's leading independent clean heat network operator. Over the holding period, Rendesco scaled to supply more than 10,000 homes and generate 28GWh of clean energy annually. It brought geothermal drilling in-house, becoming the UK's only fully integrated clean heat operator and secured anchor relationships with major housebuilders, developing a vertically integrated Heat-as-a-Service model that removes the upfront cost barrier historically blocking clean heat adoption.

The Rendesco exit demonstrates CGF's ability to: (i) identify early-stage UK climate-tech with credible paths to infrastructure-scale capital; (ii) help portfolio companies build defensible, vertically integrated business models; and (iii) hand off to specialist sustainable infrastructure capital at the inflection point – in this case, regulatory tailwinds from the Future Homes Standard and Warm Homes Plan. It also illustrates the venture-to-infrastructure capital handoff that is increasingly characteristic of successful climate-tech exits in the UK.

A policy ask for Parliament

CGF's experience points to a clear gap. LGPS pools and other institutional asset owners typically write cheques above £50m, while a best-in-class early-stage clean tech fund raises £100–150m in total. Without a fund-of-funds approach and lower minimum cheques, UK pension capital will only enter at Series C or later – by which time promising UK start-ups have already been acquired by US or European funds, or failed to meet their potential.

Three practical actions for Parliament:

- 1. Clarify LGPS guidance** – define “local productive asset” for Seed/Series A clean tech as UK-wide investment, provided the fund manager reports regional job creation.
- 2. Support first-of-a-kind commercial deployment.** Expand mechanisms that help climate technologies move from pilot-scale demonstration to commercial production, where financing gaps are often most acute.
- 3. Recognise future climate impact.** Assessment frameworks should account for the potential emissions reductions delivered by climate solutions, alongside the current emissions profile of the companies developing them.

Conclusion

The UK's climate ambitions depend not only on setting targets but on scaling the technologies capable of delivering them. Early-stage climate venture capital plays a critical role in translating British scientific innovation into commercial deployment, regional economic growth and emissions reductions. The Clean Growth Fund is already demonstrating how targeted, early-stage climate tech venture capital can grow the UK economy, create regional jobs, and solve real-world decarbonisation challenges that large companies cannot fix alone. With the right policy support from Parliament – unlocking UK pension capital at the right scale – CGF and funds like it can do much more.

References

1. www.cbi.org.uk/articles/net-gains-the-uks-net-zero-economy-in-2025
2. www.fca.org.uk/publication/research-notes/financing-climate-solutions-findings-transition-finance-pilot.pdf