

Advancing level of maturity

Steps	Discovery to developing actions	Advanced to transformative actions
<p><b>Step 1:</b> <b>Align and commit</b></p>	<ul style="list-style-type: none"> <li>• Conduct a gap analysis of staff, senior management, and board knowledge/expertise on climate change, to understand baseline competencies and awareness.</li> <li>• Conduct an initial screening of climate change risks and opportunities to determine how material climate change is as a priority.</li> <li>• Present results of gap analysis and screening to the board and senior management to get commitment.</li> </ul>	<p>All actions in ‘Discovery to developing’ column PLUS</p> <ul style="list-style-type: none"> <li>• Based on the screening, provide a clear connection of climate change risks and opportunities throughout each step of the deal lifecycle (pre-acquisition, mid-acquisition, post-acquisition). This includes connection to the fund strategy/mandate.</li> <li>• Present the screening results to the board and senior management to get commitment for long-term sustained climate action and resource allocation.</li> </ul>
<p><b>Step 2:</b> <b>Institute board oversight mechanism</b></p>	<ul style="list-style-type: none"> <li>• Identify and define dedicated board-level committees and positions (e.g., board-level/executive-level climate champion) with overall responsibility for oversight of climate-related risks and opportunities. Refer to the <b>Board roles and responsibilities</b> resource for more detail.</li> </ul>	
<p><b>Step 3:</b> <b>Build capacity</b></p>	<ul style="list-style-type: none"> <li>• Based on the outcome of the skills gap analysis in Step 1, develop a training and capacity building plan.</li> <li>• Roll-out the plan to raise awareness and knowledge of climate-related risks and opportunities to the board,</li> </ul>	<p>All actions in ‘Discovery to developing’ column PLUS</p> <ul style="list-style-type: none"> <li>• All board members, led by a climate champion on the board, are closely familiar with key climate change concepts (such as TCFD, transition and physical risks),</li> </ul>

	<p>partners, investment directors, investment teams and analysts .</p> <ul style="list-style-type: none"> <li>• Ensure at least one board member is familiar with key climate change concepts.</li> </ul>	<p>and receive regular climate change training.</p>
<p><b>Step 4:</b> <b>Integrate with board committees</b></p>	<ul style="list-style-type: none"> <li>• Include commitment to address climate change in the board committee charter or terms of reference.</li> <li>• Establish a firm-wide climate policy (either stand-alone or integrated in existing policies) and/or statement of commitment endorsed by the CEO. Refer to the <b>Climate change policy</b> for an example.</li> <li>• Communicate board and senior management commitments and policy throughout the organisation to build buy-in.</li> <li>• Develop fund-level climate-related metrics (GHG emissions and material risks and opportunities) .</li> <li>• Include climate-related metrics on the agenda of board committees.</li> </ul>	<p>All actions in ‘Discovery to developing’ column PLUS</p> <ul style="list-style-type: none"> <li>• Develop additional climate-related metrics (e.g. capex on climate projects, budgets, etc.) And targets used to track long-term climate performance.</li> <li>• Include climate change priorities in the board committee charter or terms of reference to make it part of strategic investment planning, risk management and decision making.</li> <li>• Ensure the board provides input into scenario analysis work that supports greater understanding of climate risks and opportunities.</li> <li>• Develop executive and investment team’s remuneration incentives linked to climate change performance and obtain sign-off from the board.</li> </ul>
<p><b>Step 5:</b> <b>Integrate with investment committees</b></p>	<ul style="list-style-type: none"> <li>• Develop climate-related metrics (GHG emissions and material risks and opportunities) investment teams must present for all new transactions.</li> <li>• Include climate-related metrics as an agenda item of the investment committee.</li> </ul>	<p>All actions in ‘Discovery to developing’ column PLUS</p> <ul style="list-style-type: none"> <li>• Develop additional climate-related metrics (e.g., exclusions, Paris-alignment) that investment teams must present for all new and follow-on transactions.</li> <li>• Develop specific criteria the investment committee uses</li> </ul>

		<p>to evaluate climate-related performance (e.g., GHG emissions thresholds, Paris-alignment).</p> <ul style="list-style-type: none"> <li>• Ensure the criteria and metrics are clearly linked to the investment strategy and/or risk management policies.</li> </ul>
<p><b>Step 6: Develop organisation structure</b></p>	<ul style="list-style-type: none"> <li>• Develop and document organisational governance structure with clear chain of command and reporting lines, covering board and senior leadership, management and investment committees, climate change working groups and investment teams.</li> <li>• Provide adequate resources and funding to ensure effective implementation across the organisation.</li> </ul>	
<p><b>Step 7: Define role of management</b></p>	<ul style="list-style-type: none"> <li>• Identify and define management-level committee and relevant individual for driving the actions and response towards climate risks and opportunities.</li> <li>• Ensure accountability by allocating climate responsibility for assessment and management of climate risk and opportunities.</li> </ul> <p>Refer to the <b>Management roles and responsibilities</b> resource for more detail.</p>	<p>All actions in ‘Discovery to developing’ column PLUS</p> <ul style="list-style-type: none"> <li>• Integrate and document climate change-related responsibilities into all relevant staff responsibilities throughout the organisation.</li> <li>• Ensure all investment teams have clear roles and responsibilities for climate change risks and opportunities.</li> <li>• Develop cross-functional working groups to ensure responsibilities are accounted for.</li> <li>• Develop incentives for achieving specific metrics or targets on climate change and incorporate into balanced scorecards of individuals.</li> </ul>
<p><b>Step 8: Develop</b></p>	<ul style="list-style-type: none"> <li>• Define how and how often climate-related metrics are reviewed by management and the board.</li> </ul>	<p>All actions in ‘Discovery to developing’ column PLUS</p> <ul style="list-style-type: none"> <li>• Develop a documented reporting process that outlines</li> </ul>

<b>procedures and tools</b>	<ul style="list-style-type: none"> <li>• Develop procedures and tools to support GHG accounting and climate risk and opportunity identification and assessment.</li> </ul>	<p>what climate information is captured, tracked and reported (including how and where).</p> <ul style="list-style-type: none"> <li>• Develop, document and implement procedures and tools to support climate change management, including setting goals and targets.</li> </ul>
<b>Step 9: Report, communicate and collaborate</b>	<ul style="list-style-type: none"> <li>• Define process for disclosure of climate-related risks and opportunities to relevant partners, investors, and regulators.</li> <li>• Report annually (or more frequently as required) to the GP's partners to inform them on climate-related risks and opportunities across investment activities.</li> <li>• Join fund manager industry working groups to share knowledge, collaborate and benefit from best practice resources and tools.</li> </ul>	
<b>Step 10: Continual re-evaluation</b>	<ul style="list-style-type: none"> <li>• Climate governance should be continually reviewed and updated, reflecting the change in the environment, climate science, regulations, and methodologies. Fund managers should set regular review points to revise their climate ambitions and internal management infrastructure.</li> </ul>	