Rubric 1: Maturity matrix for embedding climate risk management in the organisation

* MFIs and FIs can use this table as a quick reference. MFIs often operate with fewer resources and may therefore apply a more proportionate approach to the steps outlined.

British International Investment

What successful embedding of climate risk management looks like:	*Discovery stage*	*Developing stage*	*Embedded stage*	*Advanced stage*
Overall organisational approach	General awareness of climate risk concepts; ad hoc initiatives	Organisational self-assessment initiated; baseline benchmarking started	Institution-wise climate risk maturity assessment; baselines established and regularly discussed at management level	Regularly updated self-assessment; lessons learned inform ongoing strategy and market positioning
Governance and strategy	Board/senior management briefed; informal lead assigned	Climate risk has been discussed at board level; formal responsibilities have been assigned	Formal governance structures established with clear lines of reporting; climate risk incorporated in risk appetite and strategy	Full integration; climate risk woven into institutional governance; performance-linked incentives and strategic resource allocation
Screening phase	Some transactions flagged for climate risk via informal judgement and common-sense heuristics	Basic, documented rapid screening matrix used in selected business lines	Systematic climate risk screening at origination, with clear escalation protocols; taxonomy for climate opportunities applied	Fully embedded, automated screening integrated in all business lines; continuous refinement based on feedback and outcomes
Due diligence phase	Ad hoc, qualitative climate due diligence for high-profile cases	Physical/transition risk guides and questionnaires piloted for selected transactions	Standardised, risk-based climate due diligence across entire portfolio; scenario analysis and financed emissions tracking introduced	Comprehensive due diligence; robust quantitative scenario analysis; leading in climate risk data collection, materiality quantification and client engagement
Application and approval phase	Climate considerations occasionally discussed in credit committees	Climate risk clauses considered for inclusion in high-risk transactions	Climate risk clauses and client climate action plans piloted in credit documentation	Climate risk covenants systematically included in agreements; risk-based approval conditions
Monitoring and reporting phase	Ad hoc climate risk monitoring (if any)	Basic dashboard and metrics piloted; some client engagement on climate risk	Regular climate risk reporting; dashboards, metrics and transition/adaptation plans routinely tracked	Integrated, real-time monitoring; science-based targets, peer benchmarking and continuous client engagement
Portfolio management and disclosure	Limited/anecdotal understanding of climate risk concentrations	Initial portfolio-level screening of climate risks; pilot IFRS S2 aligned reporting cycle	Portfolio-level monitoring established at regular cadence; systematic climate risk disclosures and internal stress testing	Advanced climate risk analytics; robust, externally assured disclosures; science-based target setting and regulatory leadership