

Embedding sustainability into capital investment appraisal

Do you understand how your capital investment could be impaired by future environmental or social changes over its lifetime? How are material sustainability impacts integrated within your investment appraisals? Will this provide sufficient resilience?

The maturity map is designed to enable you to assess what you are currently doing and how you can advance to a leading position. It has been developed as a way to capture the different dimensions of capex.

Strategy	Limited sustainability factors included in capital investment appraisal	Some sustainability factors included in capital investment appraisal	Sustainability factors fully integrated into capital investment appraisal
Integration within capex process	 Limited sustainability issues included within the main investment case. Decisions made based on commercial factors only. Limited transparency of basis for decision making. 	 Some material sustainability issues included within the investment case. Decisions influenced by sustainability concerns. Clear criteria for how decision makers should evaluate the project but limited communication to project stakeholders. 	 Material sustainability issues fully integrated into investment case. Holistic decision making. Rationale for decision making clearly communicated to project stakeholders.
Governance and cross- functional involvement	 Some awareness of issues that may affect the investment at leadership level, but little active involvement to drive incorporation into capex processes. Little interaction across teams to provide relevant data. Reliance on individuals to provide lessons learned from previous projects. 	 Increased awareness of issues, involvement and commitment of leaders to include sustainability in capex processes. Communication and consultation with other teams when required to provide relevant data. Ad hoc post-investment reviews of performance undertaken, including links to sustainability issues. 	Highly visible top-level commitment to including sustainability in capex processes. Cross-functional core project teams to provide relevant data. Feedback from interactive and continuous review of benefits, including sustainability, drives learning within and across projects.
Appraisal scope	 Focus on own operation only. Considers operational phase of project only. Limited scope of sustainability issues, e.g. only carbon. 	 Considers part of value chain. Considers pre- and post-operational phase of project. Considers some material sustainability issues. 	 Whole value chain considered. Adopt whole asset lifecycle approach. Focus on all material sustainability issues, and interactions between them.
Appraisal method	 Sustainability risks mitigated after project design is completed. Based on qualitative information only. Considers value creation for shareholders only. 	 Initial project design influenced by sustainability issues. Based on a mix of qualitative and quantitative information. Considers value creation for shareholders with limited consideration of other project stakeholders. 	 Optimizing sustainability is a key objective of project design from the outset and clearly links to commercial outcomes. Mix of appraisal methods, including monetization of sustainability values. Considers value creation for significant project stakeholders and wider society.
	Beginner	Intermediate	Leader