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Responsible Investment Maturity Matrix

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Overview

The Reframe Venture 'Fund Maturity Matrix' is an assessment framework that determines whether a venture capital fund demonstrates meaningful integration of Environmental, Social, and Governance (ESG) factors throughout its investment value chain.

Use Cases

- *GP 'measurement stick'*: self-assessment tool for GPs. What should the GPs next steps for RI integration be? What will LPs increasingly expect as the GP platform matures?
- *LP DDQ and benchmarking*: assessment of GP maturity. Where does the GP stand, compared to peers? What should the LP ask for and expect (during DD / re-upping)?
- *LP coordination*: comparison and harmonisation among LPs. How can LPs work together to push the ecosystem/s forward? What can they expect, collectively?

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Methodology

This framework has been developed through consultation on best practices with our community of 50+ LPs, including detailed descriptions of expectations from 25 large institutional LPs in the EU, the UK, and North America, in addition to large institutional global asset managers in 2025/6. Combined with the consolidated findings of the extensive research Reframe Venture has conducted on the industry since 2020, including our two ESG integration best practice booklets (1 and 2), and our two LP white papers (1 and 2), this is a first-of-its-kind VC-specific Responsible Investing maturity index.

Theme 1: Governance & Accountability

ASPECT	BASIC	INTERMEDIATE	ADVANCED
OWNERSHIP	One person is named as responsible for RI. May be part of another role.	RI lead has dedicated time allocation and reports to a Partner/IC level. Some team members are involved in RI activities (e.g. DD).	RI ownership sits at senior level. RI activity is distributed across (almost) the whole team. Full body workout.
INTERNAL POLICIES	Informal RI/ESG policy or internal framework exists; not necessarily understood and followed by whole team.	Policy covers both fund operations and portfolio company expectations. A Code of Conduct in line with industry and international standards exists. Regular review process is followed.	Policies actively referenced in decision-making. Staff trained on their application. Clear process when edge cases arise.
INTERNAL REPORTING	RI/ESG is discussed internally when issues arise, albeit informally.	More formalised quarterly update to leadership on RI/ESG activities and progress.	RI is a standing item at management meetings with documented discussion.
INCENTIVE ALIGNMENT	Incentive mechanism established, e.g. <ul style="list-style-type: none"> • Bonus component linked to RI time / goals • Impact/ESG-linked carried interest 		

Why this matters

LPs view RI governance as a signal of operational maturity. Funds where RI is someone's 'side project' rarely sustain momentum. Clear ownership, distributed responsibility and actioned policies and communication is what separates box-ticking from genuine integration.

First steps and resources

- [RI/ESG Policy Template](#) and ['How to write' guide](#)
- [Best Practice Playbook: RI ownership distribution](#)
- [Code of Conduct Template](#)
- [Impact Linked Carry](#)
- [Responsible Investment Training](#)

Theme 2: Investment Process Integration

ASPECT	BASIC	INTERMEDIATE	ADVANCED
MATERIALITY ASSESSMENT	General ‘Universe of Issue’ with comprehensive RI/ESG factors available and actioned consistently (e.g. checklist).	Sector-specific materiality napkins used. Assessment distinguishes between “nice to have” and “highly material.”	Materiality assessment conducted assessment by assessment; shapes DD scope – material issues get deeper investigation, immaterial ones are deprioritised.
DUE DILIGENCE	Material questions included in DD process. Important findings in IM.	Comprehensive DD template, informed by materiality assessment. Red flags trigger deep dive. All documented in (dedicated) IM (section).	Bespoke RI DD for every company based on materiality assessment. Dedicated IM section. Findings influence deal terms, valuation, or structure.
IC INTEGRATION	Investment team looks at findings before IC, may be discussed in IC.	Material risks/opportunities are systematically flagged to IC with clear escalation criteria.	IC agenda includes RI/ESG. IC can (and does) reject, modify, or conditionally approve deals based on material risks. Minutes reflect risk discussion.
LEGAL DOCUMENTATION	Expectations communicated verbally to founders.	Standard clause in term sheets (e.g., reporting requirements, policy commitments).	Bespoke provisions where material (e.g., specific milestones, representations, or information rights tied to identified risks).



Why this matters

Pre-investment is where VC funds often have leverage, given their minority stakes. Funds that integrate ESG into decisions – not just documentation – catch risks earlier and set clearer expectations with founders.



First steps and resources

- [Universe of Issues](#)
- [Sector-specific Materiality Napkins](#) – Members Only
- [Sector-specific DD tools: Responsible AI & Responsible Dual Use](#)
- [DEI / E / RI Term Sheet Clauses](#) – Members Only
- [Responsible Investment Trainin](#)

Theme 3: Portfolio Engagement & Value Creation

ASPECT	BASIC	INTERMEDIATE	ADVANCED
ONGOING MONITORING	Material risk factors identified at investment are tracked periodically (e.g. at board meetings or quarterly check-ins).	RI/ESG is a standard agenda item in portfolio company interactions, and raised at board level if a seat is held. Progress tracked informally.	Targets set for material risks where appropriate. Progress formally tracked and reported (incl. to board).
PORTFOLIO SUPPORT	Portfolio companies can ask for guidance and receive ad-hoc support.	Proactive outreach – fund shares resources, templates, or introductions to help portfolio companies ESG considered as standard in exit preparation.	Structured ESG support programme with dedicated resources (e.g. workshops, peer learning, dedicated resources). Support tailored to the company stage and sector.
INCIDENT MONITORING	Fund is made aware of incidents through usual portfolio contact or media.	Defined process: how incidents are identified, assessed, escalated, and documented. LP communication protocol exists.	Systematic learning – incidents inform updates to DD process, monitoring approach, or portfolio support.
PORTFOLIO ANALYTICS	ESG data collected from some portfolio companies, irregularly.	Annual ESG data collection across portfolio using consistent framework. Basic aggregation.	Portfolio-wide software-enabled analysis leads to benchmarking, trend identification, and dedicated support. Findings inform fund-level priorities. There may be investigation of financial impact.



Why this matters

Early-stage companies rarely have sustainability/ESG infrastructure. The fund's value-add comes through support and guidance, not compliance enforcement. Funds that help portfolio companies build capability create value; funds that just request data risk just creating friction.



First steps and resources

- [Portfolio Support Tool](#) – Members Only
- [Review of ESG Reporting Platforms](#) – Members Only
- [Invest Europe ESG Reporting Framework](#)
- [PRI Value Creation Best Practice](#)

Theme 4: LP Reporting & Transparency

ASPECT	BASIC	INTERMEDIATE	ADVANCED
LP REPORTING	RI covered in annual reporting or provided on request. Mainly qualitative/narrative.	RI in standard quarterly or annual reporting. Mix of narrative, quantitative, and examples.	RI reporting includes quantitative metrics and progress against stated, considered objectives. Methodology explained.
LP ENGAGEMENT	RI discussed with LPs when they ask.	RI updates provided at AGM or LPAC. Fund responsive to LP queries.	RI is standing LPAC/AGM agenda item. Fund proactively seeks LP input on priorities.
INCIDENT DISCLOSURE	Material incidents disclosed to LPs when asked (e.g. in DDQ).	Defined threshold for what constitutes “material” for LP disclosure. Proactive communication.	Incidents systematically reported in regular LP communications. Lessons learned shared.
EXTERNAL TRANSPARENCY	RI policy shared with LPs during DD/fundraising.	RI policy or processes publicly available (e.g. on website).	Public RI report and policies/processes available. Contribution to industry best practices and peer-learning.



Why this matters

LP expectations for ESG transparency have risen sharply. Anecdotes about one portfolio company’s sustainability initiative no longer suffice. Funds that demonstrate systematic approaches with actual data are better positioned in fundraising and LP retention.



First steps and resources

- [Invest Europe ESG Reporting Framework](#)
- [ILPA DDQ](#)
- [PRI DDQ](#)

Appendix: ILPA DDQ 2.0 Section 19 Mapping

MATRIX THEME	MATRIX ASPECT	ILPA DDQ QUESTION(S)
GOVERNANCE & ACCOUNTABILITY	ESG Ownership	19.1.3 (oversight and implementation responsibilities)
	Policy Framework	19.1.1 (responsible investment policy), 19.1.2 (standards/frameworks committed to), 19.1.5 (Training for investment professionals on ESG)
	Internal Reporting	19.1.3 (oversight structure), 19.1.4 (ESG in performance reviews), 19.6.2 (climate commitments), 19.7.2 (internal ESG management)
INVESTMENT PROCESS INTEGRATION	Materiality Assessment	19.3.1 (ESG materiality analysis and DD process)
	Due Diligence	19.3.1 (DD on material ESG risks/opportunities)
	IC Integration	19.3.3 (reporting to and documentation by IC)
	Legal Documentation	19.3.4 (ESG in deal documentation), 19.2.1 (ESG commitments in LPA/side letters)
PORTFOLIO ENGAGEMENT & MONITORING	Ongoing Monitoring	19.4.5 (ESG KPI tracking), 19.4.6 (targets and benchmarking)
	Portfolio Support	19.4.1 (ESG value creation plans), 19.4.2 (ESG competence at portfolio level), 19.4.3 (use of board seat influence for ESG), 19.4.4 (contributing to ESG management), 19.4.7 (exit preparation)
	Incident Monitoring	19.5.3 (managing and disclosing material ESG incidents)
	Portfolio Analytics	19.4.5 (KPI frameworks), 19.4.6 (benchmarking), 19.4.8 (ESG effect on financial performance), 19.6.1 (Climate data)
REPORTING & TRANSPARENCY	LP Reporting	19.5.1 (reporting and evidencing ESG progress to LPs)
	LP Engagement	19.5.2 (ESG on LPAC/AGM agenda)
	Incident Disclosure	19.5.3 (incident disclosure approach)
	External Transparency	19.1.1 (policy availability), 19.6.3 (TCFD reporting)



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