

# 11.2

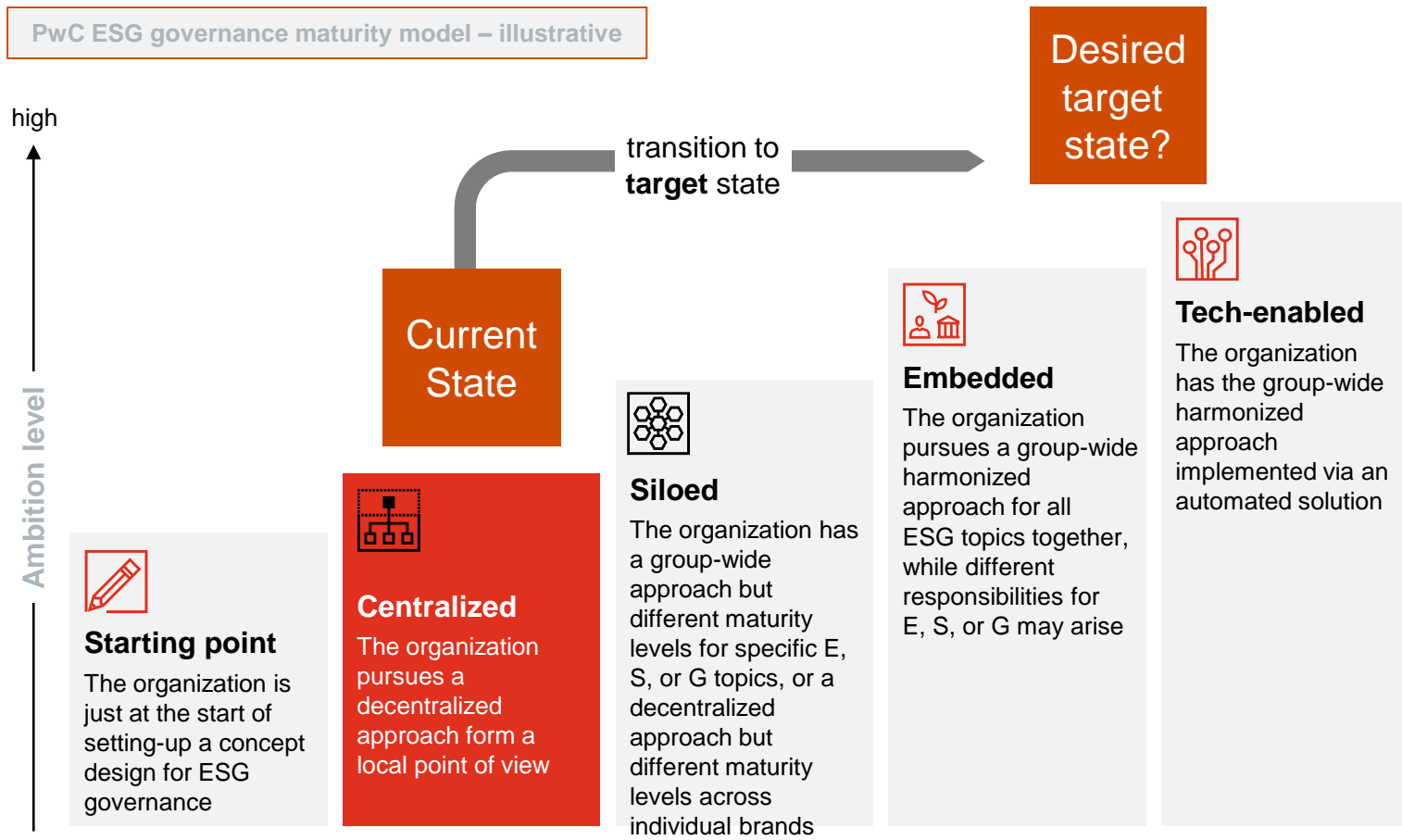
Governance

Structure/management

Claudia Feick, Director PwC

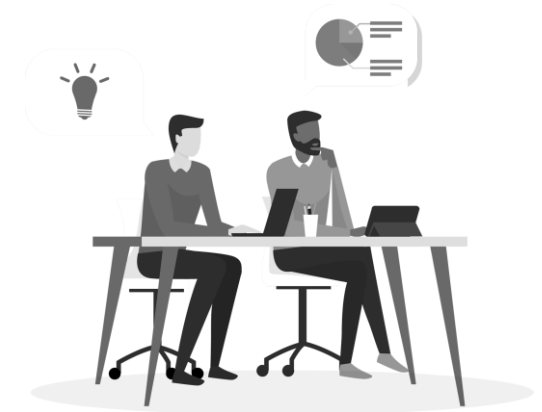


# Governance Ambition for Organizations



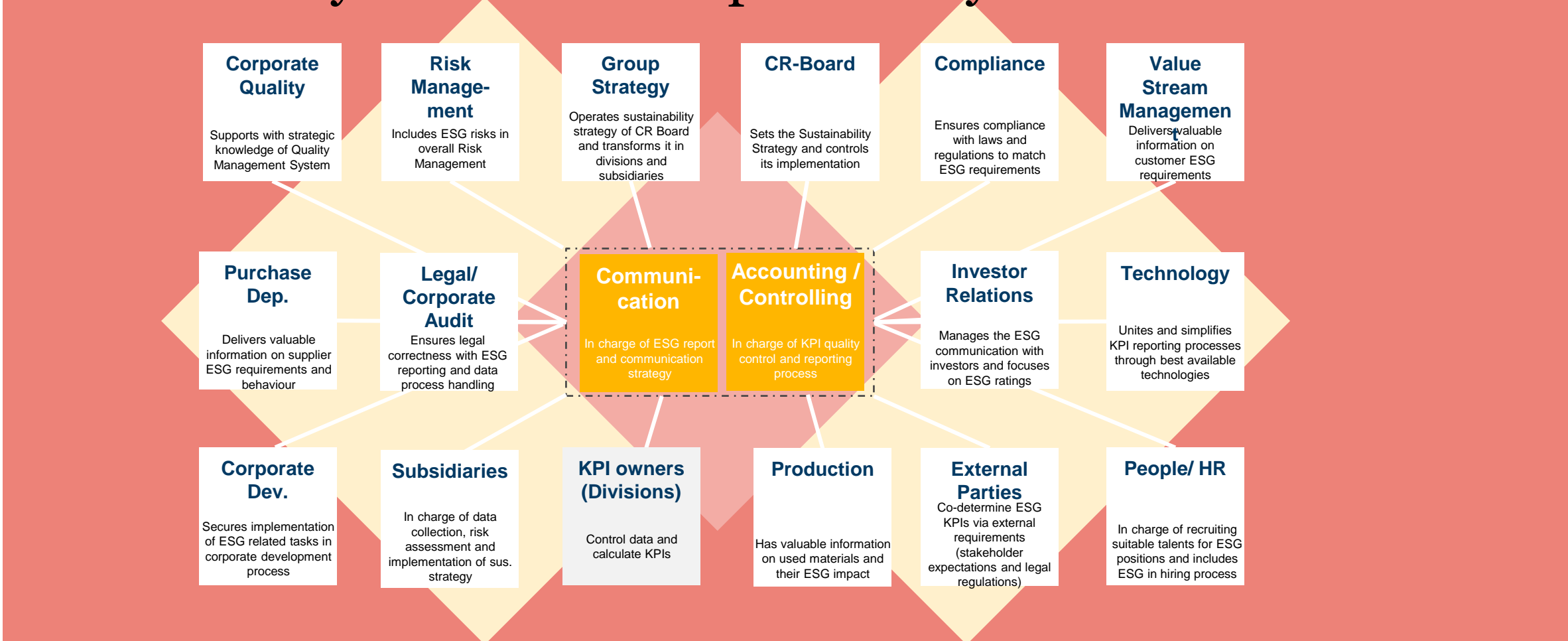
## Target state and outcomes

- **Clear vision** for the ESG governance and organization
- ESG established as a clear steering instrument within a stringent **governance framework**
- Clear **organizational setup**, reporting lines and interfaces with other departments and branches
- Defined way of working and collaboration via **RASCI matrices**



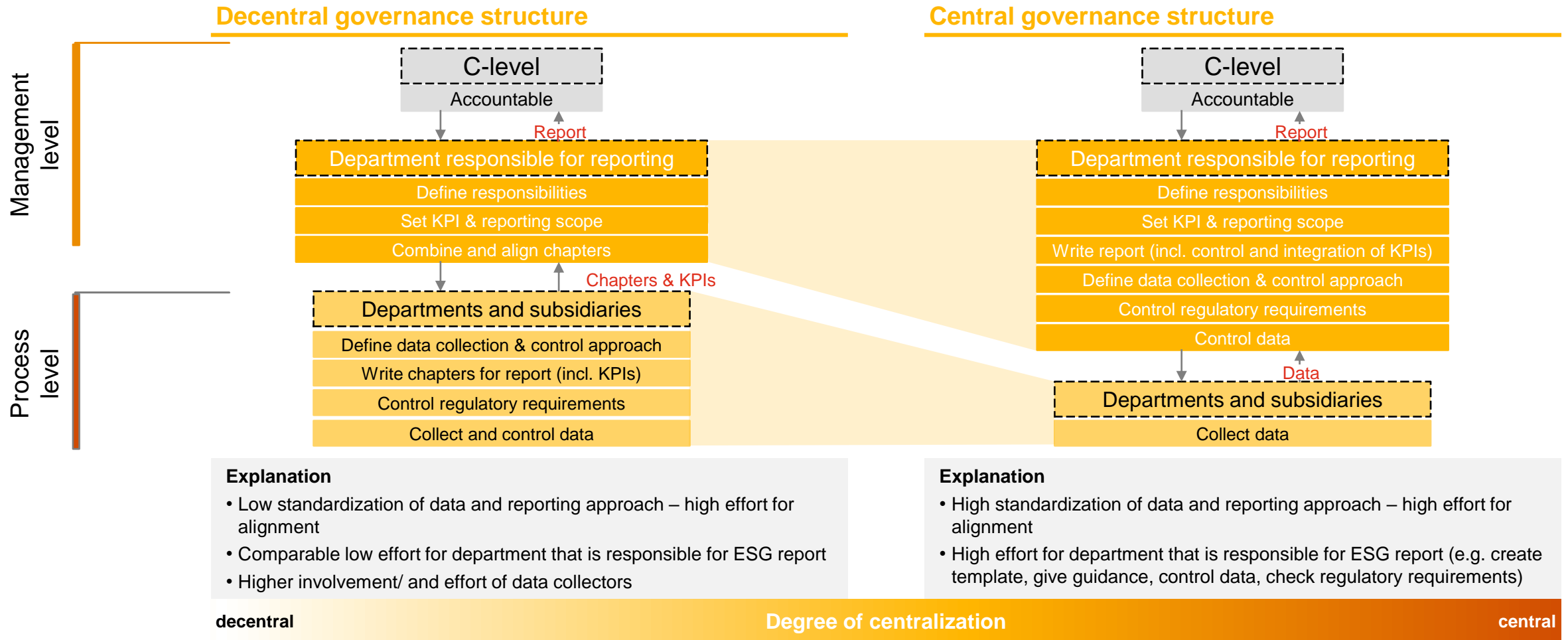
# The identification and usage of cooperation potential and synergies between departments add value target-orientated and efficiently to the ESG responsibility

Illustration



# Key factors can be used to decide whether CSRD reporting should be organized centrally or a decentralized basis

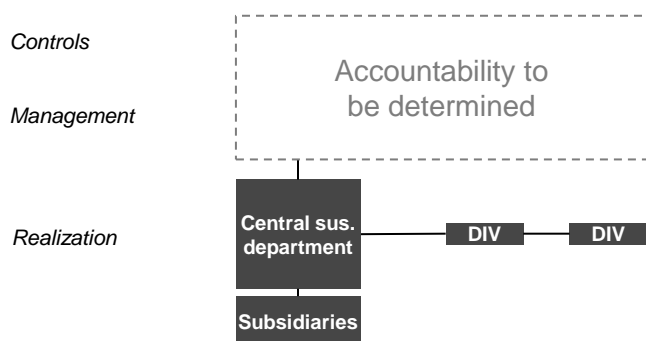
Illustration





# Three different models of organizational structure

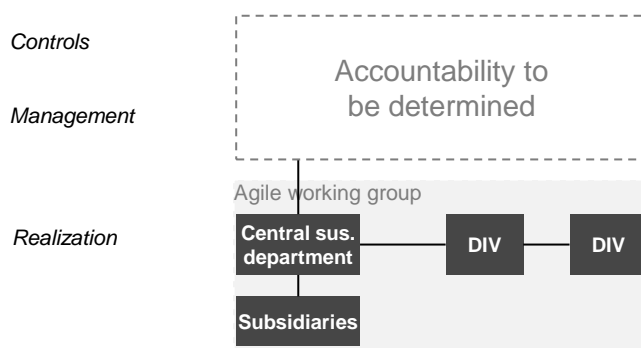
## Centralized



### Explanation

- Large central team sets the sus. agenda, **incubates and drives initiatives** before handing them over to the 'natural owners' in the line organization
- Cross-functional initiatives without a clear 'natural owner' may require continuous support from the central team
- Low involvement of DIVs

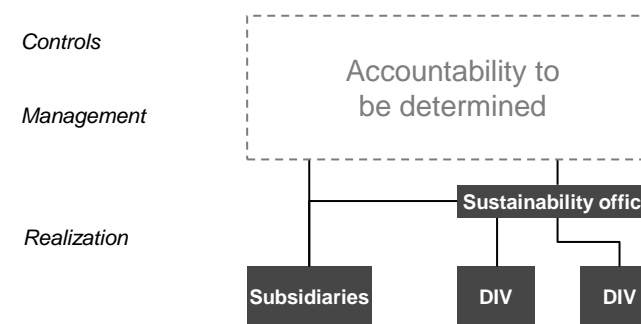
## Siloed



### Explanation

- Central sus. team **orchestrates sus. agenda and agile working groups drive implementation**
- Agile topic working groups develop guidelines & best practice, incubate initiatives and drive their initial execution before transferring them to the 'natural owners' in the line organization

## Embedded



### Explanation

- No central sus. team exists
- Sustainability is **embedded as an integral part in all work processes** across the entire organization, and is part of everyone's job description
- Decision-maker considers sustainability in all their decisions
- Coordination of sus. activities via sustainability office

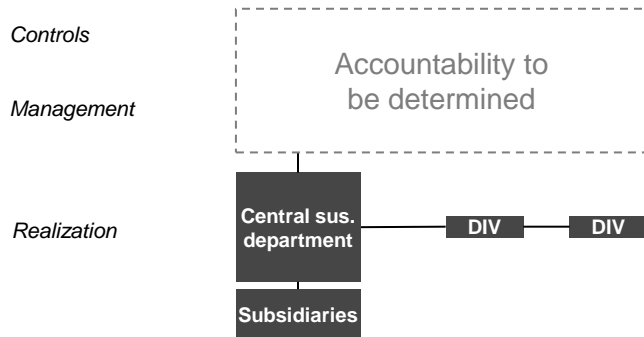
low

Degree of decentralization

high

# Pros and cons of the different three organizational structures+

## Centralized

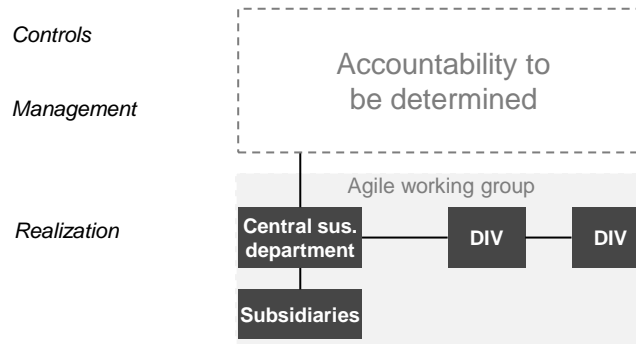


### Pros & Cons

- + Speed - Rapid implementation of the transformation roadmap
- Centralization of workload to one sus. team
- Potential for transfer problems, as central solution often not applicable to all departments (DIVs)

low

## Siloed

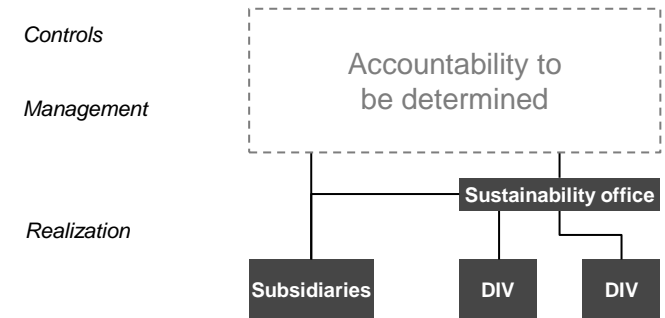


### Pros & Cons

- + Involvement of wider parts of the organization in transformation - Distribution of workload
- + Transfer problems are reduced because departments (DIVs) are more involved in developing the content
- Exchange between sus. team and departments (DIVs) slows down transformation implementation

Degree of decentralization

## Embedded



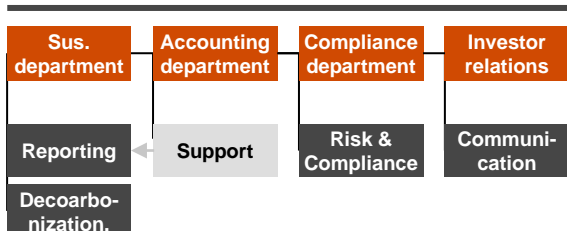
### Pros & Cons

- + Involvement of the entire organization in transformation - distribution of the workload
- Slow implementation of the transformation roadmap - high coordination effort (especially at the beginning of the sus. journey)
- Potential risk of inefficiencies due to lack of coordination between departments (DIVs)

high

# PwC's project insights shows that companies, regardless of their ambitions, mostly prefer an centralized or siloed approach

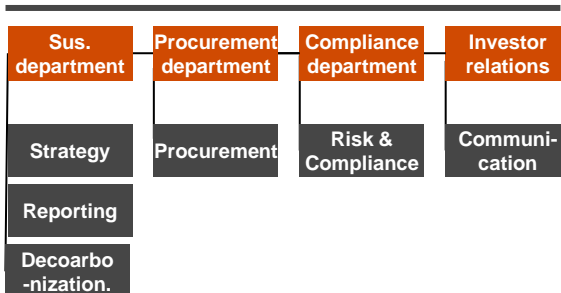
## Manufacturer (pharma)<sup>1)</sup>



### Explanation

- *Governance structure:* centralized
- *Respon. sus. depart.:* reporting & decarbonization
- *Characteristic:* Large central team sets the sus. agenda by focusing mainly on the fulfilment of minimum requirement

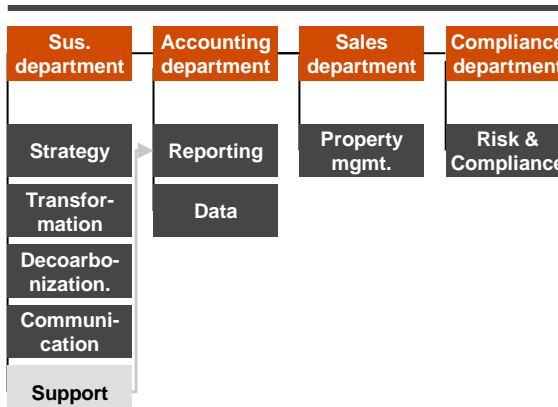
## Manufacturer (automotive)<sup>1)</sup>



### Explanation

- *Governance structure:* Siloed
- *Respon. sus. depart.:* Strategy, sus. reporting, decarbonization
- *Characteristic:* Specific sus. projects under the responsibility of other departments with support from sus. department

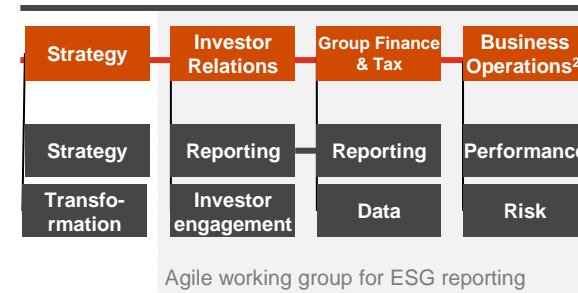
## Mobility provider<sup>1)</sup>



### Explanation

- *Governance structure:* Siloed
- *Respon. sus. depart.:* Strategy, transformation, decarbonization & communication
- *Characteristic:* Central sus. team orchestrates sus. with high involvement of other department

## Manufacturer (fashion)<sup>1)</sup>



### Explanation

- *Governance structure:* Siloed to embedded
- *Respon. sus. depart.:* Different departments responsible for ESG (reporting) tasks according to expertise
- *Characteristic:* Decentral organization of sus. topics with an agile working group to manage ESG reporting

1) Source: Project expertise PwC

2) Incl. Business Planning & Analysis and Risk Management & Internal Controls

# Governance, Structures & Processes – To define responsibilities for processes

## Definition RASCI

**R**

### Responsible

Who is the project owner and has to ensure that the project is completed?

**A**

### Accountable

Who has the final control over the project task and the resources associated with it?

**S**

### Support

Who supports the responsible person with provided resources?

**C**

### Consulted

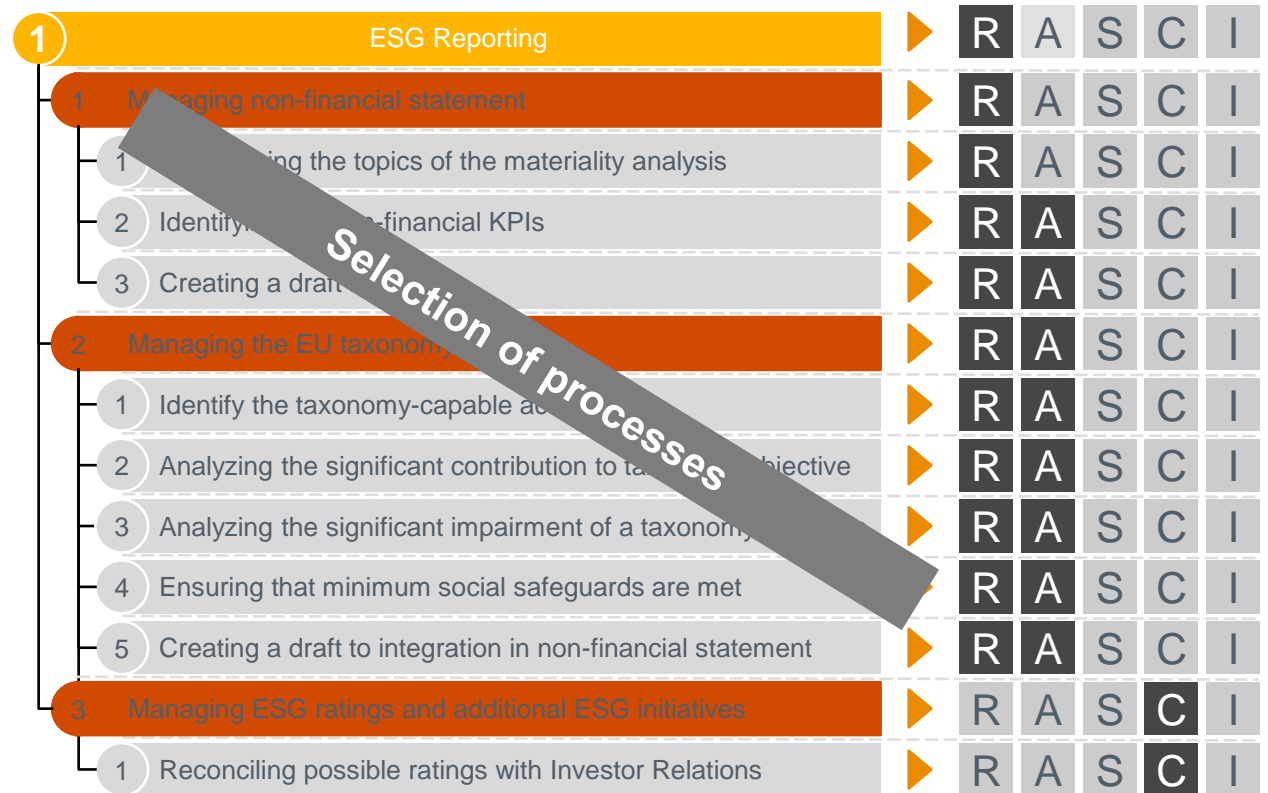
Who consults the responsible person with expertise?

**I**

### Informed

Who needs to be kept in the loop during the project life-cycle?

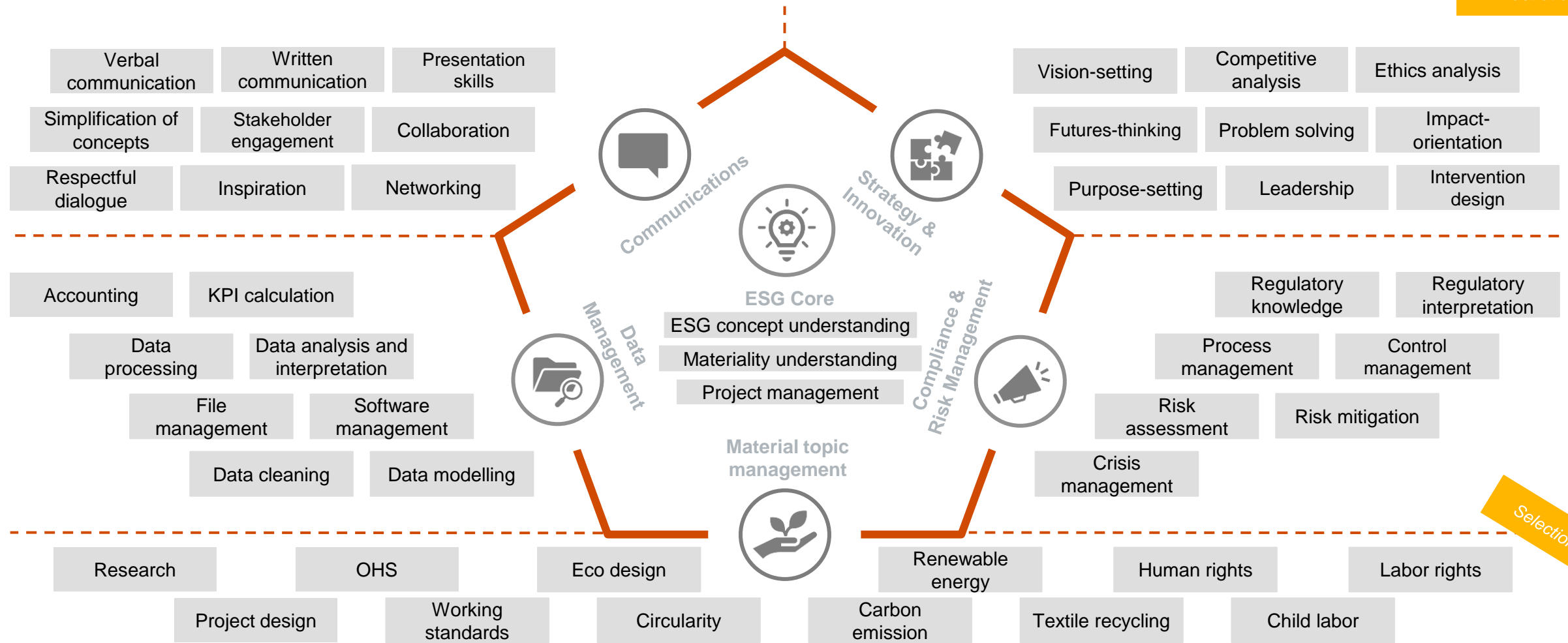
## Exemplary illustration of RASCI for ESG reporting processes





# CSRD reporting requires a range of skills and capabilities to deliver the CSRD Reporting TOM

Illustration



Selection only

# Thank you for your attention!

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