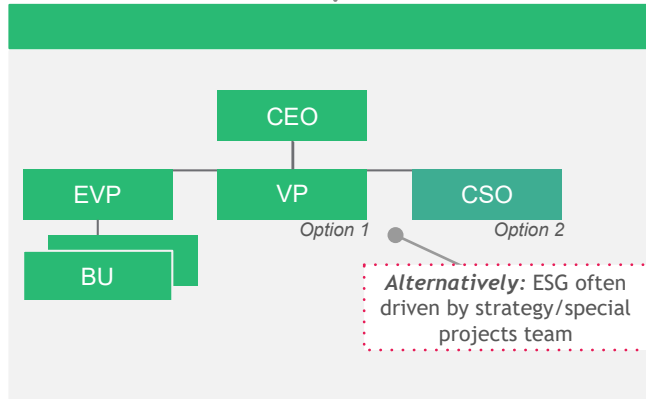


# Step 5 | Define organization and governance model to organize ESG efforts



## Dedicated central

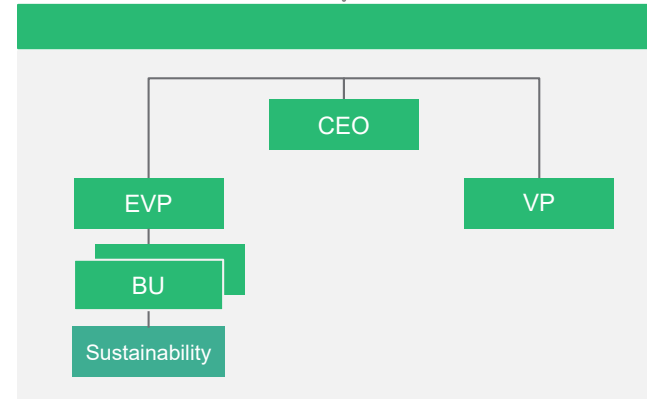


- Central stewardship
- Standardized programs
- Strong link between corporate strategy and ESG



- ESG detached from business priorities
- Difficulty implementing centralized programs in BUs
- Sometimes perceived by business as "theoretical" function, "adding no value"

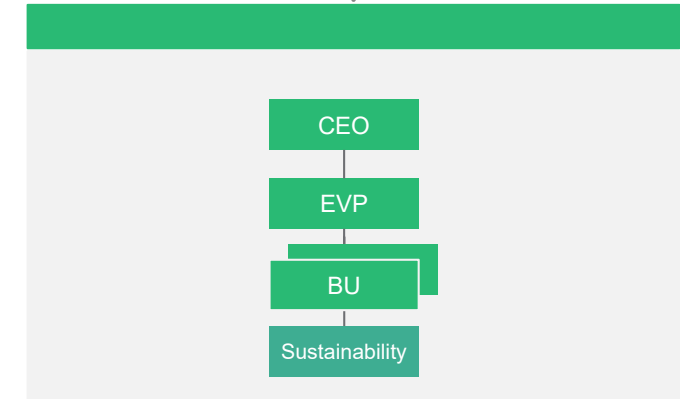
## Centralized expertise, decentralized implementation



- Effective steering of ESG strategy and BU-specific programs
- Standardized programs
- Most often applied; considers both central expertise & strategy and local needs

- Requires strong commitment from top level management
- Requires more headcount

## Decentralized



- ESG priorities aligned well with business priorities
- Higher acceptance by the business
- Practical, focused on implementation
- Typical in mono-BU or holding companies

- Limited ESG goals, risk of being detached from overall strategy
- Usually includes only basic functions

If it is a homogenous set-up like a bank, telecom company etc. highlighting large numbers of fragmented but similar locations—then it's easier to go for a decentralized approach. For complex industries like oil and gas—where you might have refineries on one side v/s marketing terminals on other—it's easier to go for a centralized or hybrid approach.