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Re: EFRAG's Comment Letter on the GRI's Proposed Amendments to the topical standards on corruption and public policy

On behalf of EFRAG, I am writing to comment on the GRI's revision of the Economic Impact Standards, more specifically on the amendments to the **two topics** 'corruption' and 'public policy' reflected in the **GRI COR: Corruption Exposure Draft and GRI PP: Public Policy Exposure Draft** (the 'ED') issued in January 2025. The third topic 'Competition' as reflected in the ED is not considered in this comment letter, as it is not covered by the CSRD and ESRS.

We would like to acknowledge the substantial and high-quality work undertaken in updating the two GRI topic standards for corruption and public policy. Every step towards better sustainability reporting at the global level has our full support, as already illustrated by the joint interoperability mapping issued in 2023 by the GRI and EFRAG and by our current efforts to enhance further interoperability.

This letter is intended to contribute to the GRI's due process, in consideration of **the applicability of GRI standards to preparers that comply with ESRS, as a source of entity-specific disclosures**. EFRAG's response is provided immediately following this cover letter, with general summarised comments across the two standards as well as detailed comments and responses to the EDs set out thereafter.

EFRAG notes that the public consultation period provided by GRI is too short to allow for EFRAG to undertake a full due process, including a consultation on the EFRAG Draft comment letter. Consequently, EFRAG engaged in an accelerated due process within this limited timeframe and conducted an outreach with European stakeholders through two workshops. EFRAG has also drawn on its experience in the context of the ESRS implementation support and more recently in the ESRS simplification. In this regard, we also extend our personal thanks to the GRI team for making themselves available to present the EDs to the EFRAG SRB and SR TEG in public sessions.

If you would like to discuss our comments further, please do not hesitate to contact Abigail Levrau [Abigail.levrau@EFRAG.ORG].

Yours sincerely,

Kerstin Lopatta

Vice Chair of the EFRAG SRB

Issue Paper

EFRAG comments on GRI updates to the topical Standards on Corruption and Public Policy

High level summary of the response

General insights regarding ESRS and GRI interoperability

1. We note that the ESRS, as adopted in 2023, were elaborated with due consideration of the GRI disclosures existing at the time, and a high level of interoperability was achieved between the two sets of standards. Consequently, undertakings reporting under the ESRS' mandatory regime can be considered as reporting 'with reference' to the GRI, as the interoperability index is a mapping tool that demonstrates such relationship¹. GRI topical standards are not directly applicable to undertakings in the scope of mandatory ESRS application, however they can be a **source for entity-specific information under ESRS**.
2. The draft simplified ESRS share the same ambition of GRI interoperability and 'with reference' reporting as mentioned above, although we acknowledge that the **joint interoperability index** should be updated to reflect the changes made to ESRS once the Delegated Act for simplified ESRS has been finalised (expected before summer 2026). That index should also be the communication tool that explains the differences between ESRS, which are mandatory standards, and GRI, which are voluntary standards. This includes the omissions regime under GRI, or the objectives sought by the topical disclosures, as no Basis for Conclusions document accompanies the GRI exposure drafts.
3. The interoperability objective between ESRS and GRI is to seek the alignment of definitions and disclosures when the same topics are covered by both sets of standards. This is a request from the ESRS preparers that acknowledge that differences in definitions are particularly challenging.
4. Finally, it is important to highlight that the interoperability analysis presented in this **letter has been based on the draft simplified ESRS (November 2025) issued by EFRAG**. Hence, we have taken into account the insight and feedback from the first application of ESRS in Europe and the 2025 public consultations.

Observations on alignment regarding basic concepts and terminology

5. The parallel existence of Glossaries and differences in hierarchy by shifting defined terms to other sections in the EDs creates confusion and application uncertainty, therefore **we urge GRI to clarify and streamline** the respective documents.
6. In paragraph 4, we note that full alignment in definitions and basic concepts is critical for ESRS preparers who may report 'with reference' to GRI or use GRI disclosures as entity-specific disclosures. We have described below cases where: (a) key concepts are defined differently in GRI and in the ESRS and (b) GRI uses and defines key concepts which are not covered by ESRS.

¹ <https://www.efrag.org/system/files/sites/webpublishing/Meeting%20Documents/2305101050307353/04-01%20Cover%20note%20GRI%20Interoperability%20Index%20SR%20TEG%20Meeting%205%20December%202023.pdf>

a) key concepts which are defined differently in GRI and ESRS

7. **Corruption:** the revised GRI COR standard provides a more expanded definition of 'corruption' in the *'Background on the Topic'* section compared to the definition in ESRS. Of particular interest is the distinction between 'direct' and 'indirect' corruption as well as the recognition of other and new forms of corruption (example the abuse of digital data). We note that ESRS offer a non-exhaustive list of examples for this term, leveraging from the defined term 'corruption' in the *GRI Standards Glossary 2025*. ESRS definition does not exclude other forms of corruption and as such this difference is not considered to compromise interoperability.
8. **Governance body:** disclosure requirements and *'Guidance'* in the two revised GRI topic standards refer to the (highest) governance bodies. Both terms are defined in the *GRI Standards Glossary 2025*. The equivalent term in ESRS is the 'administrative, management and supervisory body' as defined in the ESRS Glossary. While the language is not the same, both definitions point to the same institutional layer within the undertaking – that is, the highest decision-making authority within an undertaking responsible for effective monitoring and strategic guidance. Moreover, both recognize the existence of different governance systems across jurisdictions. We can reasonably conclude that this difference is not considered to compromise interoperability.

b) key concepts which are not defined or (partially) covered by ESRS

9. **Confirmed incidents of corruption:** we note that the scope of confirmed incidents of corruption covered by the revised GRI COR standard is broader than the ESRS scope. According to the *'Guidance'* for Disclosure COR-3, confirmed incidents of corruption can also include those confirmed by the undertaking's own investigative processes, while the ESRS limits disclosure to cases with legally finalised outcomes only (defined as 'convictions'). This, however, should not raise interoperability concerns, as ESRS preparers can still report legally finalised cases with 'reference to GRI' under the revised GRI COR standard, and voluntarily expand on their incident reporting.
10. **Business partners, conflict of interest, and beneficial owners:** we observe that the revised GRI COR standard includes disclosure requirements related to 'business partners', a standalone term that is defined in its Glossary. A similar observation relates to the terms 'conflict of interest' and 'beneficial owner,' which are defined in the *GRI Standards Glossary 2025* and in the revised GRI COR standard *'Guidance'* respectively. These concepts are either not covered or defined in ESRS. With respect to the term 'beneficial owner' we note that consistency with the definition in EU policy frameworks² would avoid unnecessary confusion for ESRS reporters.
11. **Public policy engagement:** the revised GRI PP standard provides clarification on the meaning of public policy engagement in the section *'Background on the topic'*, including examples of both direct and indirect forms. This term is not used by ESRS and hence not defined in ESRS Glossary.

² E.g., Regulation (EU) 2024/1624 defines "beneficial owner".

Key messages on interoperability per GRI exposure draft

GRI COR: Corruption

12. We welcome the revised GRI COR standard and the enhanced requirements, including the updated definition of corruption (see also paragraph 7). EU stakeholders that participated in our workshops share this positive assessment, highlighting that the revised standard represents a **significant improvement**, particularly due to the stronger focus on management systems, prevention mechanisms, and governance practices, aligning reporting more closely with risk management and responsible business conduct in the EU context. Interoperability between the revised GRI COR standard and ESRS appears to be encouraging; nonetheless, we have identified some areas where further alignment could be achieved or where current provisions may pose challenges for EU stakeholders.

Actions to address breaches in procedures and standards of anti-corruption

13. We observe that the revised GRI COR standard lacks a specific disclosure requirement on the actions taken by the undertaking to address breaches of anti-corruption procedures and standards, while this is a mandatory ESRS datapoint, derived from the SFDR. Such actions are only captured through reporting under the GRI Universal Standards 3-3: 'Actions to address actual negative impacts, including actions to provide for or cooperate in their remediation', but are not topic-specific. Following the feedback from EU stakeholders that participated in our workshops, we understood that the current GRI approach is **not sufficient to ensure interoperability with the ESRS**. Therefore, we suggest addressing this gap by expanding the GRI COR-1 requirements to incorporate this datapoint.

Functions vs. Functions and/or Roles at Higher Risk

14. The revised GRI COR standard moved away from identifying 'operations' assessed for risks related to corruption to disclosure requirements regarding 'functions at higher risk', aligning more with the ESRS. However, in the meantime, the ESRS itself have been revised, and the provision for 'functions most at risk' has been broadened to 'functions and/or roles most at risk'. This wording was amended to promote more focused disclosure by clarifying that not every role within a given function may be exposed to risk. **In the interest of interoperability**, we recommend that GRI **adopt this updated formulation** accordingly.

Business Partners

15. The revised GRI COR standard extends the requirements for identifying, assessing, and preventing corruption incidents to business partners. EU stakeholders that participated in our workshops welcome this change, as it is a step toward **greater value chain transparency**, as incidents of corruption do not occur in isolation, and business partners could easily be involved. Still, they flagged **practical limitations**: coverage is considered feasible primarily at Tier 1 level, while extending obligations to Tier 2 and beyond remains operationally challenging, especially for undertakings lacking support mechanisms to engage with suppliers.
16. EU stakeholders that participated in our workshops also emphasised that implementation is facilitated where undertakings can rely on existing due diligence frameworks, digital tools, and supplier engagement mechanisms, suggesting that GRI could **further support application** by providing practical examples and recognising different levels of maturity across undertakings and sectors.

17. EU stakeholders that participated in our workshops also expressed **challenges with the definition** of 'business partner', particularly as the concept is interpreted differently across business models and sectors.

Conflict of interest due diligence and beneficial ownership

18. The revised GRI COR standard further strengthens requirements on conflict of interest due diligence, now requiring undertakings to disclose **how they use beneficial ownership information**. EU stakeholders that participated in our workshops identified several practical obstacles in this regard, including **data availability constraints**, cost and the fact that ultimate beneficial ownership (UBO) data frequently relies on **expensive, specialised commercial tools**. EU Stakeholders that participated in our workshops also pointed to **legal and transparency constraints** arising from recent Court of Justice of the European Union rulings that restrict access to such data. That said, another group of stakeholders found beneficial ownership information to be **readily accessible**, showing a **clear divergence in feasibility across jurisdictions and sectors**.
19. We also identify a **sequencing inconsistency between the topic and sector disclosures**. The COR topic disclosure refers to the *use* of beneficial ownership information in due diligence, while the GRI 11 sector disclosure focuses on *how* such information *is identified*. Conceptually, identification of beneficial ownership is a prerequisite for its use. This may blur the distinction between topic and sector-specific requirements and could benefit from **clearer alignment or sequencing**.
20. EU stakeholders that participated in our workshops also highlighted the need to address **Politically Exposed Persons (PEPs)**, suggesting that if a beneficial owner is a PEP, this should trigger enhanced disclosure or due diligence requirements due to higher corruption risk.
21. As ESRS do not explicitly cover these key concepts we recommend that **further clarification** of the terms can be provided, including by incorporating additional guidance, to account for ESRS preparers' unfamiliarity with them and to ensure a thorough understanding of such terms and the related disclosure requirements.

Additional remarks

22. We note disclosures regarding the 'description of **the process to identify** functions and business partners at higher risk for corruption' have been introduced in COR-1. These disclosures provide information that would be more suitable as an input to the materiality assessment or disclosure related to such process rather than in a topical standard that is only to be fulfilled when the topic has been assessed as material. It would be helpful to **clarify what role the materiality assessment of topics plays** when fulfilling such disclosures.
23. Following the feedback of EU stakeholders that participated in our workshop, we also note that the wording in COR-2 (c) and (d), 'forms of corruption identified,' could be interpreted as referring to instances where corruption has already occurred. To avoid this assumption, we **suggest revising the wording to 'potential forms of corruption identified,'** in order to **better reflect a risk-based approach**.

GRI Public Policy (PP)

24. In general, we recognise the approach taken by GRI addressing a key gap in sustainability reporting by linking undertakings' public policy engagement activities with their stated commitments and impact. The revised GRI Public Policy standard provides a **more coherent framework** by requiring disclosures of an undertaking's policy position (PP1), alignment mechanisms (PP2) and distributions of resources toward public policy engagement (PP3).

- However, the substantial **expansion of the disclosures** covered by GRI PP1 and PP3 **does not facilitate comparability on a datapoint level** with the requirements of G1-5 in ESRS G1 (see Appendix 1).
25. We note that the revised GRI PP Standard addresses **public policy engagement as a broad, overarching concept**, whereas ESRS G1 DR G1-5 limits its requirements to the disclosure of specific types of engagement, namely lobbying activities and direct and indirect political contributions. Although **ESRS** is therefore **narrower in scope**, we could reasonably consider that alignment is still achieved for these specific disclosures.
 26. However, we observe that the revised GRI PP standard does not provide a definition of **lobbying activities**, nor does it further clarify this term. This reflects the fact that the revised GRI PP standard does not contain specific datapoints on lobbying but instead addresses public policy engagement more broadly. Consequently, lobbying is referenced only as one example of both direct and indirect public policy engagement, depending on how it manifests. By contrast, the ESRS Glossary definition of 'lobbying activities' - which is accompanied by a non-exhaustive list of examples - does not explicitly exclude indirect lobbying activities from the scope of G1 disclosures.
 27. Moreover, the revised GRI Public Policy standard explains that public policy engagement can also be carried out **indirectly through third parties** and incorporates specific disclosure requirements related to third parties in PP2 and PP3. This aspect is not covered in ESRS and was explored more in depth during the consultation with EU stakeholders that participated in our workshops to gather insights into feasibility and relevance.
 28. On the one hand, EU stakeholders that participated in our workshops recognized the **importance of transparency in political engagements** as well as the applicability of the requirements for undertakings with well-developed internal public policy and control processes. On the other hand, they pointed out the following **feasibility points**:
 - a. Decentralised information (i.e., across business units, geographies, and functions), lack of centralised tracking systems, and the high number of memberships make it difficult to obtain a complete overview and make systematic tracking and reporting burdensome.
 - b. Difficulties in quantifying engagement activities in monetary terms.
 - c. In sum, Public Policy (PP) disclosures were seen as especially complex, with issues around partner alignment, contract termination, and measuring engagement.
 29. From a different perspective, EU stakeholders that participated in our workshop also raised **concerns about the decision-usefulness** of the disclosures regarding third parties. They highlighted the fact that membership of an association does not imply (mis)alignment or influence *per se*. In the respect, the requirements may lead to superficial, non-material disclosures on indirect activities, creating burden without clearly meeting the intended objective.
 30. Finally, leveraging the input from EU stakeholders that participated in our workshops, we recommend that the GRI: i) considers **phased implementation or proportionality**, especially for new disclosures, as undertakings may need to build systems from scratch or adjust existing systems; ii) **provides clear/consistent definitions** as well as clear **methodological and practical guidance** including more examples (e.g. which actions an undertaking could take to address misalignment on public policy positions), iii) **reinforces the importance of materiality and relevance filters**, suggesting that only active and significant engagements should be disclosed, rather than all memberships or indirect relationships.

Appendix 1: Comparative analysis

1. The table below maps the DRs in the draft simplified ESRS G1-5 related to political influence to the corresponding revised GRI PP DRs.

Comparison draft simplified ESRS G1-5 and revised GRI Public Policy (PP) Standard		
Draft simplified ESRS G1-5	Revised GRI PP ED	Comment
13. The total monetary value of financial and in-kind political contributions made directly and indirectly by the undertaking during the reporting period, aggregated by country or geographical area where relevant, as well as the type of recipient/beneficiary.	PP-3 a. for each policy area in PP-1-a, report its public policy engagement activities; b. for each public policy engagement activity reported under PP-3-a, report: i. the type and region of public policy actors engaged; ii. the total monetary value of its expenditure incurred;	Financial and in-kind political contributions are listed in the <u>guidance</u> as an example of a public policy engagement activity, but are no longer a specific disclosure requirement (as compared to GRI 415: Public Policy 2016)
14. The undertaking shall disclose the main topics covered by its lobbying activities and the main positions taken, including explanations of how its lobbying activities interact with its material impacts, risks, and opportunities.	PP-1 a. report the policy areas that its public policy engagement activities focus on	GRI ED does not require disclosure of interaction with material IROs
15. The undertaking shall disclose information about the appointment of any members of the administrative, management, and supervisory bodies during the current reporting period who held a comparable position in public administration (including regulators) in the two preceding years.	PP-3 a. for each policy area in PP-1-a, report its public policy engagement activities; b. for each public policy engagement activity reported under PP-3-a, report: i. the type and region of public policy actors engaged; ii. the total monetary value of its expenditure incurred;	Moving and exchanging people between the organization and the political and public sectors, including revolving doors are listed in the guidance as an example of a public policy engagement activity, but are not a specific disclosure requirement