

[Draft] ~~Amended~~ ESRS G1

~~Business conduct~~ Conduct

~~Exposure Draft~~
~~July 2025~~

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~~Revised structure and drafting conventions~~

~~As compared to the ESRS Set 1 (Delegated Regulation (EU) 2023/2772 adopted by the European Commission in July 2023), the structure of the Standards has been revised and streamlined.~~

- ~~— All the ‘shall disclose/shall include/shall report/shall describe/shall explain’ are presented in the main body of the Standard. They have been counted as separate datapoints.~~
- ~~— Below the text of each Disclosure Requirement (‘DR’) in topical standards (or chapter for ESRS 1), boxed content presents the streamlined corresponding mandatory methodological guidance, which is still named ‘Application Requirements’ (‘ARs’). This includes ‘shall consider’ as element of methodology for preparing the disclosure, and ‘may (present)’ for presentation options — which does not represent voluntary disclosure but brings flexibility on how to present the disclosure.~~
- ~~— All the ‘may’ disclosures have been either eliminated or redrafted as application requirements (which do not include separate datapoints but methodology content).~~
- ~~— A minority of the deleted datapoints is gathered in a document named ‘Non-Mandatory Illustrative Guidance’ (‘NMIG’) and has been redrafted to fit this classification. While the content of ‘shall disclose’ datapoints in the main body of the standard and of application requirements are drafted to become part of the delegated act, the legal status of the NMIG (either as appendices in the Delegated Act or as document to be issued by EFRAG independently of the Delegated Act) will be considered by the European Commission (‘EC’) in due course. EFRAG recommends NMIG not to be part of the Delegated Act.~~
- ~~— The ESRS use several terms to indicate similar concepts: matters, topic, sub-topic, sub-subtopic. In Amended ESRS ‘sub-subtopics’ have been eliminated. In addition, to simplify the content and eliminate one term (matter), the Standards only refer to topics and sub-topics. For this reason, in all the documents the term ‘matter’ has been replaced by ‘topic’ where ‘topic’ is meant to refer either to topic or sub-topic depending on the context of the relevant disclosure. When used in this way, the bold italic format is used (topic), as this is a defined term. When used to express one of the 10 topics in Appendix A of [Draft] Amended ESRS 1, a normal font is used.~~
- ~~— The paragraph numbering has been revised to reflect the draft amendments. Where applicable, the paragraph number of the 2023 Delegated Act is indicated in brackets — for example, ‘4. (24)’ or ‘4. (24 amended)’ in paragraph [Draft] Amended ESRS 1.~~

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OBJECTIVE 6

DISCLOSURE REQUIREMENTS 6

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Objective

1. ~~When reporting in accordance with the ESRS, the~~ **The sustainability statement** shall ~~cover~~include information in relation to ~~[Draft] Amended ESRS G1 Business Conduct, when if this topic is related~~relates to material **impacts, risks and opportunities**. The disclosure on the material impacts, risks and opportunities is expected to cover **policies, actions and targets** (if in place), **dependencies** when relevant, **metrics** and **financial effects**.
- 2.1. ~~The objective of this Standard is to specify Disclosure Requirements ('DRs') in relation to the items of information mentioned~~the reporting areas listed in paragraph 5 of ESRS 1 that are General Requirements. If not covered in ~~[Draft] Amended ESRS 2 General Disclosures~~all the sub-topics prescribed by this standard are to be reported following the materiality assessment, paragraph 30 of ESRS 1 General Requirements applies.
2. ~~When only one of the sub-topics covered by this~~ The objective of this Standard is to set out Disclosure Requirements (DRs) providing information in relation to the reporting areas referred above that implement and complement the cross-cutting provisions of ESRS 1 General Requirements and ESRS 2 General Disclosures.
3. ~~In this Standard is material, each DR is introduced by a disclosure objective, except for~~ **policies, actions and targets**, for which the undertaking shall report only on that sub-topic provisions in ESRS 2 GDR-P, GDR-A and GDR-T provide the necessary framing for the relevant disclosures.
4. This Standard sets out DRs related to business conduct ~~and in particular,~~ particularly with respect to the following sub-topics:
- (a) corporate culture, including anti-**corruption** and anti-**bribery**, the protection of whistleblowers and animal welfare;
 - (b) the management of relationships with **suppliers**, including ~~(unfair)~~ payment practices, especially late payment to small and medium-sized undertakings (SMEs); and
 - (c) political influence ~~and, including~~ lobbying activities.
5. ~~The undertaking shall apply the provisions of [Draft] Amended ESRS 2, paragraphs 29 to 31, and GDR-P, GDR-A, GDR-T and GDR-M. In particular:~~
- (a) ~~if the undertaking has not adopted~~ **policies, actions and targets** with reference to a **topic** related to **material impacts, risks and opportunities**, it shall disclose this fact;
 - (b) ~~the undertaking may present the description of its material impacts, risks and opportunities, in accordance with [Draft] Amended ESRS 2 IRO-2, alongside information about the~~ **policies, actions, targets** and metrics through which it addresses them, to avoid duplication and support a coherent narrative.
6. ~~In this Standard, each DR is introduced by a disclosure objective, with the exception of~~ **policies, actions and targets**, for which the provisions in ~~[Draft] Amended ESRS 2 GDR-P, GDR-A and GDR-T provide the necessary framing for the relevant disclosures.~~

Disclosure Requirements

Impact, risk and opportunity management

Disclosure Requirement G1-1 – *Policies related to business conduct*

- ~~7.5.~~ (7) The undertaking shall disclose its business conduct **policies** in accordance with the provisions of ESRS 2 GDR-P.
- ~~8.6.~~ In addition to the information required by ~~[Draft] Amended~~ ESRS 2 GDR-P, the undertaking shall disclose:

- (a) (10(b)) ~~the circumstance when~~ whether or not it has ~~no policies on~~ anti-**corruption** and anti-**bribery policies** consistent with the United Nations Convention against Corruption¹;
- (b) (10(d)) ~~the circumstance when~~ whether or not it has ~~no~~ **policies** on the protection of whistle-blowers²; and
- (c) (10(h) amended) the functions ~~and/or~~ roles within the undertaking that are most at risk in respect of **corruption and/or bribery**.

APPLICATION REQUIREMENTS – ARs

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| <u>AR 1 for para. 5</u> <u>(corruption or bribery – definition)</u> | For purposes of this Standard, the undertaking shall apply the ESRS definition of corruption and bribery (see ESRS Glossary), which is generic, to overcome the differing definitions found in local laws or in laws applicable in the jurisdiction of the parent company and to ensure comparability across reporting undertakings. |
| AR 1 for para. 6(b) (Whistle-blowers) <u>(whistleblowers)</u> | § (11) Undertakings that are subject to legal requirements under national law transposing Directive (EU) 2019/1937, or to equivalent legal requirements with regard to the protection of whistle-blowers <u>whistleblowers</u> , can comply with the disclosure specified in paragraph 86(b) by stating that they are subject to those legal requirements. |
| AR 2 for para. 8 <u>AR 3 for para. 6(c)</u> (Corruption and bribery) <u>(corruption or bribery)</u> | (AR4) When disclosing <u>information under</u> paragraph 86(c), functions and <u>'functions'</u> or roles most at risk <u>'risk'</u> means those functions and/or roles deemed to be most at risk of corruption and/or bribery as a result of their tasks and responsibilities within the undertaking. Examples include, such as those operating in high-risk countries or interacting with public authorities and governments. |

Disclosure Requirement G1-2 – *Actions related to business conduct*

- ~~1.7.~~ The undertaking shall disclose its actions related to business conduct ~~actions~~ in accordance with the provisions of ESRS 2 GDR–A.
- ~~2.~~ In addition to the information required by ~~(Draft) Amended~~ ESRS 2 GDR–A, the undertaking shall disclose:
- ~~8. (12 and 15(b) amended)~~ information about the following actions:
- (a) (12 amended) the management of relationships with **suppliers** ~~and~~, including:
 - ~~(a)i. (15(b) amended) if the undertaking takes into account social and environmental criteria for the~~, social, and governance (ESG) performance factors in the selection of its suppliers, how this is done;
 - ii. (10(g) amended) ESG training provided to the procurement team, if any; and

¹ This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 because it is derived from an additional indicator related to principal adverse impacts as set out by indicator #15 in Table III of Annex I of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosures rules on sustainable investments ('Lack of anti-corruption and anti-bribery policies').

² This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 because it is derived from an additional indicator related to principal adverse impacts as set out by indicator #6 in Table III of Annex I of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosures rules on sustainable investments ('Insufficient whistleblower protection').

Business Conduct

iii. (15(a) amended) engagement with suppliers for the improvement of their ESG performance; and

(b) (18(a) and 24(b)) information about) the undertaking's ~~approach~~procedures to prevent, detect, investigate and respond to allegations or incidents related to **corruption** ~~and/or bribery~~, ~~which includes~~including:

i. (21 (b) and (c) amended) anti-corruption and anti-bribery training given to functions or roles most at risk within the undertaking, including members of the **administrative, management and supervisory bodies**; and

~~(b)ii.~~ (24(b)) any actions taken to address breaches in procedures and standards of anti-corruption and anti-bribery³;

~~(c) (21(a) amended) training activities within the undertaking on business conduct, including the target audience, frequency and depth of coverage. This shall include the (former 21(b) amended and former 21(c)) percentage of functions and/or roles most at risk within the undertaking in respect of corruption and bribery, as well as members of the **administrative, management and supervisory board**. It shall also disclose (former AR2(b) amended) whether the procurement team is involved in training related to its engagement with suppliers for the improvement of their sustainability performance.~~

APPLICATION REQUIREMENTS – ARs

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| <u>AR 4 for para. 8(a) (relationships with suppliers)</u> | <u>In presenting the information in accordance with paragraph 8(a), the undertaking may consider cross-referring to the information about the existence of a supplier code of conduct in accordance with ESRS S2 <i>Workers in the Value Chain</i>, paragraph 10.</u> |
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Metrics and Targets

Disclosure Requirement G1-3 – *Targets related to business conduct*

~~3.9.~~ The undertaking shall disclose its business conduct **targets** in accordance with the provisions of ESRS 2 GDR–T.

Disclosure Requirement G1-4 – *Metrics related to ~~incidents of corruption or bribery~~*

~~4.10.~~ (23) The objective of this DR is to ~~enable~~provide transparency on the ~~incidents relating to convictions and sanctions, including fines, related~~ to corruption or bribery during the reporting period and the related outcomes.

~~5.11.~~ (24(a)) The undertaking shall disclose the number of convictions and sanctions, including the total amount of fines, for violation of anti-**corruption** and anti-**bribery** laws⁴ during the reporting period.

~~6. (25(a) amended) The undertaking shall disclose the number and nature of the **confirmed incidents of corruption or bribery** that occurred during the reporting period.~~

³ This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 because it is derived from an additional indicator related to principal adverse impacts set out in in indicator #16 of Table III of Annex I of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosures rules on sustainable investments ('Cases of insufficient action taken to address breaches of standards of anti-corruption and anti-bribery').

⁴ This information supports the information needs of: financial market participants subject to Regulation (EU) 2019/2088 because it is derived from an additional indicator related to principal adverse impacts set out in indicator #17 of Table III of Annex I of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosures rules on sustainable investments ('Number of convictions and amount of fines for violation of anti-corruption and anti-bribery laws'); and benchmark administrators to disclose ESG factors subject to Regulation (EU) 2020/1816 as set out by indicator 'Numbers of convictions and amount of fines for violations of anti-corruption and anti-bribery laws' in section 1 and 2 of Annex II.

APPLICATION REQUIREMENTS – ARs

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| <p>AR 3 for para 13 and 14</p> <p>(Corruption or bribery incidents)</p> | <p>(26) When disclosing information required by paragraph 13 and/or paragraph 14, the undertaking shall consider the incidents involving actors in its upstream and downstream value chain only where the undertaking or its employees are directly involved.</p> |
| <p>AR 4 for para 13</p> <p>(Corruption and AR 5 for para. 11)</p> <p>(corruption or bribery – convictions and sanctions)</p> | <p>Convictions for the violation of anti-corruption and anti-bribery laws refer to final decisions issued by a criminal court against an individual or undertaking in respect of a criminal offence related to corruption and/or bribery, where these court decisions are entered in the criminal record of the convicting European Union Member State <u>or, if outside the EU, in the equivalent register or record of the jurisdiction concerned.</u></p> <p>This interpretation is aligned with Sanctions for the concept violation of a “conviction” under the European Criminal Records Information System (ECRIS).</p> <p>Decisions anti-corruption and anti-bribery laws refer to final decisions issued by administrative or regulatory authorities are not considered convictions (even if those decisions are final and legally binding) and, therefore, are covered under para 14 against an individual or undertaking in respect of corruption or bribery.</p> |
| <p>AR 5 for para 13</p> <p>(Corruption AR 6 for para. 11)</p> <p>(corruption or bribery – fines)</p> | <p>Fines issued for the violation of anti-corruption and anti-bribery laws refer to mandatory monetary penalties resulting from violations of anti-corruption and anti-bribery laws imposed by a court, commission, <u>administrative</u> or other government <u>regulatory</u> authority, which are paid to a public treasury, and which are recognised in the undertaking’s financial statements during the reporting period.</p> <p>It should be noted that the total amount of fines reported does not need to correspond directly with the number of convictions reported, as the scope of both metrics is not necessarily equivalent.</p> |
| <p>AR 6 for para 13</p> <p>(Corruption and bribery – definition)</p> | <p>For purposes of this Standard, the undertaking shall apply the ESRS definition of corruption and bribery (see ESRS Glossary), which is generic, specifically to overcome the differing definitions found in local laws or in laws applicable in the jurisdiction of the parent company and to ensure comparability across reporting undertakings.</p> |

Disclosure Requirement G1-5 – Metrics related to political influence ~~and, including lobbying activities~~

~~7.12.~~ (28) The objective of this DR is to ~~enable~~ provide an understanding of the undertaking’s activities and commitments related to exerting its political influence ~~with~~ through political contributions, ~~including the types and purpose of lobbying activities.~~

~~8.13.~~ (29(b)) The undertaking shall disclose, ~~for political influence,~~ 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.

~~9.14.~~ (29(c)) The undertaking shall ~~briefly~~ disclose, ~~for lobbying activities,~~ the main **topics** covered by ~~these~~ its lobbying activities and ~~its~~ the main positions ~~on these~~ taken, including explanations ~~on of~~ how this interacts its lobbying activities interact with its material **impacts, risks,** and **opportunities** ~~identified in its materiality assessment (See [Draft] Amended ESRS 2 IRO-2).~~

~~10.15.~~ (30) 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.

APPLICATION REQUIREMENTS – ARs

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| <p>AR 7 for para 16 (Political AR 7 for para. 13 (political contributions)</p> | <p>(AR 9) For purposes of this Standard, ‘political contribution’ means financial or in-kind support provided directly to political parties, their elected representatives or persons seeking political office. Financial contributions can include donations, loans, sponsorships, advance payments for services, or the purchase of tickets for fundraising events, and other similar practices. In-kind contributions can include advertising, use of facilities, design and printing, donation of equipment, provision of board membership, employment or consultancy work for elected politicians or candidates for office.</p> |
| <p>AR 8 for para 16 (Indirect AR 8 for para. 13 (indirect political contribution)</p> | <p>(AR 10) For purposes of this Standard, ‘indirect political contribution’ refers to those political contributions made through an intermediary organisation such as a lobbyist or charity, or support given to an organisation such as a think tank or trade association linked to or supporting particular political parties or causes.</p> |
| <p>AR 9 for para 18 (Corruption or bribery fines) AR 9 for para. 15 (political influence)</p> | <p>(AR 11) When determining ‘comparable position’ in this Standard, the undertaking shall factor in the level of responsibility and scope of <u>the</u> activities undertaken.</p> |

Disclosure Requirement G1-6 – ~~Metrics in relation~~ related to payment practices

~~11.16.~~ (32) The objective of this DR is to ~~enable~~ provide an understanding of ~~contractual standard~~ payment terms and ~~of~~ the undertaking’s performance with regard to payment, especially ~~with regard to late payments~~ payment to SMEs.

~~12.17.~~ The undertaking shall disclose:

- ~~(a)~~ (33(b) amended) a description of the undertaking’s **standard payment terms** in number of days by main category of **suppliers**, ~~including SME’s, and specifying those that apply to SMEs, only if they are different from those generally applied;~~
- ~~(a)(b)~~ (33(b)) the percentage of its payments aligned with these standard terms; and
- ~~(b)(c)~~ (33(c)) the number of legal proceedings currently outstanding for late payments.

APPLICATION REQUIREMENTS – ARs

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| <p>AR 10 for para. 17(b) (payment practices)</p> | <p>If late payment to SMEs is a material topic for the undertaking, paragraph 11 of <u>ESRS 1 General Requirements</u> applies; therefore, the undertaking shall provide an <u>entity-specific metric, if material.</u></p> |
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