

Governance:

G1 Governance, risk management, internal control
G2 Busines conduct



ESRS G in the overall ESRS structure

CROSS-CUTTING STANDARDS

ESRS 1

General Principles

ESRS 2

General, strategy, governance and materiality assessment disclosure requirements

ENVIRONMENT

ESRS E1

Climate change

ESRS E2
Pollution

ESRS E3

Water and marine resources

ESRS E4

Biodiversity and ecosystems

ESRS E5

Resource use and circular economy

SOCIAL

ESRS S1

Own workforce

ESRS S2

Workers in the value chain

ESRS S3

Affected communities

ESRS S4

Consumers and endusers

GOVERNANCE

ESRS G1

Governance, risk management and internal controls

ESRS G2

Business conduct

APPENDICES

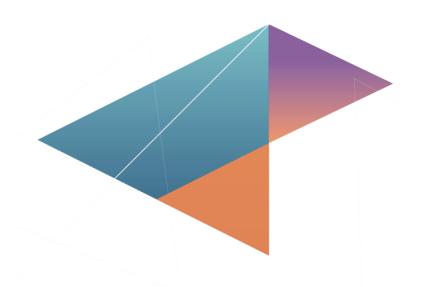
Appendix I Navigating the ESRS Appendix II
CSRD
Requirements

Appendix III
SFDR Adverse
Impacts in
the FSRS

Appendix IV
TCFD and
ESRS
reconciliation
table

Appendix V
IFRS S1+2 /
ESRS
reconciliation
table

Appendix VI Acronyms and glossary terms



ESRS G1 Governance, risk management and internal controls

ESRS G2 Business conduct

[draft] CSRD mandate on Governance sustainability matters

Governance as a separate category of sustainability matters

The Governance category (G) is broader than traditionally considered under the concept of 'governance'. The aim is to cover the full spectrum of relevant matters in order to report on sustainability aspects relating to the reporting undertaking itself, including but not limited to governance.

CSRD Article 19 b)

- (c) specify the information that undertakings are to disclose about governance factors, including information about:
 - the role of the undertaking's administrative, management and supervisory bodies, including with regard to sustainability matters, and their composition;
 - (ii) the business ethics and corporate culture, including anti-corruption and anti-bribery;
 - (iii) political engagements of the undertaking, including its lobbying activities;
 - (iv) the management and quality of relationships with business partners, including payment practices;
 - (v) the undertaking's internal control and risk management systems, including in relation to the undertaking's reporting process.

G1 Governance, risk management, internal control

G2 Busines conduct

G1 Governance, risk management, internal control: Interaction with ESRS

2 (Governance disclosure requirements in cross-cutting)



G1 Governance, risk management, internal control: Overview

STRATEGY

DR G1-1: Governance structure GRI Acc D

IMPLEMENTATION

DR G1-2: Corporate governance code or policy Acc Dir

DR G1-3: Nomination process

DR G1-4: Diversity policy

DR G1-5: Evaluation process

DR G1-6: Remuneration policy

DR G1-7: Risk management

DR G1-8: Internal control

GRI

GRI

GRI

GRI

GRI

GRI

PERFORMANCE MEASURES

DR G1-9: Composition of ASMB

SFDR Acc Dir

DR G1-10: Meetings and attendance rate

- General description of ASMB and their composition
- More detailed description of specific aspects
- General description of the risk management & internal control processes and how they enable the ASMB to exercise their responsibility to oversee the undertaking.
- Indicators to measure performance of policy objectives defined by previous DRs

G2 Business conduct: Overview

STRATEGY

DR 1: Business conduct culture GRI

IMPLEMENTATION

DR 2: Policies and targets on business conduct

SFDR GRI

DR 3: Prevention and detection of corruption and bribery

GRI

DR 4: Anti-competitive behaviour prevention and detection

A description of how business conduct is promoted and integrated into the culture of the undertaking

- Description of how the business conduct culture is translated into clearly defined policies, procedures and objectives
- · Including prevention and detection

PERFORMANCE MEASURES

DR 5: Anti-corruption and anti-bribery training

DR 6: Corruption or bribery events SFDR GRI

DR 7: Anti-competitive behaviour events

DR 8: Beneficial ownership Dir 2015/849 GRI

DR 9: Political engagement and lobbying activities

DR 10: Payment practices

Measuring the achievement of policies and objectives in previous DRs

- covering anti-corruption/anti-bribery training
- current legal proceedings (number, inventory, penalties or fines paid)
- · lobbying activities and their funding
- · contractual terms of payment and practices

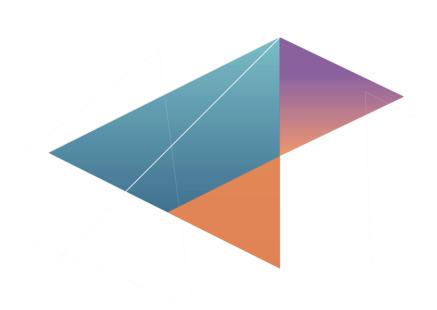
CONSULTATION: SPECIFIC QUESTION

Payment delays complicate the financial management of undertakings, especially SMEs¹, who rely on predictable flows of cash to operate. According to the relevant EU legislation (Directive 2011/7/EU) a payment is late when the creditor has not received the funds at the expiry of the period negotiated in the contract. And yet, even payments performed within the contractually negotiated period can hide unfair payment practices. Very often businesses accept payment terms longer than they are comfortable with², as such terms may reflect the one party's power compared to the other, such as by virtue of its size or brand.

- 1) Do you consider that the indicators in G2-10 (in isolation or jointly) capture the following sufficiently:
 - a) the extent to which accounts payable or creditors at period end have been outstanding; and
 - b) the fairness of the undertaking's payment practices?
 - If not, please provide your rationale and indicate the sector(s) for which you deem add-ons necessary.
- 2) What alternative indicators would you propose? Please specify whether your proposal(s) are of sector-agnostic or sector-specific nature.
- 3) If you are a preparer, do you currently capture amounts of interest charged on late payments separately in your accounts and what are the costs for disclosing this?

¹ SMEs (Small and Medium-sized enterprises) are defined according to the Commission Recommendation 2003/361/EC https://ec.europa.eu/growth/smes/sme-definition_en

² According to the Intrum European payment Report 2021, on average 49% of businesses in the EU accepted payment terms longer than they are comfortable with out of fear of losing their customers or damaging business relations.



Polling questions to the audience

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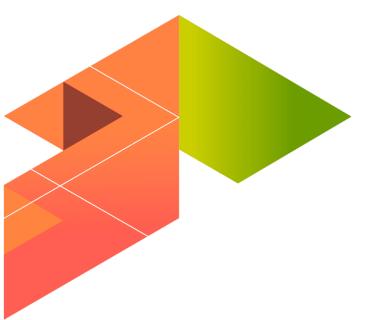
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