

Governance:

G1 Governance, risk management,
internal control

G2 Business conduct



ESRS Governance in the overall ESRS structure

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 end-
users

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 ESRS

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:

- (i)** 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.

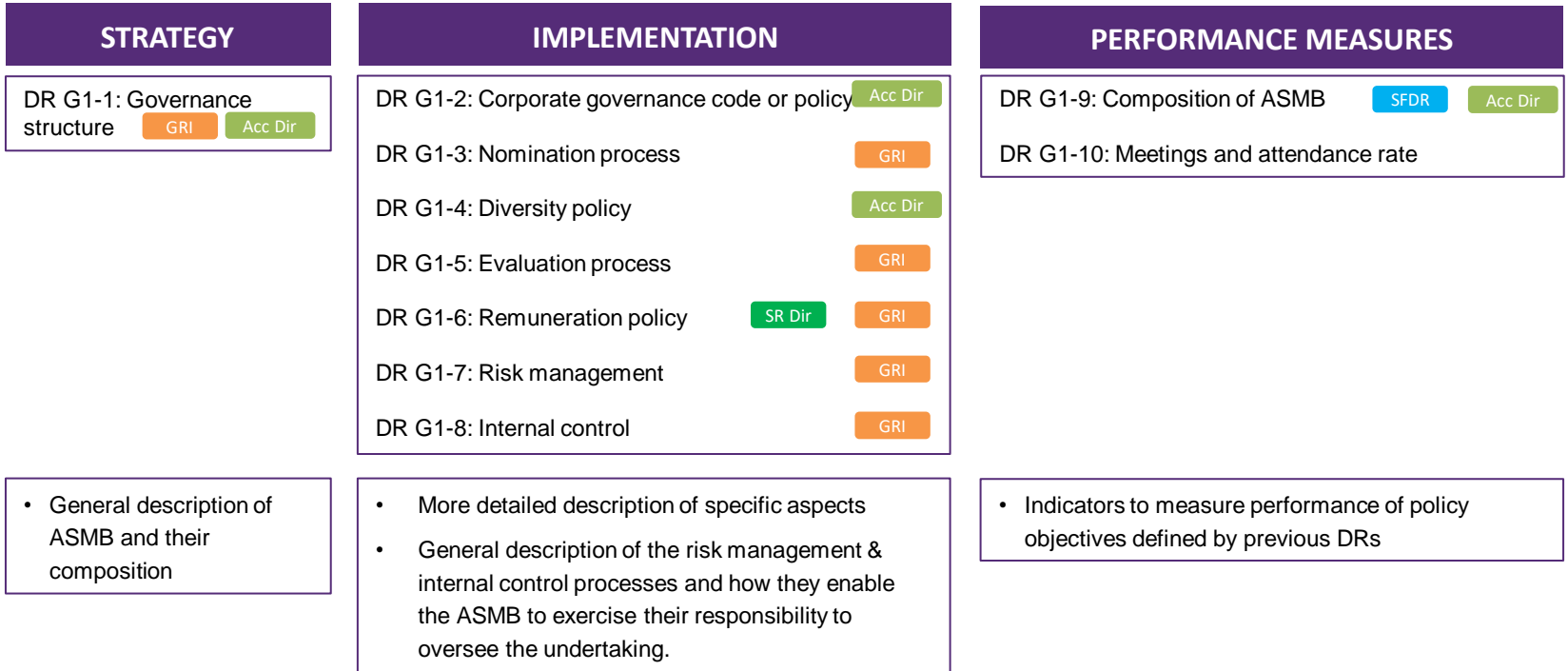
G1 Governance, risk management, internal control

G2 Business conduct

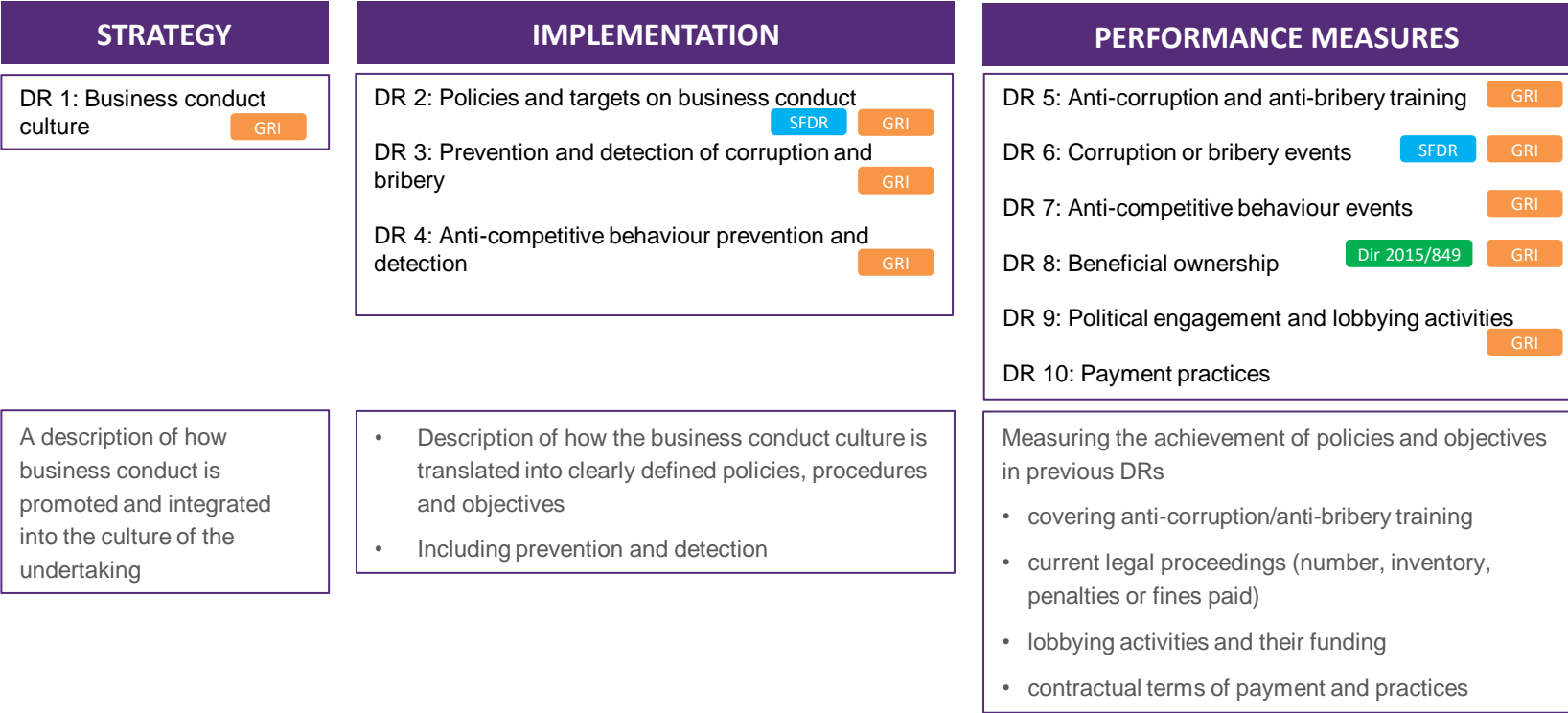
G1 Governance, risk management, internal control : Interaction with ESRS 2 (Governance disclosure requirements in cross-cutting)



G1 Governance, risk management, internal control : Overview



G2 Business conduct: Overview



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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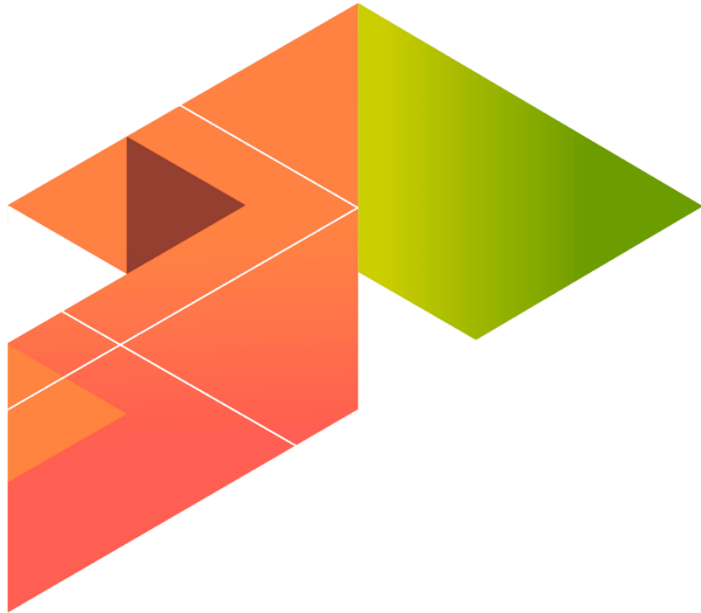
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EFRAG
Aisbl - ivzw
35 Square de Meeüs
B-1000 Brussel
Tel. +32 (0)2 207 93 00
www.efrag.org

