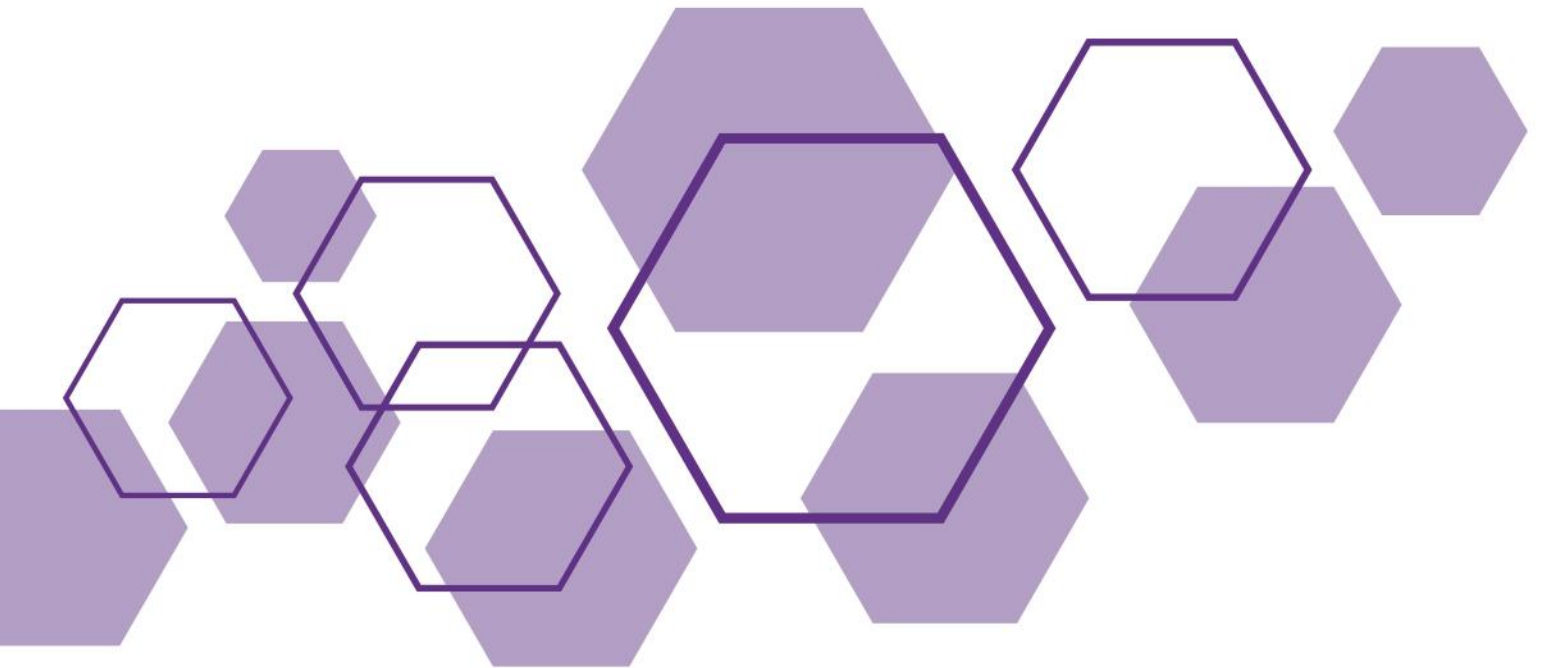


EXPOSURE DRAFT

ESRS G2

Business conduct

April 2022



Open for comments until 8 August 2022

PTF-ESRS

Project Task Force on European sustainability reporting standards

 **EFRAG**

DISCLAIMER

This Exposure Draft has to be read in conjunction with the cover note for ESRS public consultation. It has been prepared under the sole responsibility of the EFRAG PTF-ESRS and is submitted to public consultation by EFRAG SRB to inform the upcoming standard-setting steps. It therefore does not reflect the EFRAG SRB's position at this stage, nor the position of the European Union or European Commission DG Financial Stability, Financial Services and Capital Markets Union (DG FISMA), nor the position of organisations with which the EFRAG PTF-ESRS has cooperated. The final version of the [draft] Standard will be produced by the EFRAG SRB starting from this Exposure Draft, taking into consideration the outcome of the public consultation and the requirements of the final CSRD.

[Draft] ESRS G2 Business conduct is set out in paragraphs 1 to 53 and Appendices A – Defined terms and B – Application Guidance. All the paragraphs, including those in the Appendices, have equal authority. Each Disclosure Requirement is stated in a bold paragraph, followed by a paragraph that illustrates the principle to be followed in the preparation of the respective disclosures. The [draft] Standard also uses terms defined in other [draft] ESRS and should be read in the context of its objective.

Table of contents

Objective	4
Interaction with other ESRS	4
Disclosure Requirements	5
Strategy and business model, governance and organisation, impacts, risks and opportunities	5
Disclosure Requirement G2-1– Business conduct culture	5
Policies and targets	6
Disclosure Requirement G2-2 – Policies and targets on business conduct	6
Action plans and dedicated resources	6
Disclosure Requirement G2-3 – Prevention and detection of corruption and bribery	6
Disclosure Requirement G2-4 – Anti-competitive behaviour prevention and detection	7
Performance measures	7
Disclosure Requirement G2-5 – Anti-corruption and anti-bribery training	7
Disclosure Requirement G2-6 – Corruption or bribery events	8
Disclosure Requirement G2-7 – Anti-competitive behaviour events	9
Disclosure Requirement G2-8 – Beneficial ownership	9
Disclosure Requirement G2-9 – Political engagement and lobbying activities	9
Disclosure Requirement G2-10 – Payment practices	10
Appendix A: Defined terms	11
Appendix B: Application Guidance	12
Strategy and business model, governance and organisation, impacts, risks and opportunities	12
Disclosure Requirement G2-1 – Business conduct culture	12
Business conduct-specific application guidance on ESRS 2, Disclosure Requirement GOV 1 to ESRS 2, Disclosure Requirement 2 -GOV 3	12
Business conduct-specific application guidance on ESRS 2, Disclosure Requirement IRO 1	12
Policies and targets	12
Disclosure Requirement G2-2 – Policies and targets on business conduct	12
Action plans and dedicated resources	13
Disclosure Requirement G2-4 – Anti-competitive behaviour prevention and detection	13
Performance measures	13
Disclosure Requirement G2-5 – Anti-corruption and anti-bribery training	13
Disclosure Requirement G2-6 – Corruption or bribery events	14
Disclosure Requirement G2-8 – Beneficial ownership	14
Disclosure Requirement G2-9 – Political engagement and lobbying activities	14
Disclosure Requirement G2-10 – Payment practices	15

Objective

1. The objective of this [draft] Standard is to specify disclosure requirements which will enable users of the undertaking's sustainability statements to understand the undertaking's strategy and approach, processes and procedures as well as its performance in respect of business conduct.
2. This [draft] Standard derives from the [Draft Corporate Sustainability Reporting Directive] stating that the sustainability reporting Standards shall specify information to disclose about business ethics and corporate culture, including anti-corruption and anti-bribery.
3. In general, business conduct covers a wide range of behaviours that support transparent and sustainable business practices to the benefit of all stakeholders. This [draft] Standard focusses on a limited number of practices as follows:
 - (a) business conduct culture;
 - (b) avoiding corruption, bribery and other behaviours that often have been criminalised as they benefit some in positions of power with a detrimental impact on society; and
 - (c) transparency about anti-competitive behaviour and political engagement or lobbying.
4. This [draft] Standard is addressing business conduct as a key element of the undertaking's contribution to sustainable development. This [draft] Standard requires the undertaking to report information about its overall policies and practices for business conduct, rather than information for specific material sustainability topics.
5. In order to promote effective communication and avoid duplication, where the disclosures required by this [draft] Standard are provided in full or in part in another section of the undertaking's management report, the undertaking may in its sustainability statements include that information by reference, provided that such disclosures do constitute a separate element of information clearly identified in the other section of the management report as addressing the relevant disclosure requirement in this [draft] Standard.
6. The requirements in this [draft] Standard are intended to provide information that reinforces users' understanding of the risks of, and opportunities afforded by, sustainability matters, as well as the impacts of the undertaking on people and the environment.

Interaction with other ESRS

7. This [draft] Standard shall also be applied in conjunction with the [draft] Standards on environmental and social topics where they prescribe disclosures on the topics listed in paragraph 3 above with respect to specific environmental or social features. Those disclosures shall be considered as complementary to the disclosures provided under this [draft] Standard focusing on the overarching sustainability perspective.
8. The content of this Standard on Strategy and business model, Governance and organisation and Impacts, risks and opportunities, as well as Policies, targets, action plans and resources shall be read in conjunction respectively with ESRS 1 General Principles and ESRS 2 General, Strategy, Governance and Materiality Assessment.
9. Topics that cover similar areas may be covered in other ESRS Standards, such as human rights or worker conditions. Nothing in this Standard override those requirements and undertakings should refer to the relevant Standard such as [draft] ESRS S1 Own workforce to [draft] ESRS S4 Affected communities.

10. This Standard covers sector-agnostic disclosure requirements. Sector-specific disclosure requirements are developed separately and in accordance with the classification following ESRS SEC1¹ Sector classification.

Disclosure Requirements

Strategy and business model, governance and organisation, impacts, risks and opportunities

11. The provisions of this [draft] Standard shall be read in conjunction with and reported alongside the ESRS 2.
12. This [draft] Standard provides specific business conduct-related application guidance in Appendix B to describe and illustrate what are the business conduct -related specificities that should be considered by the undertaking when disclosing information with regards to:
 - (a) the resilience of the strategy and business model to business conduct -related risks, referring to ESRS 2 Disclosure Requirements GOV 1 to 3; and
 - (b) the process to identify material business conduct-related impacts, risks and opportunities and the outcome of this process, referring to ESRS 2 Disclosure Requirements IRO 1 to 3.
13. In addition, this [draft] Standard includes a topic-specific Disclosure Requirement on corporate culture, Disclosure Requirement G2-1, Business Conduct Culture.

Disclosure Requirement G2-1– Business conduct culture

14. **The undertaking shall disclose its initiatives to establish, develop and promote a business conduct culture.**
15. The principle to be followed under this Disclosure Requirement is to provide an understanding of how the administrative, management and supervisory bodies are involved in forming, monitoring, promoting and assessing the business conduct culture.
16. The disclosure required under paragraph 14 shall cover the strategy to foster the business conduct, how this strategy is implemented and how the outcome is evaluated.
17. The undertaking shall consider the following aspects when determining its disclosure under paragraph 16:
 - (a) the business conduct subjects that are taken into consideration and discussed by the administrative, management and supervisory bodies and with which frequency;
 - (b) how the undertaking's leadership provide direction to promote a business conduct culture (i.e., "tone from the top" and "tone from the middle");
 - (c) the business conducts topics that are promoted within the business conduct culture;
 - (d) specific incentives for its employees to foster and encourage its business conduct culture;
 - (e) the communication of the business conduct culture and/or values; and

¹ to be issued at a later stage

- (f) whether the undertaking has specific contractual clauses with its value chain on business conduct.

Policies and targets

Disclosure Requirement G2-2 – Policies and targets on business conduct

- 18. **The undertaking shall provide information about its policies with respect to business conduct matters.**
- 19. The principle to be followed under this disclosure requirement is to provide an understanding of the undertaking's ability (i) to mitigate any negative impacts and maximise positive impacts related to business conduct throughout its value chain, and (ii) to monitor and manage the related risks.
- 20. The disclosure required under paragraph 18 shall cover the following aspects in relation to each of the matters mentioned above:
 - (a) a description of the mechanism for reporting concerns about unethical or unlawful behaviour;
 - (b) where the undertaking has no policies on anti-corruption or anti-bribery consistent with the United Nations Convention against Corruption², it shall state this;
 - (c) the undertaking's safeguards of its employees for reporting irregularities including whistleblowing protection;
 - (d) where the undertaking has no policies on the protection of whistle-blowers³, it shall state this;
 - (e) whether the undertaking is committed to investigate business conduct (including corruption or bribery) incidents promptly, independently and objectively;
 - (f) a description of how associated incidents in respect of contracts and relationships within the undertaking's value chain are handled; and
 - (g) the undertaking's strategy for training within the organisation on business conduct, including target audience, frequency and depth of coverage.
- 21. The description of any targets shall meet the requirements of ESRS 1 Disclosure Principle 2.

Action plans and dedicated resources

Disclosure Requirement G2-3 – Prevention and detection of corruption and bribery

- 22. **The undertaking shall provide information about its system to prevent and detect, investigate, and respond to allegations or incidents relating to corruption and bribery.**

² This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 as reflecting an additional principal adverse impact set out in Table 3 of Annex 1 of the related Delegated Regulation with regard to disclosures rules on sustainable investments.

³ This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 as reflecting an additional principal adverse impact set out in Table 3 of Annex 1 of the related Delegated Regulation with regard to disclosures rules on sustainable investments.

23. The principle to be followed under this disclosure requirement is to provide transparency on the key procedures of the undertaking to prevent and detect, investigate and respond to corruption or bribery-related incidents or allegations.
24. The disclosure required under paragraph 22 shall include the following information:
 - (a) an overview of the procedures in place to prevent, detect and address allegations or incidents of corruption or bribery;
 - (b) whether the investigators or investigating committee are separate from the chain of management involved in the matter;
 - (c) the number of reported allegations of corruption or bribery received through whistleblowing channels;
 - (d) the number of internal investigations launched in response to allegations or incidents relating to corruption or bribery; and
 - (e) the system to report outcomes to senior management and the administrative, management and supervisory bodies where relevant.
25. The description of any targets shall meet the requirements of ESRS 1 Disclosure Principle 2 on targets, progress and tracking effectiveness.
26. Where the undertaking has no such procedures, system and actions in place, it shall disclose this fact and, where applicable, its plans to adopt them.

Disclosure Requirement G2-4 – Anti-competitive behaviour prevention and detection

27. **The undertaking shall provide information about its system to prevent and detect, investigate, and respond to allegations or incidents relating to anti-competitive behaviour.**
28. The principle to be followed under this disclosure requirement is to provide transparency on the key procedures of the undertaking to prevent and detect, investigate and respond to allegations or incidents of anti-competitive behaviour.
29. The disclosure required by paragraph 27 shall include the same requirements as per ESRS G2-3 but referred to the topic of allegations or incidents of anti-competitive behaviour.

Performance measures

Disclosure Requirement G2-5 – Anti-corruption and anti-bribery training

30. **The undertaking shall provide information about any anti-corruption and anti-bribery training programmes offered.**
31. The principle to be followed under this disclosure requirement is to provide an understanding of the undertaking's training and educational initiatives to develop and maintain awareness related to anti-corruption or anti-bribery and business conduct within the undertaking as well as in the value chain.
32. **The disclosure required by paragraph 30 shall include information about the following:**
 - (a) identification or definition of the persons within the undertaking who are most at risk in respect of corruption/bribery;

- (b) the nature and scope (including location and staff included) of anti-corruption/anti-bribery training programmes offered or required by the undertaking;
 - (c) the scope and depth covered by the training programmes provided;
 - (d) the percentage of persons who are most at risk covered by training programmes;
 - (e) the assessment methodology to ascertain whether the target audience acquired the necessary knowledge.
33. The disclosures required by paragraph 30 shall include information about how the undertaking shares this anti-corruption/anti-bribery policy within its value chain.
34. Where the undertaking has an information programme on anti-corruption or anti-bribery, such as information pamphlets or videos, it shall consider whether to provide information on the members of staff and management this is shared with.
35. The training programme may cover other aspects of business conduct such as transparency on political engagements and anti-competitive behaviour. In these cases, the undertaking should consider whether disclosures similar to the ones required for anti-corruption would be useful to its stakeholders.

Disclosure Requirement G2-6 – Corruption or bribery events

36. **The undertaking shall provide information on legal proceedings related to corruption or bribery during the reporting period.**
37. The principle to be followed under this disclosure requirement is to provide transparency on legal proceedings relating to corruption or bribery incidents during the reporting period and the related outcomes.
38. The disclosure required by paragraph 36 shall include information about the following:
- (a) the main outcomes of legal proceedings related to corruption or bribery against the undertaking or its employees, concluded during the reporting period, including sanctions and fines. This shall include the number of convictions and the amount of fines for violation of anti-corruption and anti-bribery laws⁴;
 - (b) details of ongoing legal proceedings against the undertaking and its employees related to corruption or bribery;
 - (c) the number of investigations into and decisions in which employees were dismissed or disciplined for corruption or bribery-related incidents; and
 - (d) the number of investigations into and decisions relating to contracts with business partners that were terminated or not renewed due to violations related to corruption or bribery.
39. The undertaking shall disclose where it has insufficiencies in actions taken to address breaches in procedures and standards of anti-corruption and anti-bribery⁵.

⁴ This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 as reflecting an additional principal adverse impact set out in Table 3 of Annex 1 of the related Delegated Regulation with regard to disclosures rules on sustainable investments.

⁵ This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 as reflecting an additional principal adverse impact set out in Table 3 of Annex 1 of the related Delegated Regulation with regard to disclosures rules on sustainable investments.

Disclosure Requirement G2-7 – Anti-competitive behaviour events

40. **The undertaking shall provide information on any publicly announced investigation into or litigation concerning possible anti-competitive behaviour it is facing during the reporting period.**
41. The principle to be followed under this disclosure requirement is to provide transparency on publicly announced investigations into or litigation concerning possible anti-competitive behaviour of the undertaking that are ongoing during the reporting period.
42. The disclosure required by paragraph 40 shall include the following information:
 - (a) investigations into and decisions relating to violations of anti-trust and monopoly legislation where the undertaking (or its subsidiaries) was named as a participant by a competent authority;
 - (b) number of new, continuing, or finalised legal action (separately) during the reporting period regarding anti-competitive behaviour;
 - (c) main outcome of legal proceedings against the undertaking concluded during the reporting period, including sanctions, fines and damages orders.

Disclosure Requirement G2-8 – Beneficial ownership

43. **The undertaking shall provide information about its beneficial owners (as defined in article 3(6) of Directive (EU) 2015/849) and control structure.**
44. The principle to be followed under this disclosure requirement is to provide transparency on the individuals who ultimately own or control the undertaking's organisational and control structure, including beneficial owners.
45. The disclosure required by paragraph 43 shall include information on the identity of who the ultimate beneficial owners or those who control the undertaking are, together with their respective ownership or control percentages.

Disclosure Requirement G2-9 – Political engagement and lobbying activities

46. **The undertaking shall provide information on its political contributions and lobbying or advocacy activities.**
47. The principle to be followed under this disclosure requirement is to provide transparency on the types, purpose and cost of political contributions and lobbying activities of the undertaking during the reporting period.
48. The disclosure required by paragraph 46 shall include:
 - (a) the representative(s) responsible in the administrative, management and supervisory bodies for the oversight of these activities; and
 - (b) on financial or in-kind contributions:
 - i. the total monetary value of financial and in-kind political contributions made directly and indirectly by the undertaking aggregated by country and/or type of recipient/beneficiary;
 - ii. where appropriate, how the monetary value of in-kind contributions was estimated;

- iii. the total monetary amount of financial and in-kind lobbying or advocacy expenses (both internal and external); and
 - iv. the total amount paid for membership to professional or advocacy associations.
49. Where political engagement, lobbying or advocacy are determined to be material per ESRS 2 General, Strategy, Governance and Materiality Assessment Disclosure Requirements, the undertaking shall provide the following additional information about its activities:
- (a) the main topics covered by such activities; and
 - (b) its main positions on these topics.
50. The disclosure shall also include information about the appointment of any members of the administrative, management and supervisory bodies or senior executives who previously held a comparable position in public administration, including regulators.

Disclosure Requirement G2-10 – Payment practices

51. **The undertaking shall provide information on the payment practices to support transparency about these practices given the importance of timely cash flows to business partners.**
52. The principle to be followed under this disclosure requirement is to provide insights on the contractual payment terms and the average actual payments.
53. The disclosure under paragraph 51 shall include:
- (a) the average time the undertaking takes to pay an invoice in number of days;
 - (b) details about the undertaking's standard contractual payment terms in number of days for both purchases and sales of products or services provided; and
 - (c) complementary information necessary to provide sufficient context.

Appendix A: Defined terms

This appendix is an integral part of the [draft] ESRS G2 Business conduct.

Anti-competitive behaviour	Action of the undertaking or its employees that can result in collusion with potential competitors, with the purpose of limiting the effects of market competition. It may include fixing prices, coordinating bids, creating market or output restrictions, imposing geographic quotas, or allocating customers, suppliers, geographic areas, and product lines.
Corruption	Abuse of entrusted power for private gain, which can be instigated by individuals or organisations. It includes practices such as bribery, facilitation payments, fraud, extortion, collusion, and money laundering. It also includes an offer or receipt of any gift, loan, fee, reward, or other advantage to or from any person as an inducement to do something that is dishonest, illegal, or a breach of trust in the conduct of the undertaking's business. This can include cash or in-kind benefits, such as free goods, gifts, and holidays, or special personal services provided for the purpose of an improper advantage, or that can result in moral pressure to receive such an advantage.
Lobbying activities	Refers to activities carried out with the objective to influence governments, governmental institutions and/or regulators. Such activities include (non-exhaustive list): <ul style="list-style-type: none">• organising or participating in meetings, conferences, events;• contributing to/participating in public consultations, hearings or other similar initiatives;• organising communication campaigns, platforms, networks, grassroots initiatives;• preparing/commissioning policy and position papers, opinion polls, surveys, open letters, research work as per the activities covered by transparency register rules.

Appendix B: Application Guidance

This appendix is an integral part of the [draft] ESRS G2 Business conduct. It describes how to apply the disclosure requirements set forth in paragraphs 11 to 53 and has the same authority as the other parts of the [draft] Standard. More specifically, it provides further background information on what should be disclosed and describes how it should be disclosed.

Strategy and business model, governance and organisation, impacts, risks and opportunities

Disclosure Requirement G2-1 – Business conduct culture

- AG 1. When providing the disclosures under this requirement, the undertaking may consider its code of conduct or statement of values or similar documents and how they contribute to its corporate culture broadly and its business conduct culture specifically.
- AG 2. When considering processes for embedding its culture or values, these may include processes around performance evaluation and rewards.

Business conduct-specific application guidance on ESRS 2, Disclosure Requirement GOV 1 to ESRS 2, Disclosure Requirement 2 -GOV 3

- AG 3. The disclosure about leadership on business conduct shall cover the following aspects:
 - (a) how roles and responsibilities related to business conduct are distributed throughout the undertaking's organisation, from its highest governance body to its executive and operational levels;
 - (b) where applicable, how the governance bodies exercises direction and oversight over its business conduct;
 - (c) the expertise of its governance bodies and relevant management on business conduct matters; and
 - (d) how the undertaking's business conduct programme(s) are implemented and managed.

Business conduct-specific application guidance on ESRS 2, Disclosure Requirement IRO 1

- AG 4. The disclosure about risk assessment should include all relevant criteria used in the assessment including location, activities, sector and transactions.

Policies and targets

Disclosure Requirement G2-2 – Policies and targets on business conduct

- AG 5. The policies with respect to business conduct should cover the matters detailed in the Standard, including the process for incident management both within the organisation and with its value chain in a prompt, thorough and efficient manner.
- AG 6. The policies can be published as a stand-alone document or be embedded in general policy document(s).
- AG 7. Where the policies, targets, action plans and resources required to be disclosed under paragraph 20 are disclosed under the provisions of another ESRS, for instance

because they relate to social and/or environmental dimensions, cross referencing to such alternative disclosures is sufficient.

- AG 8. Some of these practices may be more or less relevant to the undertaking and the disclosures per paragraphs 18 and 20 would depend on its risk assessment.
- AG 9. Protection of staff in paragraph 20(a) should include when staff refuse to act unethically which may result in loss of business. This also includes statements on non-retaliation against employees who have been granted whistle-blower status in accordance with the applicable law and employees who report any non-ethical behaviour incidents.

Action plans and dedicated resources

Disclosure Requirement G2-4 – Anti-competitive behaviour prevention and detection

- AG 10. If the undertaking's process is the same for corruption, bribery and anti-competition it shall clearly state this, and it does not need to repeat the information. However, it shall clearly distinguish the required quantitative information between the subtopics.

Performance measures

Disclosure Requirement G2-5 – Anti-corruption and anti-bribery training

- AG 11. This Standard requires the undertaking to provide details of specific anti-corruption training, including frequency, delivery method(s), and coverage as well as whether it is a requirement of employment.
- AG 12. The undertaking should provide details as to the extent to which communication and training on anti-corruption is tailored to those employees, business partners, and other persons identified as having a high risk of incidents of corruption. This may also be relevant to members of the administrative, supervisory and management bodies.
- AG 13. The undertaking may present the required information using the following table:

Anti-corruption training

During the 2023 financial year ABC provided training to its at-risk employees in terms of its policy (see note x). For those at-risk employees the training is mandatory, but ABC also made available voluntary training for other employees. Details of its training during the year is as follows:

	At-risk employees	Managers	ASMB⁶	Other staff
Training coverage				
Total	20,000	200	16	70,000
Total receiving training	19,500	150	8	5,000
Delivery method and duration				
Classroom training	5 hours			
Computer-based training	1 hour	2 hours	1 hour	
Voluntary computer-based training				1 hour
Frequency				

⁶ Administrative, management and supervisory bodies

How often training is required	Annually	Annually	Bi-annually	-
Topics covered				
Definition of corruption	X	X	X	X
Policy	X	X	X	X
Procedures on suspicion/detection	X	X		
Etc.	X			

All training events included an assessment for which at-risk employees required 90% to pass and others 80%. Where this mark was not achieved, the training had to be repeated until the required pass mark was obtained.

Business partners received the policy document with respect to anti-corruption and had to complete a survey covering the following topics:

Disclosure Requirement G2-6 – Corruption or bribery events

AG 14. The disclosures required should include events involving business partners.

Disclosure Requirement G2-8 – Beneficial ownership

AG 15. The beneficial ownership should include the identity and percentage of ownership of the largest shareholders, if applicable. Where this information is available in another section of the management report, the undertaking may include it by reference, provided that such disclosures do constitute a separate element of information clearly identified in the other section of the management report as addressing the relevant disclosure requirement in this [draft] Standard.

Disclosure Requirement G2-9 – Political engagement and lobbying activities

AG 16. 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, retainers, or the purchase of tickets for fundraising events and other similar actions. 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.

AG 17. ‘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.

AG 18. Expenditure data required (including the value of in-kind contributions) should be by type (e.g., internal and external lobbying costs, political funding, membership fees) and include explanations of how figures have been calculated. Expenditure data may be provided through value ranges.

AG 19. Regarding lobbying activities, the disclosure shall include both external fees paid to third parties to carry out lobbying or advocacy activities and internal expenses linked to this activity.

AG 20. For the disclosure of the internal expenses, reasonable and supportable estimates of the costs incurred are required. This may include the employee benefits of the relevant employees based on the estimated time requirements of such activities.

AG 21. An example of what such disclosures could look like:

Political engagement (including lobbying activities)

During the 2023 financial year ABC was involved in activities around the proposed regulation XXX which could have significant negative impacts on its business model if implemented in the current format. This consisted of internal costs (including staff and travel costs) as well as its membership of trade organisations such as X, Y, Z. ABC also supported the QRP political party as xxx. Amounts in € thousands.

	2023	2022 [TBC]
Political funding provided	100	
Internal lobbying costs	500	
Membership fees of trade organisations	100	
	700	

In this example in the management judgement of the undertaking these amounts are qualitatively material even if not quantitatively material.

Disclosure Requirement G2-10 – Payment practices

AG 22. Payment delays complicate the financial management of undertakings, especially SMEs, who rely on predictable flows of cash to operate. Therefore, to the extent relevant, the metrics shall be accompanied by:

- (e) the methodologies and significant assumptions used to compute the metric;
- (f) any changes underlying methodologies and assumptions during the reporting period as compared to the previous reference period with an explanation of the rationale for those changes and their effect on comparability; and
- (g) any further contextual information needed by users to understand and correctly interpret the metric.

AG 23. Other than the quantitative metrics required, undertakings can choose the disclosure format they deem as most appropriate (e.g., embedding quantitative metrics in the narrative section, or a tabular format).



EFRAG is co-funded by the European Union and EEA and EFTA countries. The contents of the documents are however the sole responsibility of the EFRAG PTF- ESRS and do not necessarily reflect those of the European Union or the Directorate-General for Financial Stability, Financial Services and Capital Markets Union (DG FISMA). Neither the European Union nor DG FISMA can be held responsible for them.