

Scorecard

EFRAG ESRS G2 Business conduct

About EFRAG

COVERAGE OF COMPANIES

EU

LAUNCH DATE

2022

FOCUS

Sustainability reporting

LINK:

https://www.efrag.org/Assets/Download?assetUrl=%2Fsites%2Fwebpublishing%2FSiteAssets%2F25032022_Draft%2520ESRS%2520G2%2520final.pdf

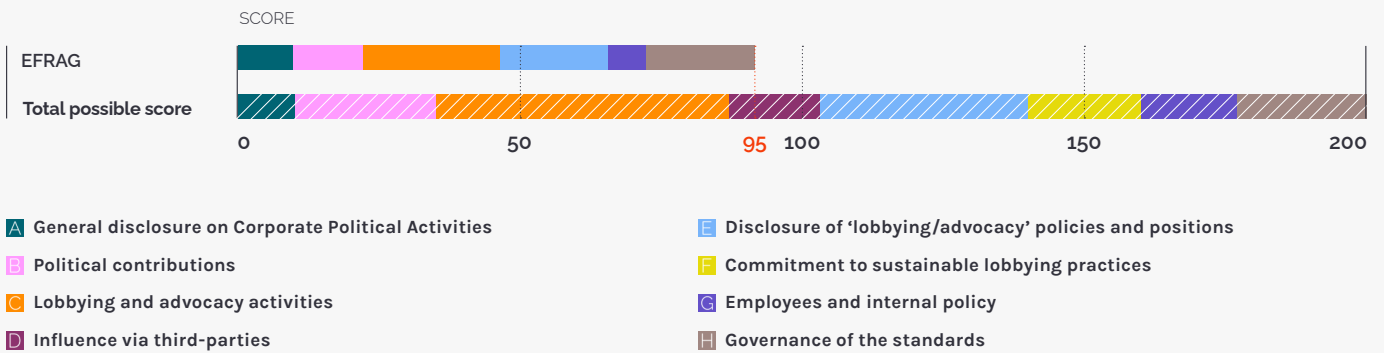
EFRAG ESRS G2 Business conduct Score



Tracker Rank and Score for EFRAG

The score is out of a total of 200 and the rank describes the standards position in the 26 standards assessed by the Tracker.

Category scores of EFRAG ESRS G2 Business conduct



*Categories where the standard received no points do not appear in the colour-coded graph

Rank and scores for all standards

Rank	Standard	Score
1.	UN-PRI Investor Expectations	117
2.	Responsible Lobbying Framework	106
3.	OECD Principles	103
4.	ICGN	101
5.	AccountAbility	97
6.	EFRAG	95
7.	Positive Compass	87
8.	Moody's	80
9.	S&P	80
10.	World Benchmarking Alliance (WBA)	76
11.	Erb Principles	75
12.	GRI 415	68
13.	ISS ESG	53
14.	CDP	53
15.	Sustainalytics	46
16.	Fitch	40
17.	WEF Measuring Stakeholder Capitalism	38
18.	FTSE4Good	31
19.	MSCI	30
20.	ISSB	30
21.	B-Lab	30
22.	Refinitiv	20
23.	TCFD	20
24.	EcoVadis	12
25.	Bloomberg	10
26.	RepRisk	10

Description

The European Commission's Corporate Sustainability Reporting Directive (CSRD) which companies will begin reporting against in 2024,¹ requires the adoption of EU Sustainability Reporting Standards (ESRS). ESRS 1 and 2 serve as a guideline for the general sustainability reporting and defines the information to be disclosed about material impacts, risks and opportunities related to sustainability aspects. Part of the work to develop these standards has been taken on by the European Financial Reporting Advisory Group (EFRAG). EFRAG is a private association established in 2001 with the encouragement of the European Commission to serve the public interest and inform the development of financial regulation on the continent. EFRAG extended its mission in 2022 following the new role assigned to EFRAG in the CSRD, providing Technical Advice to the European Commission in the form of fully prepared draft EU Sustainability Reporting Standards and/or draft amendments to these Standards. The Tracker assesses the EU ESRSG2 Exposure Draft standard, which EFRAG led.² This standard has since been adopted with minor updates.³ The Tracker assesses the Exposure Draft version.

Summary

The EFRAG ESRS G2 Business Conduct standard receives a Tracker score of 95 out of 200. The draft standard covers more areas of corporate political activity than many of the rating agencies assessed in the Tracker. The EFRAG guidance covers revolving door issues, recommending companies disclose **“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.”** This receives points in Tracker Category G ‘Employees and internal policy’.

In addition, the EFRAG standard addresses employee conduct in its anti-corruption section, recommending training on **“other aspects of business conduct such as transparency on political engagements and anti-competitive behaviour.”** This broad language could be clarified to cover different types of political influence. The EFRAG process has involved heavy consultation with concerned stakeholders, a range of workshops and rounds of feedback. The standard receives points for these feedback mechanisms in Tracker Category H, ‘Governance of the standards.’

Opportunities for improvement

The EFRAG standard could be improved by adding more components of Tracker Category C ‘Lobbying and Advocacy Activities’ to its list of recommended disclosure items. Given the scope and range of corporate political activities, providing more guidance in this area would strengthen the standard. In addition, EFRAG could add recommendations for more complete information in Tracker Category G ‘Employees and internal policy’ to improve its Tracker score.

Endnotes

- 1 ‘Timeline for the Corporate Sustainability Reporting Directive:
<https://www2.deloitte.com/content/dam/Deloitte/nl/Documents/deloitte-nl-sustainability-eu-tax-csrd-timeline-june-2022.pdf>
- 2 https://www.efrag.org/Assets/Download?assetUrl=%2Fsites%2Fwebpublishing%2FSiteAssets%2FED_ESRS_G2.pdf
- 3 EFRAG ‘Cover Note – Approval of draft ESRS Set 1’ (2022):
<https://www.efrag.org/Assets/Download?assetUrl=%2Fsites%2Fwebpublishing%2FMeeting%20Documents%2F2211141505388508%2FEFRAG%20Cover%20Note%20221115%20Approval%20of%20draft%20ESRS%20Set%201.pdf>

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