

Draft Revised LSME Section 6 – Business conduct

DISCLAIMER

Text highlighted in **turquoise** illustrate the changes made after the discussion held at SR TEG on 7 of October.

The content of this section is still subject to change after SR TEG discussions.

[draft] Revised LSME – SECTION 6 BUSINESS CONDUCT

DISCLAIMER

Section 6 *Business conduct* is set out in paragraphs 1–12. The following appendices of Section 6 have the same authority as the main body of the [draft] Standard:
- *Appendix A: Application Requirements,*

Section 6: Table of Contents

Objective	3
Metrics	3
Disclosure Requirement G1-1 –Anti-corruption and anti-bribery	3
Disclosure Requirement G1-2 – Political influence and lobbying activities	3
Appendix A: Application Requirements	4
Disclosure Requirement G1-2 – Political influence and lobbying activities	4

Objective

1. The objective of this Section 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 business conduct performance.
2. This Section focusses on the following matters:
 - (a) anti-corruption and anti-bribery, and
 - (b) political influence and lobbying activities.
3. The undertaking shall apply the requirements in this Section, when it concludes that the corresponding topic is material (according to chapter 3.3 *Double materiality*, 3.4 *Impact materiality* and 3.5 *Financial materiality* of Section 1). Following the undertaking's assessment of the materiality of the information according to paragraph 36 of Section 1, the sustainability statement shall include those disclosures prescribed in this Section that are assessed to be material. Individual datapoints may be omitted when the corresponding information is not material and the undertaking concludes that such information is not needed to meet the objective of the Disclosure Requirement.
4. The objectives in par. 1 and the metrics disclosure requirements under Section 6 G1-1 to G1-3 shall be read in conjunction with Section 2 and 3 of this [draft] Standard.

Metrics

Disclosure Requirement G1-1 – Anti-corruption and anti-bribery

5. The objective of this Disclosure Requirement is to provide transparency on the incidents relating to *corruption* or *bribery* during the reporting period and the related outcomes.
 - (a) if applicable, the number of convictions and the amount of fines for violation of anti-***corruption*** and anti-***bribery*** laws².

Disclosure Requirement G1-2 – Political influence and lobbying activities

6. The objective of this Disclosure Requirement is to provide transparency on the undertaking's activities and commitments related to exerting its political influence with political contributions, including the types and purpose of lobbying activities.
7. If applicable, the undertaking shall disclose:
 - (a) for financial or in-kind ***political contributions***:
 - i. the total monetary value of financial and in-kind political contributions made directly and indirectly by the undertaking, and
 - ii. where appropriate, how the monetary value of in-kind political contributions is estimated.
 - (b) the main topics covered by its ***lobbying activities*** and the undertaking's main positions on these in brief.

² This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 as reflecting an additional indicator related to principal adverse impacts set out in indicator #17 of Table 3 of Annex 1 of the related Delegated Regulation with regard to disclosure 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 2.

Appendix A: Application Requirements

This appendix is an integral part of this section of this [draft] Standard. It supports the application of the disclosure requirements set out in this Section and has the same authority as the other parts of this [draft] Standard.

Disclosure Requirement G1-2 – Political influence and lobbying activities

- AR 1. 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.
- AR 2. '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.



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