REPORT ON THE EFRAG SR TEG VOTE ON ESRS-TC

1. On 23 June 2026 the EFRAG SR TEG met in a public online session to approve the Exposure Draft ESRS for Third Country Groups (ESRS-TC).
2. SR TEG agreed to recommend to the EFRAG SRB the ESRS-TC Exposure Draft based on the Have your say ESRS draft, this version is identified by the progressive number 1.6 (the 'ED_V1.6'). Condition for this approval is the inclusion in the public documents that EFRAG will issue for the consultation of:
    (a) a description of the concerns the members have with respect to the mixed approach, and
    (b) an acknowledgment that the inclusion of the mixed approach in the consultation is an explicit request from the European Commission to EFRAG.
3. SR TEG also agreed to recommend to the SRB to add specific questions in the consultation on whether human rights should be reported only on global basis and whether there should be an additional condition for the mixed approach, i.e. that the impacts have geographic boundaries.

SR TEG member voting and feedback

4. In total, 21 SR TEG members voted; 20 voted in favour, out of which 6 with reservations and 1 dissented.
5. The concerns with the mixed approach of the SR TEG members that approved the ED_V1.6 are the following:
    (a) Unclear legal basis
    (b) Feasibility of separating EU related impacts
    (c) Significant limitations for external assurance
    (d) It would not create a level playing field for EU companies with their peers
    (e) It could result in the loss of relevant information, including numerous human rights metrics and disclosures
    (f) It could open the door to greenwashing
    (g) Sustainability is a holistic issue and ESRS-TC should adopt an equally comprehensive approach, equally encompassing all relevant topics.
6. The following 3 members provided their written intention of vote before the meeting:

(a) Linnéa Waninger

(b) Robert Adamczyk

(c) John E Grova.

7. Considering the indended transparency on the limitations of the mixed approach in paragraph 2, the following 14 members approved without reservations:

1. Chiara Del Prete (SR TEG Chair)
2. PierMario Barzaghi
3. Kati Beiersdorf
4. Anne-Claire Ducrocq
5. Eric Duvaud
6. Mathieu Filippo
7. Arnoud A. Kuijpers
8. Thierry Langreney
9. Jannik Leiendecker
10. Jose M. Moneva
11. Luis Piacenza
12. Christoph Töpher
13. Belen Varela Nieto
14. Julia Zicke

8. Piotr Biernacki dissented on the ED_V1.5 because of the inclusion of the mixed approach. He finds this approach fundamentally incompatible with the values upon which the EU was founded. He finds it unacceptable that the human rights of some people but not other people are to be protected and the same applies for nature. He believes that the concept of EU-related impacts does not exist in practice: if a company is violating human rights or damaging nature everywhere in the world, this is relevant for the EU. In addition, the mixed approach is incompatible with level-playing field for European companies.

9. The following 6 members approved the ED_V1.6 but expressed reservations.

(a) Guillaume Bône: reservations regarding the mixed approach on the following points:

i. Similar reason expressed by Piotr Biernacki, although not a dissent;

ii. data standardisation, comparability and capacity to obtain similar info EU non-EU companies;

iii. From technical perspective on the environmental side: impacts thought of as local often have global repercussions. The mixed approach is arbitrary in terms of reporting results and does not capture environmental degradation.

(b) Sigurt Vitols: Express reservations on the mixed approach due to:

i. competitiveness point raised by Piotr Biernacki,

   ii. comparability of information mentioned by Guillaume Bône,
   iii. non-reporting of severe Human Rights issues which are global, and
   iv. non-compatibility with CSDDD which only foresees the global approach (and CSRD is the reporting instrument for this)

(c) Robert Adamczyk: Reservation, as we should aim for consistent requirements between non-EU and EU where possible. He also suggested the EFRAG Secretariat to prepare a comparison with Chinese reporting requirements.

(d) John E Grova and Linnéa Waninger: Reservation, as the the mixed approach should not be applicable to human rights impacts.

(e) Brunno Maradei: reservation on application of mixed approach to governance, as governance issues are also global do not affect only a single product. In addition, as a user and investor mixed approach does not allow to compare companies on the same basis.

10. While approving, Kati Beiersdorf recommended an editorial change to avoid that ‘products and services’ sold or provided to the EU is interpreted in a way that allows for arbitrage, e.g. when the client is non-EU based but the service is provided on EU-territory.