Cover Note

ESRS for non-EU groups N-ESRS

Objective

1. In this meeting SR TEG members will be asked to provide their comments on the Unapproved draft (V1) of ESRS for non-EU groups (N-ESRS in short).
2. In the session, SR TEG members are invited to review and discuss the V1 draft, provide input on any remaining technical or conceptual questions ahead of the approval session, and prepare for approval, including voting tentative intentions.
3. The public is invited to consult the accompanying slide deck, which provides context on the rationale, scope, the key design considerations underpinning the development of the N-ESRS.

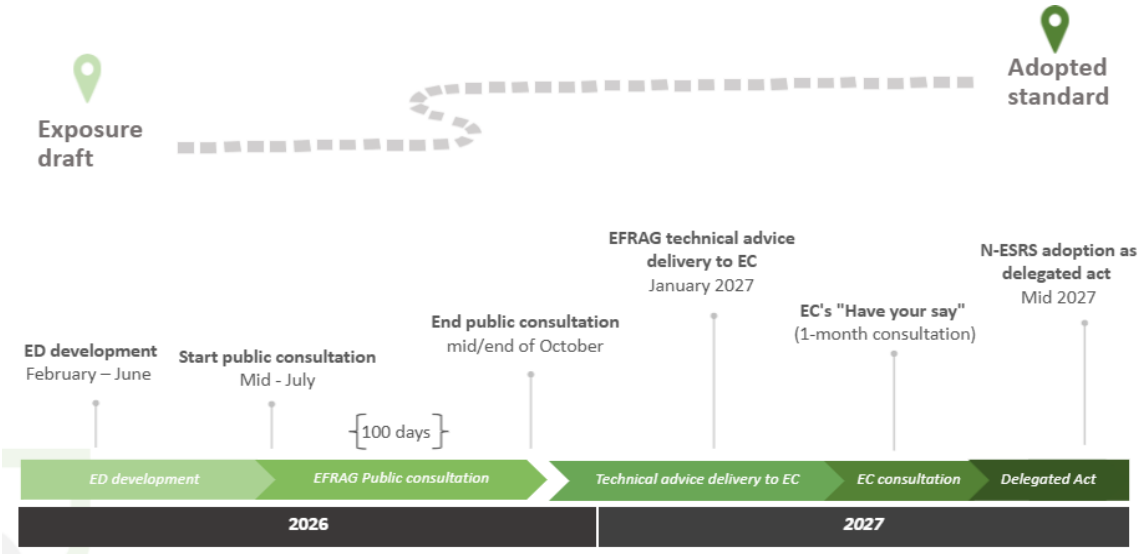
Background

4. Per Article 40a of the Accounting Directive, certain non-EU groups with significant activities in the EU are required to report on their sustainability impacts. The Corporate Sustainability Reporting Directive (CSRD) foresees the adoption of separate standards for this purpose, with the first N-ESRS sustainability reports required to be published in 2029, based on financial year 2028.
5. In line with this mandate, EFRAG completed the technical development of the N-ESRS Exposure draft in 2024 and early 2025, based on the original scope, turnover criteria, and strategic and technical considerations at the time. However, in light of the Omnibus negotiations, the project was temporary paused, and work has been resumed only recently following the ESRS simplification process. The work includes revisiting both technical and strategic considerations.
6. As a result of developments in the Omnibus negotiations, the turnover threshold and scope under Article 40a of the Accounting Directive have changed. Non-EU companies not listed on the EU regulated markets that generate net turnover in the Union exceeding EUR 450 million in each of the last consecutive financial years, and that have either EU branches with net turnover exceeding EUR 200 million in the preceding financial year or are the ultimate parent of EU subsidiaries with net turnover exceeding EUR 200 million in the preceding financial year, will have to report.

EFRAG due process

7. The development of the N-ESRS follows EFRAG's due process steps, as illustrated in the timeline included in this paper. The EFRAG Secretariat currently anticipates seeking approval of the exposure draft in the coming weeks. Subject to this approval, a 100-day public consultation is expected to be launched in the second half of July, following the adoption of the simplified ESRS as a delegated act. This consultation period will be a key

step in gathering stakeholder feedback and refining the standard before its finalisation and delivery as technical advice to the European Commission in January 2027.



8. Beyond the public consultation, the due process will also include a range of targeted stakeholder engagement activities. These are expected to involve educational webinars to support understanding of the proposals, field tests on selected topics to assess feasibility, and dedicated workshops with national standard-setters as well as preparers from non-EU jurisdictions. Together, these activities will help ensure that the standard meets policy objectives, is feasible to implement, and effectively responds to stakeholder needs.

9. EFRAG Secretariat envisages four key topics for the public consultation:

   (a) content of the standard: exclusion and inclusion of datapoints

   (b) perimeter of disclosure and as part of that the “mixed approach”

   (c) interoperability with IFRS S1 and S2 and incorporation by reference

   (d) references to EU laws and regulations

Remind of the field test

10. EFRAG is seeking companies in scope of N-ESRS to test the proposals in the Exposure Draft. Please refer to the following link to communicate your interest, by 1 July:

https://www.efrag.org/en/news-and-calendar/news/efrag-resumed-work-on-the-european-sustainability-reporting-standard-for-noneu-groups-and-launches

Questions for SR TEG

11. Are there any outstanding technical or conceptual concerns in the V1 draft that could affect its readiness for approval, and how should they be addressed?

12. Based on your current review, what is your preliminary voting intention for the approval session, and are there any conditions that would influence your final decision?