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NESRS

Cover note

Objective

1. The objective of the session is for EFRAG SR TEG to recommend to the EFRAG SRB to issue the NESRS exposure drafts (the ED's) for public consultation.

Background

2. As required by Chapter 9a of the CSRD, the EFRAG Secretariat with EFRAG SR TEG has been updating the delegated act for ESRS to comply with the specific requirements for standards for sustainability reports of non-EU Groups. This comprised of removing datapoints relating to risks, opportunities, resilience and dependencies as well as those relating to EU taxonomy. Some datapoints have been reformulated while containing financial information, in order to provide context for the related impacts of non-EU Groups.
3. The aim is also to maximise alignment between ESRS and NESRS in a way that will mean that NESRS preparers could use the EFRAG IG documents (as relevant) as well as the explanations issued from the Q&A platform. This means preserving paragraph and appendix numbers and resulting in some paragraphs or sections being marked as deleted and additional paragraphs numbered with capital letters to indicate insertion.
4. EFRAG Secretariat assumes also that sector standards will also be applicable to NESRS, i.e. that the current draft will cover the sector agnostic layer of ESRS architecture.
5. Other consequential adjustments as required were made such as the deletion of datapoints related to the EU taxonomy which is not applicable for non-EU Groups.
6. Based on a comment from an SR TEG member the EFRAG Secretariat redrafted AR paragraphs related to NESRS 2 SBM-3 - *Material impacts and their interaction with strategy and business model* in S2 to S4 to achieve consistency in approach while keeping useful and relevant examples.

Aspects to be consulted on

7. Apart from the aspects covered in the next paragraph, as directed by EFRAG SR TEG, the EFRAG Secretariat has prepared a separate consultation document on the mixed scope approach in NESRS 1. Please refer to Agenda paper 03-02 for further details of the paragraphs related to the mixed approach as well as the related questions.
8. The following other points will also be examined in the consultation:
 - (a) The approach to elimination of datapoints based on article 40a of the Accounting Directive;
 - (b) Incorporation by reference options especially with respect to those territories that have implemented IFRS S2; and

- (c) Internationalisation of EU regulation (please refer to [agenda paper 02-05](#) of 7 November for further details).
9. As part of the consultation package, the EFRAG Secretariat will include an indication of the datapoints in NESRS that overlap with IFRS S1 and S2 using the EFRAG/ISSB interoperability guidance for ESRS E1, to show the overlap between NESRS E1 and IFRS S2 even after the removal of datapoints in compliance with CSRD.
10. The EFRAG Secretariat intends to limit the consultation questionnaire to only those aspects relevant to the changes from Set 1 in drafting NESRS. This means that comments about ESRS Set 1 will not be considered. This is aligned with the general purpose of maintaining a level playing field for European companies/groups.
11. For information purposes, items in yellow in the exposure drafts are when words like 'risk' is in the paragraph, but this does not refer to financial materiality. It relates to the broader concept of risk management or similar and therefore has been maintained.

Questions for EFRAG SR TEG

12. Does EFRAG SR TEG have other aspects to be specifically covered in the consultation questionnaire compared to paragraphs 5 to 7?
13. Does EFRAG SR TEG have comments on agenda paper 03-02 or other proposals for questions in the consultation?
14. Does EFRAG SR TEG have further comments on the Exposure Drafts presented?
- 15. Does EFRAG SR TEG recommend the issuance of these Exposure Drafts for consultation to the EFRAG SRB?**

Next steps

16. The EFRAG Secretariat will update the approved exposure drafts for comments that may be collected during this meeting by the SR TEG and present this to the EFRAG SRB at the 3 December 2024 and 12 December 2024 meetings for its approval.

Agenda papers

17. In addition to this cover note, agenda papers for this session are:

- (a) Agenda paper 03-02 – Mixed scope – consultation questionnaire;
- (b) Agenda paper 03-03 – NESRS 1 ED;
- (c) Agenda paper 03-04 – NESRS 2 ED;
- (d) Agenda paper 03-05 – NESRS E1 ED;
- (e) Agenda paper 03-06 – NESRS E2 ED (No change since version for 18 Nov);
- (f) Agenda paper 03-07 – NESRS E3 ED;
- (g) Agenda paper 03-08 – NESRS E4 ED;
- (h) Agenda paper 03-09 – NESRS E5 ED;
- (i) Agenda paper 03-10 – NESRS S1 ED (No change since version for 18 Nov);
- (j) Agenda paper 03-11 – NESRS S2 ED;
- (k) Agenda paper 03-12 – NESRS S3 ED;
- (l) Agenda paper 03-13 – NESRS S4 ED; and
- (m) Agenda paper 03-14 – NESRS G1 ED (No change since version for 18 Nov).

All ED's are in tracked changes to the delegated act for set 1.

