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Proposed Exclusion for Global Businesses Reporting Under CSRD Gets Watered Down

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The **EU Omnibus** initiative is underway, where the European Commission is seeking to streamline sustainability regulations in the European Union, including the **Corporate Sustainability Reporting Directive ("CSRD")**. Pending these potential changes, the **EFRAG Sustainability Reporting Board (SRB), with responsibility for moving forward CSRD reporting standards,** was unable to formally approve for public consultation the CSRD global reporting standards (the **N-ESRS Exposure Draft or " NESRS")** on **15 January 2025 as had been intended**. However, to conclude the technical work, the **EFRAG SRB Chair** requested members to express their support for the **technical content** of the draft.

As we outlined in our previous alert below, the draft NESRS introduces an option to limit disclosures to impacts linked to products and services intended for EU customers. However, in this latest draft the NESRS confirms this option is not available for climate-related matters. In other words, for non-EU headquartered global groups there will be a requirement to cover all global group operations in relation to climate-related impacts connected to the group's products or services across the value chain, whereas this can be assessed reported for all non-climate areas to impacts linked to products and services connect with EU customers only. While a majority of members supported the technical content of the NESRS, several expressed concerns regarding the feasibility and auditability of this option.

The latest EFRAG newsletter sets out that that the next steps include incorporating the editorial changes to the NESRS (including with regards to the lack of proposed optional limitation for climate-related impacts), preparing the consultation package to be sent for review and finalization, and to carry out the public consultation upon receival of the green light from the European Commission.

For further information and background, please see our previous alert.

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