



# IMPLICATIONS OF THE ESRS ON NON-EU COMPANIES

## OVERVIEW

The European Sustainability Reporting Standards (ESRS), which form part of the Corporate Sustainability Reporting Directive (CSRD), are not confined to companies operating within the European Union. Non-EU companies, including those in regions such as South Africa, that have significant business interactions with the EU are also subject to these rigorous sustainability reporting standards. This broad applicability ensures that the sustainability information provided by all relevant companies is reliable, comparable, and transparent, enhancing the overall accountability and performance of global supply chains.

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## DETAILS

Non-EU companies are required to comply with the ESRS if they meet any of the criteria provided below in relation to their business operations within the EU:

### 1. **Significant EU Turnover:**

Non-EU companies generating a substantial turnover of more than €150 million in annual net turnover within the EU for two consecutive financial years are required to adhere to the ESRS. This ensures that companies with considerable economic activities in the EU are held accountable for their sustainability practices.

## 2. Listed Companies:

Non-EU companies listed on EU-regulated markets must also comply with the ESRS requirements, ensuring that investors have access to consistent and comparable sustainability information.

### Key Reporting Requirements for Non-EU Companies

Non-EU companies subject to the ESRS must adhere to the same comprehensive reporting requirements as their EU counterparts. This includes detailed disclosures across various environmental, social, and governance (ESG) dimensions, ensuring consistency and comparability in sustainability reporting globally.

### Adoption Timelines for Non-EU Companies

The EU Council and European Parliament have agreed to delay the sustainability reporting requirements for non-EU companies. This agreement provides additional time for companies to prepare for the sectorial specific ESRS and for large non-EU companies that meet the specified criteria to familiarise themselves with the standards.

Per the new timelines, non-EU companies meeting the specified turnover thresholds within the EU market must start complying with the ESRS by January 2026.

The European Sustainability Reporting Standards (ESRS) extend beyond the borders of the European Union, imposing significant sustainability reporting requirements on non-EU companies with substantial business activities in the EU. This ensures a consistent, transparent, and comparable approach to sustainability across global supply chains. Non-EU companies, including those in South Africa, must prepare to align their reporting practices with the ESRS to meet these stringent requirements.

For more detailed information on the ESRS and its implications for non-EU companies, please refer to the [European Financial Reporting Advisory Group \(EFRAG\)](#) website, or alternatively, contact us at [info@envisionas.com](mailto:info@envisionas.com).