PUBLIC CONSULTATION RESPONSE

RESPONSE TO THE EXPOSURE DRAFT ESRS FOR CERTAIN NON-EU UNDERTAKINGS

In Accordance with Article 40a of the Accounting Directive

Submitted by

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Operating under the external brand EMJ.LIFE

Singapore

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Abbreviations

Term	Meaning
CSRD	Corporate Sustainability Reporting Directive
ED	Exposure Draft
EFRAG	European Financial Reporting Advisory Group
ESRS	European Sustainability Reporting Standards
ISSB	International Sustainability Standards Board
RORD	Risks, opportunities, resilience and dependencies
SASB	Sustainability Accounting Standards Board
EU	European Union

1. Institutional Profile

EMJ LIFE HOLDINGS PTE. LTD., operating externally under the brand EMJ.LIFE, welcomes the opportunity to respond to EFRAG's public consultation on the Exposure Draft ESRS for Certain Non-EU Undertakings in Accordance with Article 40a of the Accounting Directive.

EMJ.LIFE is a Singapore-based sustainability evidence infrastructure provider and research institution. Its work focuses on the institutional and technical conditions required to transform operational participation and value-chain activities into traceable, structured and verification-ready sustainability evidence.

The response is informed by work across sustainability disclosure architecture, evidence governance, supply-chain traceability, interoperability and machine-readable data structures. EMJ.LIFE is commercially licensed by the IFRS Foundation for ISSB Standards and SASB Standards at Level III and participates in international sustainability-related institutional networks, including the TNFD Forum and the TISFD Alliance.

EMJ.LIFE approaches ESRS-40a from the perspective of a non-EU institution operating in the Asia-Pacific region and contributing to cross-border sustainability data and evidence infrastructure. It does not propose that ESRS-40a replace jurisdictional reporting requirements, enterprise systems, professional judgement or independent assurance.

Central institutional observation: Cross-border interoperability at disclosure level requires corresponding continuity, traceability and governance at evidence level.

2. Methodology and Scope of Review

This response applies a requirements-based review of the July 2026 Exposure Draft, the accompanying Basis for Conclusions and the public consultation questionnaire. It focuses on the provisions that most directly affect cross-border reporting boundaries, fair presentation, interoperability, incorporation by reference and the use of EU-derived concepts in third-country operations.

The analysis was conducted through four lenses: (i) legal-scope discipline under Article 40a; (ii) the qualitative characteristics of relevance, faithful representation, comparability, verifiability and understandability; (iii) operational feasibility across multi-entity and multi-tier value chains; and (iv) assurance readiness, including whether a knowledgeable third party can reconstruct a boundary decision and trace a disclosure to its supporting records.

Primary technical anchors include ESRS-40a 1 paragraphs 27–33 and AR 6–8; paragraphs 68–73 on value-chain information; paragraphs 93–94 on uncertainty; paragraphs 120–125 on incorporation by reference; ESRS-40a 2 BP-1 paragraphs 4(a) and 7; and Basis for Conclusions paragraphs BC24–BC32, BC46–BC61 and BC87–BC90. The review does not provide legal advice, assess the validity of EU legislation or propose a technology mandate.

Analytical test used throughout this response

Would the proposed requirement allow a reasonably informed user, preparer and assurance provider to identify the reporting population, understand material exclusions, reproduce material allocation logic and trace the resulting disclosure to controlled evidence?

3. Executive Position

EMJ.LIFE supports the development of a dedicated impact-focused reporting architecture for certain non-EU undertakings under Article 40a. The use of revised ESRS as the structural starting point is appropriate, provided that the distinct legal scope of Article 40a remains clear.

Issue	Position	Rationale
Impact-focused architecture	Support	EFRAG's removal or reformulation of RORD-related content is consistent with the Article 40a mandate, while contextual financial information may remain relevant to understanding impacts.
Fair presentation	Support	An impact-only report must still present material impacts completely, neutrally and accurately.
Mixed approach	Do not support current form	Topic-level and sub-topic-level scope switching may impair completeness, comparability, understandability and assurance readiness.
Human rights	Global reporting required	Human rights impacts should not be limited according to EU market connection or geographic location.
Geographically uncontainable impacts	Global reporting required	Environmental and social consequences that cannot be reliably contained require a global boundary.
Incorporation by reference	Support with conditions	Referenced information must remain identifiable, stable, mapped, boundary-consistent and transparent as to materiality and assurance.
EU-derived concepts	Conditional support	Use for reporting purposes must be distinguished from legal extraterritorial application and supported by concept mapping.
Evidence interoperability	Strengthen	Requirement-level mapping, boundary records, methodology registers, version control and assurance-accessible evidence trails are needed.

Executive Recommendations

- Retain global reporting as the default perimeter.
- Exclude human rights impacts from the mixed approach.
- Require global reporting for impacts that cannot be geographically or operationally contained.
- Condition any EU-related limitation on a demonstrable operational and value-chain boundary.
- Require a standardised Mixed Approach Boundary Statement and global-to-EU reconciliation.

- Strengthen incorporation by reference through requirement-level mapping, version preservation and assurance transparency.
- Require a Cross-Jurisdictional Concept Mapping Record when EU-derived concepts are applied outside their legal scope.
- Keep the Standard technology-neutral while recognising evidence continuity as an implementation condition.

Six Principal Findings

Finding	Conclusion	Technical basis
1	The legal mandate is impact-focused, but fair presentation remains report-wide.	ESRS-40a 1 paras. 5, 32–34 and AR 8 require a complete, neutral and accurate depiction; deletion of RORD content does not reduce that obligation.
2	Paragraphs 28–30 create a reporting-boundary option, not merely a presentation choice.	The option can alter the population of impacts by topic, sub-topic or group of impacts and therefore affects completeness, trends and assurance evidence.
3	AR 6 provides indicators, but not a sufficient eligibility test.	A dedicated segment, product or value chain may support identification, but the ED does not require evidence of coverage, allocation reliability, exclusions or period consistency.
4	The Basis for Conclusions confirms that the risks are structural.	BC24–BC32 record concerns regarding level playing field, understandability, omission of material information, greenwashing and assurance; BC32 notes that the mixed approach followed a specific EC request.
5	Existing reliefs offer a less distorting route to proportionality.	Value-chain estimates, reasonable and supportable information, partial-coverage disclosures and transition provisions can reduce burden without changing the population of material impacts.
6	Disclosure interoperability depends on evidence interoperability.	Paragraphs 120–125 enable incorporation by reference, but a source locator alone cannot establish equivalence of materiality, boundary, methodology, period, version and assurance status.

4. Proportionality Alternative and Implementation Tests

4.1 A Complete Alternative to the Mixed Approach

EMJ.LIFE recommends retaining the global group reporting perimeter in paragraph 27 and achieving proportionality through evidence maturity, estimation and transition reliefs. This preserves a stable population of material impacts while recognising that evidence quality and coverage improve over time.

- Global perimeter: identify material impacts across the reporting undertaking and its material upstream and downstream value chain.
- Evidence hierarchy: prioritise primary operational and counterparty evidence; permit documented estimates and proxies where direct information is unavailable.
- Coverage disclosure: identify the population assessed, measured coverage, estimated coverage, unsupported portions and actions to improve data quality.
- Phased maturity: permit time-limited transition from proxy to primary evidence, with annual milestones and no removal of known material impacts.
- Proportionate assurance: distinguish assured, partially assured and unassured information without changing the reporting boundary.
- Targeted relief: allow aggregation or simplified methodology for immaterially differentiated locations, subject to consistency and anti-avoidance safeguards.

Recommended eligibility rule if the mixed approach is retained
The undertaking shall apply paragraph 28 only where it demonstrates, using reasonable and supportable evidence, that the EU-related population is operationally identifiable, substantively complete for the selected impact, consistently measurable and capable of independent reconstruction. If any condition is not met, the undertaking shall report on the global scope.

4.2 Implementation Scenario A — Shared Asian Manufacturing Platform

A non-EU electronics group operates one plant and a common supplier network serving EU, Asian and North American customers. Production batches may be traceable to customer orders, but water withdrawals, worker conditions, shared utilities, waste treatment and local-community impacts arise at facility or supplier level and cannot be reliably divided by destination revenue.

Result: product-shipment records may support an EU allocation for narrowly attributable product impacts. They do not establish geographic containment for facility-wide pollution, workforce or community impacts. Under the proposed eligibility test, those impacts remain global; any allocated metric must disclose the population, allocation key, unallocated balance and sensitivity to the chosen key.

4.3 Implementation Scenario B — Distributor-Led and Digital Downstream Markets

A non-EU undertaking sells products through independent global distributors and provides a digital service whose users may access it across jurisdictions. At reporting date, ultimate market destination is incomplete and can change after the initial transaction. The phrase ‘can be reasonably assumed to be sold or provided in the EU market’ therefore depends on downstream evidence outside the undertaking’s direct control.

Result: a reasonable assumption should require documented distribution routes, product registrations, customer or user location signals, data-quality thresholds and treatment of unknown destinations. Unsupported residual populations must not be silently excluded. Where destination evidence is not sufficiently complete and stable, global reporting applies.

4.4 Decision Rule

Test	Required evidence	Consequence if failed
Identifiability	Defined population linked to entities, operations, products and value-chain relationships	Global scope
Completeness	Known exclusions, residual population and coverage rate	Global scope or explicit partial-coverage relief
Attribution	Causal or operationally relevant allocation basis; not destination revenue alone	No EU-only metric
Consistency	Stable method across periods, with restatement or reconciliation for changes	Methodology change disclosure and global comparator
Verifiability	Source records, controls, approvals and reproducible calculation	Not eligible for mixed approach

5. Question-by-Question Responses

Part 1: Survey Participant Information

Q	Field	Response
1	First name	Anderson
2	Last name	Yu
3	Organisation	EMJ LIFE HOLDINGS PTE. LTD.
4	Country of headquarters	Singapore
5	Sector	Professional, scientific and technical activities; Telecommunication, computer programming, consulting, computing infrastructure and other information service activities
6	Email	To be supplied directly in the online questionnaire
7	Stakeholder type	Other: Sustainability evidence infrastructure provider and research institution
8	Preparer category	Not applicable. EMJ.LIFE is responding as an interested institutional stakeholder.
9	If none, specify	Sustainability evidence infrastructure provider and research institution
10	Ultimate parent country	Not applicable
11	Country of headquarters	Singapore
12	EU subsidiaries in scope	Not applicable
13	Location of subsidiaries	Not applicable
14	Subsidiaries already reporting	Not applicable
15	Plan to report full ESRS	Not applicable
16	Reasons for full ESRS	Not applicable
17	Jurisdictional ISSB-based reporting	Not applicable to respondent category
18	ISSB reporting topics	Not applicable
19	Voluntary group-level reporting	Not applicable to respondent category
20	Voluntary reporting basis	Not applicable

Consent to publication: Yes.

Part 2: High-Level Feedback

Topic 1: Revised ESRS as the Basis for ESRS-40a

Question 21. Do you agree with EFRAG's implementation of Article 40a, including deletion of RORD-related disclosures while retaining useful contextual financial information?

Response: Yes.

EMJ.LIFE agrees with EFRAG's overall implementation approach. Article 40a establishes an impact-focused mandate. Removing disclosures whose objective relates specifically to risks, opportunities, resilience and dependencies is therefore appropriate.

Financial or operational information should remain where it is needed to understand the scale, location, management or remediation of impacts. Excluding sustainability-related financial risks and opportunities should not remove contextual information needed for faithful representation.

This agreement is limited to implementation of the Article 40a mandate. It does not imply that impact information can be prepared independently of operational records, value-chain evidence and governance context.

Question 22. If no, would you retain removed disclosure requirements?

Response: Not applicable. EMJ.LIFE answered Yes to Question 21.

Question 23. Do you have comments on added or amended paragraphs?

Response: No.

EMJ.LIFE does not propose paragraph-level amendments under this topic. Substantive recommendations are addressed through the dedicated questions on the mixed approach, interoperability and EU-derived concepts. This avoids duplicating comments and does not trigger a Part 4 paragraph-level Excel submission.

Question 24. If yes, please specify why.

Response: Not applicable.

Topic 2: Mixed Approach

Question 25. Do you support inclusion of a mixed approach allowing selected disclosures to be limited to EU-related impacts?

Response: No.

EMJ.LIFE recognises the objective of proportionality but does not support the mixed approach in its current form. Proportionality should be achieved through reporting reliefs, timelines, estimation methods and evidence requirements, not through reporting perimeters that may vary by topic, sub-topic or group of impacts.

A boundary should not be considered meaningful merely because it can be described. It should be supported by the structure of operations, products, services and value-chain relationships and by traceable evidence showing why the impacts are appropriately classified as EU-related. Where those conditions cannot be demonstrated, global reporting should apply.

Question 26. Reasons supporting the mixed approach.

Response: Not applicable.

Question 27. Reasons for not supporting the mixed approach.

Response: Selected: level-playing-field concerns; incomplete or unfaithful information; mixed scopes reduce understandability; flexibility impairs comparability; significant practical challenges; insufficient evidential conditions.

Question 28. Explain reasoning if supporting the mixed approach.

Response: Not applicable.

Question 29. Explain reasoning for not supporting the mixed approach and suggest improvements.

Response: See explanation below.

Products, services and value chains are rarely divided into perfectly separate EU and non-EU systems. The same facility, supplier, workforce, logistics network or digital service may support several markets. The proposed flexibility may therefore make the reporting perimeter a matter of disclosure design rather than faithful representation.

Global reporting should remain the default. Any EU-related limitation should be permitted only where the undertaking can demonstrate a separately identifiable operational and value-chain boundary supported by verifiable records. The undertaking should disclose included entities and operations, evidence of EU connection, allocation keys, assumptions, excluded impacts and reconciliation with the global boundary.

Question 30. Which practical challenges do you anticipate?

Response: Significant challenges are anticipated.

- Tracing products sold through distributors, traders, digital platforms and downstream intermediaries.
- Separating facilities, workers, suppliers and infrastructure serving both EU and non-EU markets.
- Selecting allocation keys that represent impacts rather than revenue alone.
- Preventing omissions or double counting between global and EU-related disclosures.
- Maintaining period-to-period consistency and an assurance-accessible evidence trail.

Question 31. Do you agree with the principles-based definition of EU-related impacts?

Response: No.

The phrase 'were or can be reasonably assumed to be sold or provided in the EU market' creates substantial judgement. Without minimum evidence and transparency requirements, comparable undertakings may apply materially different interpretations.

Question 32. Recommend alternative factors.

Response: Add minimum evidence factors.

- Contractual destination, customer location, shipping, customs and import records.
- Distributor and trader market information, product registration and EU-specific configuration.
- Transaction records, identifiable production batches and operational units serving the EU.
- Shared facility and supply-chain attribution, allocation evidence and methodology consistency.
- Data reliability, completeness, downstream limitations and period-to-period consistency.

Question 33. For preparers, do you intend to apply the mixed approach?

Response: Not applicable.

Question 34. To which topics would you apply it?

Response: Not applicable.

Question 35. How would you apply it?

Response: Not applicable.

Question 36. Would users be able to understand and compare reports using different boundaries?

Response: No.

Narrative disclosure that different boundaries exist does not resolve differences in entities, products, value chains, allocation keys, estimates and exclusions. Comparability requires standardised information showing how each boundary was constructed and how it relates to global operations.

Question 37. Explain why.

Response: See explanation below.

Users may be unable to determine whether changes reflect actual performance or merely a different perimeter. Trend analysis may become unreliable, and assurance providers may be unable to reconstruct the relationship between global operations and the EU-related subset.

Question 38. Suggest amendments.

Response: Require a standardised Mixed Approach Boundary Statement.

- Topic-by-topic scope matrix and included legal entities, operations, products and value-chain components.
- Customer and location components, source evidence, allocation keys, assumptions and estimates.
- Excluded impacts, global-to-EU reconciliation, methodology changes and governance approval.
- Mandatory global reporting for human rights, group-level governance and geographically uncontainable impacts.

Part 3: Detailed Feedback

Topic 1: Impact-Focused Reporting Objective

Question 39. Do you agree with fair presentation as the reporting objective?

Response: Yes.

Question 40. Please explain.

Response: Fair presentation remains necessary.

An impact-only objective still requires complete, neutral and accurate presentation. Fair presentation should include consistency between the stated boundary, underlying operations and value chain, supporting evidence, methodologies and resulting disclosures. It should be assessed for the report as a whole, not presumed from completion of individual disclosure requirements.

Topic 2: Mixed Approach

Question 41. Should human rights impacts be reported globally?

Response: Yes. Human rights impacts should be reported on a global scope.

Question 42. Please explain.

Response: Human rights are not geographically divisible.

The nature and severity of a human rights impact do not depend on whether the affected person is located in the EU or whether an associated product is sold in the EU. Global reporting is particularly important for forced labour, child labour, occupational health and safety, discrimination, freedom of association, impacts on Indigenous Peoples and access to remedy. Impact materiality still determines what is reported, but the population considered should not be restricted by an EU-related boundary.

Question 43. May disclosure be limited without considering geographic containment?

Response: No.

Question 44. Please explain.

Response: Geographic containment must be an eligibility condition.

Air and water pollution, greenhouse gas emissions, marine pollution, biodiversity loss, waste movements and impacts transmitted through supply chains may cross borders. Before using an EU-related boundary, the undertaking should demonstrate that origin, affected receptors, operations and value-chain relationships can be separated and that sufficient evidence supports the conclusion. Otherwise global reporting should apply.

Question 45. Can fair presentation be achieved under the mixed approach?

Response: No, not as currently drafted.

Question 46. Please explain.

Response: Stronger safeguards are required.

Fair presentation would require a topic-by-topic boundary matrix, identification of the global population, excluded entities and impacts, documented EU-connection methodology, allocation evidence, quantitative reconciliation, period consistency and assurance-accessible records. Without these safeguards, the report may become a collection of subsets rather than a fair presentation of material impacts.

Question 47. Do you agree with scope flexibility at topic, sub-topic or group-of-impacts level?

Response: No.

Question 48. Please explain.

Response: The proposed granularity is too broad.

Global reporting should be the default. Human rights, group-level governance and geographically uncontainable impacts should remain global. Any EU-related limitation should apply at no lower than sub-topic level, correspond to a separately identifiable operational structure and be used consistently for impacts, policies, actions, targets and metrics.

Question 49. Preparer question on different scopes within one topic.

Response: Not applicable.

Question 50. Explain topic and rationale.

Response: Not applicable.

Question 51. Do preparers and assurance providers anticipate implementation challenges?

Response: Not applicable to respondent category.

Question 52. Identify challenges.

Response: Not applicable to respondent category.

Question 53. Explain and suggest improvements.

Response: Not applicable to respondent category.

Question 54. Identify metrics affected by allocation-key challenges.

Response: Not applicable to respondent category.

Question 55. Are BP-1 paragraph 4(a) requirements clear, feasible and sufficient?

Response: No.

They provide a starting point but do not allow users or assurance providers to reconstruct the reporting population, evaluate exclusions or test allocation. The Standard should distinguish between disclosure of the conclusion and disclosure of evidence and methodology supporting the conclusion.

Question 56. How should the requirements be improved?

Response: Require a standardised boundary record.

- Global and EU-related populations, included and excluded entities and value-chain relationships.
- Customer and location components, source records, allocation keys and estimation limitations.
- Quantitative reconciliation, data gaps, methodology changes, internal controls and assurance scope.

Question 57. Do you agree with ESRS-40a 2 specifications for EU-related impacts?

Response: Yes, subject to the additional boundary and evidence safeguards proposed in this response.

Question 58. If no, identify specifications.

Response: Not applicable.

Question 59. Explain and suggest improvements.

Response: Not applicable.

Question 60. Do you agree with topical-standard specifications?

Response: Yes, subject to mandatory global reporting where impacts cannot be geographically or operationally contained.

Question 61. If no, identify specifications.

Response: Not applicable.

Question 62. Explain and suggest improvements.

Response: Not applicable.

Question 63. Should S1 quantitative metrics be disaggregated inside and outside the EU?

Response: Yes.

Disaggregation provides necessary context and helps users distinguish performance changes from changes in workforce composition or perimeter. Denominators and material data limitations should be disclosed.

Question 64. Should all or only some metrics be disaggregated?

Response: All.

Question 65. If only some, specify.

Response: Not applicable.

Topic 3: Interoperability, Presentation and Incorporation by Reference

Question 66. Do you agree with the presentation requirements?

Response: Yes.

A consistent architecture supports navigation, comparison, digital tagging and incorporation by reference. Presentation alignment should not be treated as substantive interoperability. Reports must still identify framework, boundary, materiality basis, source, methodology and assurance status.

Question 67. If no, explain.

Response: Not applicable.

Question 68. If no, suggest amendments.

Response: Not applicable.

Question 69. Do you agree with incorporation by reference, including from IFRS S1 and IFRS S2 reports?

Response: Yes, in principle.

Incorporation by reference can reduce duplication, but similarity of subject matter is insufficient. The undertaking should show which ESRS-40a requirement is addressed, the materiality basis and boundary used, methodology alignment, supplementary information, assurance status and continuing accessibility.

Question 70. If no, identify provisions.

Response: Not applicable.

Question 71. If no, explain and suggest improvements.

Response: Not applicable.

Question 72. For preparers, how will simultaneous ESRS-40a and ISSB-based reporting be handled?

Response: Not applicable to respondent category.

Question 73. How would understandability and identification be supported?

Response: Not applicable to respondent category.

Question 74. Explain anticipated challenges.

Response: Not applicable to respondent category.

Question 75. Suggest amendments.

Response: Require an Interoperability and Incorporation Table.

- Map each ESRS-40a requirement to the exact source report, section, locator and version.
- Identify reporting boundary, materiality basis, period, methodology, assurance and limitations.
- Classify source information as fully satisfying, partially contributing to or merely contextual for the ESRS-40a requirement.
- Preserve the exact referenced version and support stable machine-readable mappings where available.

Question 76. Are incorporation-by-reference requirements sufficient for an understandable and auditable report?

Response: No.

A content table supports navigation but not equivalence. Referenced information may use a different materiality basis, boundary, methodology, period or assurance scope. Auditability requires disclosure-level equivalence, boundary consistency, methodology reconciliation and continuity of evidence.

Question 77. Suggest improvements.

Response: Add minimum interoperability controls.

- Stable source identification and requirement-level mapping.
- Materiality, boundary and methodology reconciliation.
- Assurance transparency, version preservation and evidence accessibility.
- Machine-readable mappings using stable identifiers where structured information is available.

Topic 4: EU Laws, Regulations and Cross-Jurisdictional Feasibility

Question 78. For preparers, is using EU-derived concepts as the default feasible?

Response: Not applicable to respondent category.

Institutionally, such use may be feasible where the Standard distinguishes a reporting reference from the law applicable in the operating jurisdiction and transparently explains any approximation. Reference in ESRS-40a should not be understood as imposing the underlying EU legislation outside its legal scope.

Question 79. If not, identify disclosure requirements.

Response: Not applicable. No paragraph-level Excel submission is proposed.

Question 80. Are BP-1 paragraph 7 requirements clear, feasible and sufficient?

Response: No.

Narrative disclosure may not show which local concept was used, whether it is fully or partially equivalent, what conversion was applied, which datapoints were affected or how results trace to source records. Legal equivalence and reporting comparability should be distinguished.

Question 81. Explain and suggest improvements.

Response: Require a Cross-Jurisdictional Concept Mapping Record.

- EU-derived concept, relevant ESRS-40a requirement and corresponding local concept.
- Jurisdiction, affected entities and equivalence assessment.
- Definitional differences, conversion rules, assumptions, source records and limitations.
- Affected boundary and datapoints, governance approval, period consistency and assurance effects.
- A statement that the mapping is for reporting purposes and is not a conclusion of legal extraterritorial application.

Topic 5: Any Other Comment

Question 82. Provide any other comments or improvements.

Response: Recognise evidence continuity as an implementation condition.

ESRS-40a requires consolidation across legal entities, systems, jurisdictions and value-chain tiers. Structural alignment with ESRS or incorporation from another report does not ensure completeness, comparability or auditability.

For material disclosures, undertakings should maintain a traceable relationship among the reporting requirement, reported impact, legal entity, operation or value-chain relationship, boundary, methodology, source record, governance approval and disclosed information.

EFRAG should remain technology-neutral while encouraging stable identifiers, boundary records, methodology registers, evidence versioning, machine-readable mappings, change logs and assurance-accessible evidence trails. Interoperability at disclosure level requires interoperability at evidence level.

6. Appendix A

Evidence Infrastructure Recommendations for Cross-Border Sustainability Reporting

This Appendix consolidates the implementation mechanisms proposed throughout the response. It does not prescribe a platform, vendor or technology. It describes minimum governance records that can support understandable, comparable and auditable cross-border reporting.

A1. Mixed Approach Boundary Statement

Purpose: Make every scope decision visible and reconstructable.

- Topic, sub-topic or impact group and selected scope.
- Included legal entities, operations, products, services and value-chain relationships.
- Customer and location components used to establish EU connection.
- Source records, allocation keys, assumptions, estimates and limitations.
- Excluded impacts, methodology changes, governance approval and assurance scope.

A2. Global-to-EU Boundary Reconciliation

Purpose: Connect the reported subset to the undertaking's global operational population.

- Global population relevant to the topic.
- EU-related subset and quantitative reconciliation where data exists.
- Unallocated, unsupported or excluded portions.
- Reasons for differences and controls against omission or double counting.

A3. EU-Connection Evidence Criteria

Purpose: Replace unsupported commercial assumptions with evidence-based boundary decisions.

- Contracts, customer location, shipping, customs and import records.
- Distributor and trader information and product market authorisation.
- EU-specific product configuration, digital delivery or transaction information.
- Production batches, facilities, shared infrastructure and supply-chain attribution.
- Data reliability, downstream limitations and period consistency.

A4. Interoperability and Incorporation Table

Purpose: Show whether referenced information actually satisfies ESRS-40a requirements.

- ESRS-40a requirement and source-framework requirement.
- Exact source report, section, locator, version and retention status.
- Materiality basis, boundary, methodology, reporting period and assurance.
- Classification as full satisfaction, partial contribution or contextual information.
- Additional ESRS-40a information and known limitations.

A5. Cross-Jurisdictional Concept Mapping Record

Purpose: Make differences between EU-derived and third-country concepts transparent.

- EU-derived concept, local concept and affected jurisdiction.
- Full, partial or non-equivalence assessment.

- Definitions, measurements, conversion rules, estimates and source records.
- Affected entities, reporting boundary and datapoints.
- Governance approval, assurance effect and non-extraterritoriality statement.

A6. Evidence Continuity and Version Control

Purpose: Preserve the context and integrity of information reused across reports and periods.

- Stable entity, requirement, disclosure and source identifiers.
- Publication date, version, change log and retention status.
- Methodology version and reporting-boundary history.
- Links between source records, transformations, approvals and final disclosures.

A7. Assurance-Accessible Evidence Trail

Purpose: Permit internal governance and external assurance to reconstruct reported information.

- Source record provenance and responsible entity.
- Transformation, estimation, allocation and aggregation history.
- Review, approval and control evidence.
- Access controls protecting confidential information without removing traceability.
- Identification of assured and non-assured portions.

Recommended Standard-Setting Principle

A reporting boundary should not be considered meaningful merely because it can be described. It should be supported by traceable entity, product, transaction, location and value-chain evidence.

7. Appendix B

Illustrative Drafting Recommendations

The following text is offered as drafting input rather than a complete redraft. Defined terms and consequential amendments would need to be aligned by EFRAG.

B1. ESRS-40a 1 paragraph 29 — Eligibility for an EU-related boundary

The undertaking shall apply the option in paragraph 28 only where it demonstrates, using reasonable and supportable information, that the EU-related impacts are operationally identifiable, substantively complete for the selected impact, consistently measurable and capable of independent reconstruction. The assessment shall address shared operations and value chains, unknown or unallocated destinations, estimation uncertainty and changes in methodology. Where these conditions are not met, the undertaking shall report the relevant impacts on the scope specified in paragraph 27.

B2. New application requirement to paragraph 29 — Minimum evidence

In applying paragraph 29, the undertaking shall consider contractual destination, customer and user location, customs and shipping records, distributor information, product registration, production-batch records, digital-delivery information, shared-facility attribution and the completeness and reliability of downstream information. Revenue allocation alone does not demonstrate that an impact is attributable to the EU market.

B3. New paragraph following paragraph 30 — Mandatory global scope

The option in paragraph 28 shall not apply to: (a) human rights impacts; (b) impacts that cannot be reliably geographically or operationally contained; and (c) governance information that relates to the undertaking or group as a whole.

B4. ESRS-40a 2 BP-1 paragraph 4(a) — Boundary statement

For each topic, sub-topic or group of impacts to which paragraph 28 is applied, the undertaking shall disclose a boundary statement identifying the global population, the EU-related population, included and excluded entities and value-chain relationships, source evidence, allocation and estimation methods, coverage, unallocated portions, changes from the prior period, governance approval and the scope of assurance.

B5. ESRS-40a 1 paragraphs 120–125 — Incorporation mapping

Information incorporated by reference shall be accompanied by a requirement-level mapping that identifies the exact source, version and locator; explains consistency of materiality basis, reporting boundary, period and methodology; identifies supplementary information; and states the assurance status of the incorporated information. The referenced version shall remain accessible for at least the retention period applicable to the ESRS-40a sustainability report.

B6. ESRS-40a 2 BP-1 paragraph 7 — Cross-jurisdictional concepts

Where an EU-derived concept is applied to operations outside the legal scope of the relevant Union law, the undertaking shall identify the corresponding local concept, explain material definitional or measurement differences, describe any conversion or approximation, identify affected datapoints and state that the mapping is used for reporting purposes and does not constitute a conclusion on extraterritorial legal application.

Technical Reference Matrix

Response issue	Exposure Draft anchors	Basis for Conclusions anchors
Reporting perimeter and mixed approach	ESRS-40a 1 paras. 27–31; AR 6–7; ESRS-40a 2 BP-1 para. 4(a)	BC24–BC32; BC46–BC61
Fair presentation	ESRS-40a 1 paras. 32–34; AR 8; Appendix B	BC24–BC25
Value-chain evidence and estimates	ESRS-40a 1 paras. 68–73; paras. 93–94	BC52–BC61
Incorporation by reference	ESRS-40a 1 paras. 120–125	BC87–BC90
EU-derived concepts	ESRS-40a 2 BP-1 para. 7 and AR 4	Relevant explanations accompanying BP-1

8. Closing Statement

EMJ.LIFE supports a dedicated impact-focused reporting architecture for certain non-EU undertakings under Article 40a. We support the use of revised ESRS as a structural starting point, fair presentation, conditional incorporation by reference and transparent treatment of EU-derived concepts.

We do not support the mixed approach in its current form. If retained, it should be subject to mandatory global reporting for human rights and geographically uncontainable impacts, demonstrable operational and value-chain separation, standardised boundary reconciliation, transparent allocation and assurance-accessible evidence.

The effectiveness of ESRS-40a will depend not only on alignment between reporting frameworks, but also on whether information remains traceable to the entities, activities, methodologies and evidence from which it was derived.

From Participation to Evidence. From Evidence to Trust.

Official Sources

EFRAG (2026), Exposure Draft ESRS for Certain Non-EU Undertakings in Accordance with Article 40a of the Accounting Directive, July 2026. https://www.efrag.org/sites/default/files/media/document/2026-07/ESRS-40a_Exposure_Draft.pdf

EFRAG (2026), ESRS-40a Exposure Draft — Basis for Conclusions, July 2026. https://www.efrag.org/sites/default/files/media/document/2026-07/ESRS-40a_ED_Basis_for_Conclusions.pdf

EFRAG (2026), ESRS-40a Public Consultation Questionnaire, July 2026. Consultation deadline: 31 October 2026, 18:00 CET.

European Union, Directive 2013/34/EU, including Articles 40a–40d as amended. Official consolidated legal text should be consulted for submission and implementation decisions.

Citation convention: paragraph references are to the July 2026 Exposure Draft unless otherwise stated; 'BC' references are to the accompanying Basis for Conclusions. Source review cut-off: 6 August 2026.