11. CLARIFICATIONS AND SIMPLIFICATION OF THE DOUBLE MATERIALITY ASSESSMENT (DMA) (ESRS 1 CHAPTER 3) AND MATERIALITY OF INFORMATION AS THE BASIS FOR SUSTAINABILITY REPORTING

( ) YES
(X) PARTIALLY AGREE/PARTIALLY DISAGREE
( ) NO

- It's important to remember that "simplification does not necessarily mean freedom and flexibility" for undertakings. Simplification should not result in a multiplication of choices for undertakings, because this impacts the comparability between undertakings for investors. Moreover, this does not facilitate discussions with auditors who still lack clear guidelines on the application requirement. The simplification exercise should not only focus on the production of reporting, but should also aim to remove outputs that are not useful to the undertaking's sustainability report. From an investor's perspective, we believe that a top-down approach to financial materiality is more significant for investor to ensure data comparability. For impact materiality, we believe that a bottom up approach is more appropriate, as external stakeholders (e.g.: civil society) are best suited to identify real impacts.

12. NEW GUIDANCE IN ESRS 1 ON HOW TO CONSIDER REMEDIATION, MITIGATION AND PREVENTION ACTIONS IN ASSESSING MATERIALITY OF NEGATIVE IMPACTS

( ) YES
( ) PARTIALLY AGREE/PARTIALLY DISAGREE
(X) NO

- As investors, we have faced a lack of data from undertakings that, having implemented corrective measures, consider the impact is not material for them. The introduction of this guideline should therefore be accompanied by further clarification — in particular, distinguishing between raw data and the information investors are confronted with in terms of regulatory requirements, as well as any remedial measures to be implemented, in order to derive the net impact. AFG considers the "gross approach" to be preferable, as the "net approach" could lead to reduced transparency. Less ambitious entities may disclose minimal information and limit themselves to fulfilling only the minimum requirements. As a general principle, priority should be given to the assessment and reporting before remediation actions (i.e. prioritizing gross over net). This is particularly important for investors, as it allows them to perform their own assessment of both the effectiveness of the remediation actions implemented by reporting undertakings and the effective reduction of adverse or potential adverse impact. We believe that Appendix C should be removed and that the definition of the "gross approach" should be clearly defined and allow for comparability between undertakings' reporting. It is important for investors not to convert this into a potential financial impact, but rather to report the impact itself rather than the adverse impact (i.e gross value). Indeed, for financial impact, asset managers already have their own risk models to address it. It is all the more imperative to thoroughly understand where financial risks are concentrated and what offers the greatest long-term sustainability for stakeholders.

13. IMPROVED READABILITY, CONCISENESS AND CONNECTIVITY OF ESRS SUSTAINABILITY STATEMENTS

( ) YES
(X) PARTIALLY AGREE/PARTIALLY DISAGREE
( ) NO

- AFG supports the work carried out by the ANC on simplifying the ESRS in order to meet the European Commission's request to simplify, enhance the clarity, and improve the interconnection of the ESRS. Accordingly, the ANC initially proposed a reorganization of the structure to better reflect the process followed by companies in conducting the DMA. This was followed by a modification of the minimum level of analysis, prioritizing the DMA at the sub-topic level, and, if necessary, at the level of individual IROs. The ANC also worked on proposals to strengthen the principle of materiality and improve the alignment between ESRS 1 and 2 and the thematic ESRS. We support the introduction of an executive summary to enhance stakeholders' understanding and engagement. However, in line with the goal of simplification, this executive summary should not create additional reporting requirements for preparers. The key point that EFRAG must maintain is the removal of duplicate indicators (which we welcome) as well as simplification supported by guidelines to enable smoother discussions with auditors. Furthermore, we support the proposal from ANC to introduce a presentation rule requiring undertakings to directly reference the disclosure requirement (DR) numbers within their sustainability statement (e.g., in section headings or paragraph titles), without the need for a separate mapping table. This "visual tagging" approach is already used by many companies and facilitates comparability for users. Suggested wording: BP1 - §6 [new]: The undertaking shall indicate the disclosure requirement number in section headings or paragraph titles presenting the related information (e.g., "S1-1_Policies related to own workforce").

14. RESTRUCTURING OF THE ARCHITECTURE AND INTERACTION BETWEEN ESRS 2 AND TOPICAL STANDARDS

( ) YES
(X) PARTIALLY AGREE/PARTIALLY DISAGREE
( ) NO

- This is not a matter specific for investors. However, it is important to us that some indicators are maintained. AFG supports the ANC's proposal regarding the simplification of ESRS indicators. As ANC we support the removal of the topic requirement from ESRS 2, as they create redundancies in sustainability statements in most cases.

15. IMPROVED UNDERSTANDABILITY, CLARITY AND ACCESSIBILITY OF THE STANDARDS

( ) YES
(X) PARTIALLY AGREE/PARTIALLY DISAGREE
( ) NO

- We welcome the efforts made to simplify the indicators. However, we would like to draw your attention to two key points:
    - It is essential that certain indicators have more precise definitions to ensure greater clarity. There is a strong need to clarify and explicitly state that all "may disclose" indicators, which have been reorganized into AR or integrated into the NMIG document, are optional elements intended to provide clarification for mandatory indicators, and do not in any way constitute reporting obligations. This clarification is particularly important in discussions with auditors, who in the absence of specific guidelines to date, have interpreted these elements according on their own understanding, leading to differing interpretation of certain indicators between auditors and investors.

- It should be noted that if an undertaking wishes to publish additional information, it is very much welcomed by investors, as it provides valuable input for our analyses and investment decisions. In particular, clearer guidance is needed to ensure better readability and smoother collaboration between auditors and preparers.

16. USEFULNESS AND STATUS OF "NON-MANDATORY ILLUSTRATIVE GUIDANCE" (NMIG)

(X) All

- AFG welcomes the simplification proposals and the creation of the Non-Mandatory Illustrative Guidance (NMIG). However, we wish to draw your attention to the following points:
    - The risk of overinterpretation that these NMIG may entail, whether by certain stakeholders or by auditors.
    - The risk that these optional standards may become, or revert to, mandatory requirements. The creation of this "category" of standards runs counter to the simplification objective. The EFRAG should take a more prescriptive approach to methodology to enhance comparability, rather than relying on optional guidance. Moreover, there is a lack of clarity regarding the practicality of these elements.
- AFG requests clarification on the intended final use of this guidance, its legal status, and a clear statement that these are non-mandatory standards, whose sole purpose is to clarify mandatory DP requirements, and that the Non-Mandatory Illustrative Guidance is not intended to become mandatory elements for preparers of sustainability reports.

17. BURDEN RELIEFS AND OTHER SUGGESTED CLARIFICATIONS

( ) YES
(X) PARTIALLY AGREE/PARTIALLY DISAGREE
( ) NO

- AFG recalls the importance of coordination between sustainable finance regulations, both as investors and as users and preparers of CSRD sustainability reports. Particularly between the SFDR Regulation and the CSRD Directive. As a reminder, under SFDR reporting obligations, and in particular within the framework of the PAIs, investors have a strong need for data provided by companies across all E, S, and G topics. If the ESRS are simplified and enable more companies (large, medium, and small) to publish information, this would further reduce reliance on data providers, who often use estimated data and methodologies that are not transparent. This dependency is particularly high with data providers, most of which are still non-European. We request a precise definition of the notion of "undue cost or effort" to ensure that it may not go too far at the expense of meaningfulness and comparability information (for example: for climate disclosures, do not allow to use the relief except for scope 3 GHG emissions. Or as for relief for lack of data quality, require undertakings to disclose whether and how the undertaking will try to collect the data in future period). Finally, we consider it essential to establish a deadline for the use of proxies. If companies are allowed to use proxies following this ESRS review. It is necessary and crucial that they be given a "cut-off date" for the use of estimated data, in order to encourage them to obtain raw data by implementing the necessary actions. This would allow both financial actors and data providers to have homogeneous and transparent data for end use. As investors, we believe that the perimeter of the sustainability report should be aligned with the financial reporting perimeter (i.e. financial consolidation). AFG supports the wording proposal from ANC about this subject.

18. RELIEF FOR LACK OF DATA QUALITY ON METRICS (ESRS 1 PARAGRAPH 92)

( ) YES
( ) PARTIALLY AGREE/PARTIALLY DISAGREE
(X) NO

- AFG understands the rationale for simplification but is against this proposal. There is a need for a clear phasing-in schedule. Without such a timeline, investors will face the same lack of comparability between companies as they do today. Implementing this proposal would represent a step backwards and would deepen the lack of comparability and data consistency across companies. We recommend, at the very least, clearly defining the scope to avoid misleading outcomes and to improve comparability. Furthermore, this would disadvantage companies that produce a "full" report, as the published data would be less "favourable." Regarding the proposal for companies to specify the actions taken to improve the coverage of their calculation in subsequent periods, we request that companies also be required to indicate the timeframe by which they expect to achieve full (100%) coverage of the scope. The following wording would therefore be more appropriate: "actions taken to cover 100% of their activities," with the aim of aligning sustainability reporting expectations with the company's financial reporting. Once a company considers an activity to be material, it should provide a precise timeframe for obtaining the relevant data. Estimates should therefore be framed within a clear consumption limit, with a deadline and details of the actions planned to address the gap. Finally, we request the deletion of the provision stating: "no time limit is included for the use of the relief."

19. RELIEF FOR ANTICIPATED FINANCIAL EFFECTS

( ) YES
( ) PARTIALLY AGREE/PARTIALLY DISAGREE
(X) NO WITH BOTH OPTION

- As investors, it is essential for us to have high-quality, transparent and reliable quantitative data from undertakings, particularly on well-established topics. Such quantitative data doesn't necessarily have to be expressed in monetary terms, but should at least highlight how the business model is affected. The possibility of including topic-specific provisions within the ESRS could be considered. At the same time, we understand that this quantitative requirement might be difficult to implement for undertakings in absence of common methodologies. In this context, we could envisage to have a phase-in implementation starting with mature topics (e.g. climate) and continue with less mature topics, in order to encourage their integration and treatment. In view of all these considerations, we believe that quantitative data on anticipated financial effects of climate should be published by undertakings, provided that, as a prerequisite, a common methodology is established under the EU Regulation. We therefore call the European Commission to develop a harmonised methodology for calculating such anticipated financial effects. This work should be undertaken without delay to enable a timely quantification and disclosure of these effects. Lastly, we would like to reiterate our support for the extraterritoriality principle, to ensure that European undertakings are not penalized compared to non-European undertakings when publishing such information.

20. ESRS E1: DISCLOSURES ON ANTICIPATED FINANCIAL EFFECTS

(X) YES
( ) PARTIALLY AGREE/PARTIALLY DISAGREE
( ) NO

- We are aligned with this proposal and do not see any major concerns.

21. ENHANCED INTEROPERABILITY WITH THE ISSB'S STANDARDS IFRS S1 AND S2

( ) YES
(X) PARTIALLY AGREE/PARTIALLY DISAGREE
( ) NO

- To understand the undertakings' reporting, we believe that distinguishing between « NA », « 0 » and « not able to calculate » provides valuable information for investors to analyse and compare undertakings. AFG supports the ANC proposal about the integration of elements from ISSB framework is a positiv step towards interoperability. To address interoperability in a pragmatic manner, ANC recommends completing the ESRS with dedicated ISSB interoperability guidance. This would enable undertakings wishing to align more closely with IFRS S1 and S2 to disclose additional datapoints, without creating additional burden for other undertakings. Such guidance would reintroduce, on an optional basis, the datapoints originally derived from IFRS S1 and S2 but removed from the current draft for simplification purposes. Proposed wording: (outside of the standard): "If the undertaking aims to ensure interoperability with [IFRS S1 or S2] issued by the ISSB, it may disclose [relevant information]." It is recommended that EFRAG and the ISSB work together on updating the criteria mapping table in order to ensure consistent and up-to-date interoperability of the elements proposed in this consultation.

22. REDUCTION IN THE NUMBER OF MANDATORY AND VOLUNTARY DATAPOINTS

(X) YES
( ) PARTIALLY AGREE/PARTIALLY DISAGREE
( ) NO

- General Comment: We welcome the simplification and reduction of ESRS indicators proposed by EFRAG. We particularly appreciate the effort to retain only quantitative indicators, as quantitative data from companies is a key element for investors, facilitating both the analysis and comparability of the companies assessed. We support the point of view of ANC that EFRAG has clearly engaged in a simplification effort, reflected in the reduced overall volume of the standards, improved readability, and a clearer distinction between may and shall provisions. Importantly, the key information required by investors to conduct ESG analyses remains available. The proposal strikes a reasonable balance between reducing the reporting burden and preserving the information necessary to meet the objectives of the EU Green Deal. We have duly noted the transfer of certain non-mandatory indicators to the NMIG document. However, we reiterate our position that it is essential to maintain a degree of standardisation for voluntary indicators to ensure sufficient consistency for companies wishing to go further in their sustainability reporting. We also emphasise the importance of clearly stating the non-mandatory nature of these illustrative guidance.

23.SIX DATAPOINTS EXCEPTIONALLY MOVED FROM "MAY" TO "SHALL"

( ) YES
(X) PARTIALLY AGREE/PARTIALLY DISAGREE
( ) NO

- We are not opposed to the inclusion of these criteria, provided that they are broadly agreed and we are aligned with technical suggestions from ANC about each KPI. With the exception of the ESRS G1 concerning Business conduct confirmed incidents: Mandatory reporting would pose risks to European companies' competitiveness. It could conflict with the right against self-incrimination guaranteed by the European Convention on Human Rights and expose EU companies to investigations by third-country authorities, such as the US Department of Justice, benefiting non-EU competitors not subject to similar obligations. In the joint statement on a US-EU framework for reciprocal, fair, and balanced trade, the EU is called upon to ensure that the CSRD and CSDDD do not impose undue restrictions on transatlantic trade. Introducing mandatory reporting of confirmed incidents risks creating an unlevel playing field, as US companies may be exempted from comparable constraints. Moreover, reporting confirmed incidents is not a reliable indicator of anti-corruption policy effectiveness. A low number of incidents could reflect strong preventive measures, while a high number may indicate a trusted reporting system, particularly through whistleblowing channels. A simple numerical count or brief description of an incident's "nature" cannot capture its context, resolution, or remedial actions.

24. FOUR NEW MANDATORY DATAPOINTS (EXCEPTION)

( ) YES
(X) PARTIALLY AGREE/PARTIALLY DISAGREE
( ) NO

- ESRS 2: Agree, without comments.
- E2-4: Disagree: this indicator is for companies' specific approach. Not for a transversal approach. However we understand that this indicator addresses the objectives set by the European Commission regarding microplastics.
- E5-4: No comment.
- E5-5: Partially agree. It is already possible to obtain this information by subtraction. As investors, we are in favour of positive approach rather than a negative or punitive one. We are aligned if the objective is to have a 100% breakdown of waste destinations. In that case, the wording should be reviewed. Furthermore, is better to use "untracked" rather than "unknown".

25. EMPHASIS ON ESRS BEING A “FAIR PRESENTATION” REPORTING FRAMEWORK

( ) YES
(X) PARTIALLY AGREE/PARTIALLY DISAGREE
( ) NO

- It is important to recall the risk of differing interpretations of the concept between undertakings and auditors. This matter falls more within the scope of accounting expertise. In this context, we reiterate our request for the establishment of Europeans guidelines for auditors, with the aim of facilitating exchanges and improving audit controls. AFG supports the ANC's position about fair presentation. ANC invites EFRAG and the European Commission to provide further clarification on the concept of fair presentation, in order to avoid divergent interpretations by preparers and auditors. Guidance is needed on how this principle will be applied by assurance providers and whether its inclusion may have implications for the ongoing simplification efforts. Specifically, ANC recommends clarifying:
    - The definition of fair presentation as a filter to taking into consideration the strategic specificities of the business model and activities of the undertaking;
    - The hierarchy between the use of reliefs and the requirement of fair presentation: confirm that applying a relief does not contradict the principle of fair presentation in general;
    - The audit procedures expected to ensure compliance with this principle.

26. EXCEPTION FOR FINANCIAL INSTITUTIONS' ABSOLUTE CLIMATE REDUCTION TARGETS

(X) I AGREE THAT FINANCIAL INSTITUTIONS SHOULD BE EXEMPTED FROM DISCLOSING CLIMATE ABSOLUTE GHG EMISSION VALUES TARGETS WHEN THEY HAVE ONLY SET INTENSITY TARGETS

- We remind our support for the extraterritoriality and the necessity for France to keep her sustainable leadership on the world wide's vision. We support the proposal from ANC to introduce an exception in the AR for financial institutions' absolute climate reduction targets, allowing disclosure of intensity-based targets provided they disclose contextual information and the potential trend in absolute value. The intensity target is more representative than the absolute target for investors, especially when it comes to setting targets. An absolute result makes less sense for financial analysis. If Europe is the only continent requiring this information as an absolute target, it will be problematic for European investors, who are subject to KPI disclosure requirements under other regulations (e.g., SFDR). So we support the ANC proposal wording: AR X for §E1-6 §26a on target setting or Amendment to AR12 for para 26: "Financial institutions may disclose targets in intensity value with (a) a breaking down per high-climate impact sectors for which it has set targets, (b) a concise indication on the trend of absolute emissions per target". Adaptation of concepts and lexicon, clarifications regarding (i) double materiality assessment and (ii) value chains considerations, links with sectorial regulations.

27. ESRS S1: NEW THRESHOLD FOR REPORTING METRICS DISAGGREGATED AT COUNTRY LEVEL

(X) YES
( ) PARTIALLY AGREE/PARTIALLY DISAGREE
( ) NO

- We agree with the proposed modification of the threshold

28. ESRS S1: CALCULATION APPROACH TO ADEQUATE WAGES OUTSIDE THE EUROPEAN UNION (EU)

( ) YES
(X) PARTIALLY AGREE/PARTIALLY DISAGREE
( ) NO

- The average wage can only be analysed on a granular basis. It is important to have a local view in order to understand practices, ideally corresponding to the top 10 countries in which the company operates. As investors, the concept of a "fair wage" is important. Nevertheless, we recognise the difficulty of establishing it on a global scale, as such an approach would lack relevance. So we support the ANC's proposal as a compromise, who propose a flexible model with mandatory transparency. Undertakings should be allowed to use either statutory wages or recognised living wage estimates, provided they disclose the methodology and country-level context. Given the novelty of this concept, companies should retain flexibility to select the most appropriate reference, while avoiding premature lock-in to a rigid framework. The ILO's work, although not yet fully comprehensive, could serve as a useful starting point.

29. SFDR AND OTHER EU DATAPOINTS IN APPENDIX B OF AMENDED ESRS 2

(X) YES
( ) PARTIALLY AGREE/PARTIALLY DISAGREE
( ) NO

- There is a clear need to ensure consistency between the sustainable finance framework and particularly between the ESRS and SFDR. The European Commission should ensure that the ESRS simplification are properly reflected in the SFDR disclosure requirements, particularly with regard to the PAI indicators.

30. ESRS E4 DR E4-4: APPLICATION REQUIREMENT TO GUIDE UNDERTAKINGS IN SETTING BIODIVERSITY- AND ECOSYSTEMS-RELATED TARGETS

( ) YES
(X) PARTIALLY AGREE/PARTIALLY DISAGREE
( ) NO

- We understand the proposed simplification, given that biodiversity remains a relatively less mature topic at this stage. We are therefore aligned with the proposed modifications. However, to ensure improvement on the topic of biodiversity, we believe this issue should be revisited in the coming years and we request the inclusion of a review clause. The purpose of this clause would be to confirm that the topic is currently insufficiently mature to provide the necessary data, while ensuring that these thematic indicators will be revisited in a few years' time (3 to 5 years) once progress has been made. This would also encourage companies to adopt a long-term perspective on the issue.

31. ESRS S1 DR15: GENDER PAY GAP

( ) YES
( ) PARTIALLY AGREE/PARTIALLY DISAGREE
(X) NO

- As investors, we consider it more useful to have the data point broken down by both gender category and socio-professional category, in order to obtain both breakdowns without necessarily having them reported separately. The adjusted gender pay gap is more interesting for investor than unadjusted (refer to PAI indicators).

32. ESRS G1 DR G1-2 AND G1-6: PAYMENT PRACTICES

(X) YES
( ) PARTIALLY AGREE/PARTIALLY DISAGREE
( ) NO

- We agree with the proposed simplification.

33. OVERALL FEEDBACK PER STANDARD

34. ANY OTHER COMMENTS

- **ESRS E1 on net zero targets**: We note that the reference to net zero has been completely removed from the standard. This is regrettable, as prior to ESRS, there was a significant proliferation of net zero communications, each with varying levels of ambition. Such claims were also identified by ESMA in its greenwashing report as a prevalent issue. The inclusion of net zero in Set 1 provided a clear, uniform definition for all actors and led to substantial improvements in disclosure quality and better differentiation from neutrality claims. This concept and its definition should be maintained in the standard.
    - Proposed wording: Add in glossary previous entry "Net-zero target" Retain current Set 1 E1-7 §60 with clarifications regarding removals vs offsets: "In the case where the undertaking discloses a net-zero target in addition to the gross GHG emission reduction targets in accordance with Disclosure Requirement E1-6, it shall explain the scope, methodologies and frameworks applied and how the residual GHG emissions (after approximately 90-95% of GHG emission reduction with the possibility for justified sectoral variations in line with a recognised sectoral decarbonisation pathway) are intended to be neutralised by GHG removals.
- **Comparability with preceeding reporting periods:** To ensure comparability over time, undertakings should be required to make available, on a dedicated section of their website, all the sustainability statements their prepared in application of the CSRD.
- **Proposal for the presentation of sustainability statements:** To offset the potential loss of comparability that may result from granting flexibility to reporting entities, we propose (aligned with the French Market Authority – AMF) a new numbering rule for the Disclosure Requirements to which the information relates. This approach, which reflects a good practice observed in financial reporting, would allow for more efficient retrieval of information.