

AFG totally supports the efforts of European co-legislators towards financing a more sustainable economy and the review of the Sustainable Finance Disclosure Regulation Level 1.

The European Commission's proposal is a first step in the right direction, **addressing the shared need of the industry and final clients to simplify and clarify ESG product categories.** We welcome the much more relevant and transparent approach based on clear, measurable objectives and indicators.

Beyond product categorisation, **we particularly appreciate is the simplification of product-level disclosure obligations to improve clarity for the end investor.** This is also crucial for retail investor protection: **categorisation would be mandatory for anyone wishing to openly claim to be an ESG product.** In this context, we also welcome rules related to voluntary and limited transparency for non-categorized products.

When it comes to implementation, we welcome the provision that Member States cannot impose additional constraints regarding the criteria and transparency obligations of categorized products.

This being said, **AFG believes that some clarifications or adjustments are needed to ensure the success and proper implementation of the revised SFDR,** including the calibration of the criteria for the different categories, **the implementation timeframe and data availability related challenges.**

- **Ensuring a coherent implementation timeline and alignment within the Sustainable Finance Framework**

To prevent the issues encountered under the current SFDR and the numerous subsequent operational adjustments, **we urge the European Commission to set the Regulation's implementation date only once the entire framework is finalised.** That is, when level 2 requirements have been formally adopted and the sustainability preferences rules under MiFID/IDD have been consistently revised. Implementation date should then be set 18 months after the finalisation of the entire framework, to ensure a proper implementation by Financial Market Participants.

The European Commission should also clearly set out the rules and expectations governing the transition between the current SFDR and the revised framework.

Finally, we would like to highlight, once more, **the need to have a consistent sustainable finance framework.** We welcome the reference to sustainability preferences rules under MiFID/IDD. However, we regret the absence of any mention to Benchmark Delegated Regulations.

- **New exclusions**

AFG believes that exclusions under the revised SFDR should be consistent with the PAB / CTB exclusion rules to ensure clarity and avoid unnecessary complexity. This would allow to maintain sufficient consistency with pre-existing use as part of ESMA's funds naming guidelines, which was understood by the end clients.

For example, **the aim of the transition category is to support the transition of the entire economy** (including the fossil fuel sector). It is important to be able to support companies that are effectively on a path of improvements in terms of GHG emissions and/or that have officially committed to objectives, which is why applying material exclusions on the fossil fuel sector may not be relevant.

Acknowledging challenges which remain when it comes to the transition of this sector, and consistently with the criteria set out for Article 7, when investing in fossil fuel companies developing expansion plans, in line with criteria Article 7(2)(d) and (e) an expectation could be that the FMP demonstrated that it has reviewed the climate transition plan of the investee company to assess its credibility and have deployed an engagement strategy. Clear disclosures should be provided on such approach and on the progress achieved or use of escalation.

- **Estimates and data providers**

The Omnibus increases challenges in terms of data availability and it is likely investors may need to rely on estimates even more going forward. In that perspective, we support the disclosure requirements with regards to those estimation methodologies but are concerned by the discrepancy in the proposed treatment of data vendors and investors.

In this context, there is therefore no incentive for data providers to improve transparency or the quality of their data. This situation creates an asymmetry of responsibility: FMPs, who are regulated, must justify and document their own estimates, whereas external estimates from data providers, who are not regulated, are accepted without scrutiny. This encourages excessive reliance on external providers, who can impose their own standards without oversight or harmonization. **While we are supportive of transparency requirements, we call urgently for introducing minimum transparency and methodological requirements on ESG data providers.**

- **Sovereigns' treatment**

The inclusion of sovereigns in the revised SFDR remains very limited as they are limited to the “ESG basics” category and to targeted use-of-proceeds for the “transition” and “sustainable” category.

Such approach appears to contradict over EU frameworks¹ and could discourage investments in the transition efforts of European countries.

We also understand that there is no single, “*comprehensive metric for gauging the sustainability of general-purpose sovereign, sub-sovereign and supranational debt issuances*”, however this should not prevent such bonds from being categorized under the “transition” and “sustainable” category. Indeed, the revised framework allows for several methodologies to be used for categorization, and such flexibility should also be granted to sovereign bonds.

¹ European Commission, [Commission Notice](#) on the interpretation and implementation of certain legal provisions of the European Green Bond Regulation, November 2025