

AFG welcomes the European Commission (EC)'s objective to simplify the ESRS indicators. We would like to draw attention to the following points:

**Double materiality:** As a European stakeholder, we reiterate the importance of preserving the principle of double materiality (DMA) within the ESRS framework, as maintained by the EC in the current review. Impact and financial materiality are complementary dimensions of ESG analysis and should neither be separated nor prioritised over one another.

**IFRS/ESRS interoperability:** we welcome the numerous efforts made by the EU Commission (EC) to increase the interoperability with IFRS through these revised ESRS and believe they are now a good basis for equivalence of the ESRS into IFRS. We support the EC in NOT introducing ISSB's proposed amendments for equivalence of the ESRS into IFRS.

- In the ESRS, material information shall not be obscured, based on the double materiality principle as explained above ie impact, or financial, or both, **in a non-hierarchical and not differentiated presentation**. To this extent, ISSB's suggested amendment focusing on the financial materiality not being obscured (by the impact materiality for example) could have unintended counterproductive consequences in terms of burden, audit and legal risks
- **Reporting structure:** It is essential to preserve the structure of sustainability reporting, as per ESRS1 §105, particularly for comparability and clarity from an investor perspective.

We encourage continuous cooperation between EFRAG and ISSB for interoperability, while maintaining the integrity of double materiality and the reporting structure as defined under CSRD / ESRS, and preserving EU autonomy over EU corporate sustainability standards and data.

**AUMs:** We welcome the clarification in AR 17 and 37 to disregard client's assets under management (AuM) from the IROs and value chain of asset managers in the ESRS . Indeed, in the EU, sustainability disclosures relating to investments managed by asset managers on behalf of clients are already addressed in a dedicated EU regulatory framework on managed assets (e.g. SFDR disclosures on products, and on the asset manager's sustainability related investment policy, SRD reporting on engagement and voting, ...). This dedicated framework, and not CSRD, is the right channel to deal with investments managed through financial products (funds and mandates).

AUMs represent the aggregation of clients' assets, not the entity's assets, and compile a variety of managed products with different strategies. They are managed in accordance with fiduciary duties and clients' mandates, meaning that their aggregated allocation profile (sectoral, geographical or otherwise) is not under the full control of the asset manager. Furthermore, the CSRD is designed to address corporate sustainability disclosures, whereas AuMs are not on the balance sheet of the management company. Combining corporate sustainability matters (incl. business model) with datapoints relating to clients' investments

would be misleading and could create confusion regarding the actual sustainability profile and responsibilities of the management company.

**Financial anticipated effects:** We support maintaining disclosure requirements on anticipated financial effects. As investors, access to high-quality, transparent, and reliable quantitative information from undertakings is essential.

**NMIG:** AFG reiterates its request regarding the Non-Mandatory Implementation Guidance (NMIG). EFRAG and the EC should clarify the legal status of this document to avoid potential over-interpretation, particularly by auditors.

We reiterate the need for the EC to take into account all **sustainable finance-related texts** when reviewing the delegated acts, in order to maintain alignment in necessary information and datapoints (e.g. with SFDR and MIFID review).

In addition, a document setting out the ESRS indicators on which we comment.

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