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## European Omnibus Proposal: AFG welcomes simplification efforts but warns about access to reliable, regulated ESG data for investors

The European Commission has published its draft "Omnibus" directive, aimed at simplifying several regulations on Sustainable Finance (CSRD, Taxonomy, CS3D). AFG supports this initiative, which is essential to strengthening European competitiveness and sovereignty while preserving key principles such as double materiality.

However, this simplification must ensure a level playing field for European companies internationally by immediately and significantly reducing the number of reporting requirements. It should not come at the expense of investors' access to high-quality ESG data, which is crucial for companies' extra-financial analysis. It is essential to rely on data directly produced by companies, following the model of financial data, rather than becoming overly dependent on unregulated external providers.

**Philippe Setbon, President of AFG, stated:**

*"The regulatory framework for sustainable finance is not just a matter of competitiveness and financing the transition; it is also a matter of sovereignty. The entity that controls data—its quality, accessibility, and cost—also controls financial flows. Europe cannot afford to delegate this strategic issue to unsupervised actors."*

AFG regrets the extent to which the reporting thresholds have been raised, excluding too many companies from the CSRD directive. This will only increase the dependence of investors and European companies on unregulated and unsupervised data providers, leading to two major risks: rising data costs and greater exposure to greenwashing accusations.

Finally, AFG emphasizes the importance of ensuring **a level playing field for all companies operating within the European Union**, regardless of whether their parent company is European or not.

### A Call for a More Effective and Balanced Simplification

In response to these challenges, AFG calls for a substantial simplification that makes corporate extra-financial reporting clearer, more comparable, and more practical:

- ✓ **CSRD: Drastically reduce the number of reporting requirements for all companies by focusing on data that is truly useful to businesses and investors.** This means scaling back



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the current standard for large companies and refining the voluntary standard for companies with fewer than 1,000 employees, which remains necessary. A collaborative effort between issuers and investors will help strike the right balance.

- ✓ **Taxonomy: Simplify while maintaining the scope of the text**, making obligations clearer and more applicable to avoid complex and inconsistent implementation.
- ✓ **Regulatory Consistency**: Any changes to the CSRD or Taxonomy will impact both financial and non-financial players. AFG therefore calls for a comprehensive approach that ensures effective alignment with the entire European Sustainable Finance regulatory framework (SFDR, MiFID, IDD, etc.) and national frameworks (e.g., France's Energy and Climate Law).
- ✓ **Ensuring ESG Data Accessibility, Reliability, and Comparability**: Guarantee direct access to data reported by issuers to reduce dependency on third-party providers and ensure reliable and comparable information for companies, asset managers, and investors. Additionally, regulate unregulated data providers to ensure data quality and consistency with corporate disclosures.

**The removal of the review clause from the CS3D Directive is a step in the right direction, as it ensures that regulated financial companies are treated equally with other sectors. This prevents regulatory overlaps and aligns with the broader simplification efforts.**

**AFG remains committed to ensuring that these simplification measures effectively address the challenges of sustainable finance while strengthening the competitiveness of European companies.**



## About AFG

For 60 years, the AFG has united asset management professionals, serving the actors of savings and the economy. It is the collective voice of its members, including portfolio management companies, entrepreneurial firms, and subsidiaries of banking or insurance groups, both French and international. In France, asset management involves over 700 management companies, with €4.7 trillion in assets under management.

The AFG is dedicated to the growth of asset management, contributing to the emergence of beneficial solutions for all ecosystem stakeholders, and committed to promoting the industry's influence in France, Europe, and beyond. The AFG is invested in the future.



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