

# CORPORATE SUSTAINABILITY REPORTING: THE WAY FORWARD

Insight on the first sustainability statements published by  
French listed companies under the Corporate Sustainability  
Reporting directive (CSRD)

October 2025



## IN THIS STUDY

Objective & methodology of the study 3

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**Key findings and suggestions as regards the ESRS\* simplification** 5 - 13

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Findings from the first ESRS sustainability reports 14 – 63

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Ad hoc study on assurance reports 64 - 66

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\* *ESRS: European Sustainability Reporting standards*

# OBJECTIVE AND METHODOLOGY OF THE STUDY

## What this study is



### Insight of the first sustainability statements

A benchmark to identify trends in reporting practices under the Corporate Sustainability Reporting directive (CSRD): challenges and good practices

- General findings based on a sample of issuers
- Ad-hoc assessment of sustainability assurance reports



### Contribution to the ESRS simplification

Contribute to the ongoing simplification efforts by highlighting potential areas for clarification or revision in the European Sustainability Reporting Standards (ESRS)

## What this study is not

- ❌ **Does not reflect AMF supervisory actions**
- ❌ **Does not imply AMF's validation of the quality of information published** by issuers. The AMF has highlighted extracts from issuers' reports to illustrate a specific point in the presentation of information. In this respect, reference to an issuer does not in any way prejudge the general quality of its reporting.
- ❌ **No statistical study** (sample is not representative)
- ❌ **No technical evaluation of companies' sustainability assessment: focus is on transparency**
- ❌ **No new doctrine** on CSRD: relying on existing EU regulations and FAQs.

## Methodology & scope

### Sample of French large listed companies

- ❑ Desktop assessment of 2024 sustainability statements (no direct interactions with companies)
- ❑ Sample of 20 non-financial and financial issuers above the 1000 employees threshold
- ❑ Various industries represented: industrial Good and Services, Healthcare, Energy, Automobile and Parts, Travel and Leisure, Food & Beverage, Technology, Drug and Grocery Stores, Banks and insurance companies
- ❑ Ad-hoc assessment of assurance report based on 91 CAC40/SBF-120 issuers

### Focus on certain reporting areas

- ❑ This study focuses on certain reporting areas only and does not cover for instance EU Taxonomy reporting, Pollution, Biodiversity, Water, Circular economy, Business Conduct, etc.

# REPORTING AREAS WE LOOKED INTO

## 1. General information

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Basis for preparation (BP)

Materiality assessment:  
description of process and  
results (IRO-1, SBM-3)

Minimum disclosure  
requirements (MDR-A)

## 2. Other general aspects

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Structure of the  
sustainability statement

Interoperability

Inclusion of EU datapoints

## 3. Climate

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Transition plans  
(ESRS E1)

## 4. Social

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Own employees  
(ESRS S1)

# KEY FINDINGS AND SUGGESTIONS ON THE ESRS SIMPLIFICATION

## KEY FINDINGS (1/2)

### Insight on the first sustainability statements of large listed French companies

- ❑ Differences in format and content under CSRD compared to previous reports under NFRD (Non financial Reporting Directive) show significant efforts of all issuers to prepare their first sustainability statements. Very few auditors have published a qualified opinion
- ❑ Overall, sustainability reporting is of better quality with the CSRD compared to NFRD (accessibility, comparability of data), for instance regarding the double materiality assessment and climate-related reporting (use of denominations, enhanced consistency of transition plans...)
- ❑ However, significant difficulties/limits observed for this first year of reporting (see next page)
- ❑ Issuers use the phase-ins and reliefs defined in the ESRS for large companies, except in some cases. In particular, few companies communicate on omissions of sensible information and many disclose information on the value chain despite the CSRD transitional measure

## KEY FINDINGS (2/2)

- Significant difficulties observed for this 1st year of reporting, in particular:
  - Overall readability/consistency due to the volume of datapoints disclosed and because companies may not have had enough time to join the dots between new sustainability assessments and their existing strategy (i.e. not easy to understand « the big picture »)
  - Most issuers recognize difficulties, in particular due to complex datapoints (e.g. data collection or reliability, lack of guidance) and scope coverage (consolidated scope for all KPIs, assessment of the value chain impacts, etc.). Difficulties also arise for quantifying financial aspects (financial effects, investment related to action plans)
- Reporting content can still be highly heterogeneous as regards the methodology used for certain datapoints and the level of granularity provided (from very detailed information to boilerplate disclosures). In some cases, significant disparities in the results of the double materiality assessment within the same industry
- Regarding format: heterogeneity in the structure and presentation of information. The numerous redundancies and inter-connections between datapoints in ESRS lead to important use of cross-references and incorporation of information by reference

# KEY SUGGESTIONS AS REGARDS THE SIMPLIFICATION OF THE ESRS (1/6)

## About this section

- This section highlights areas for simplification of ESRS based on the findings of this study
- These suggestions are compared to EFRAG's Amended ESRS exposure draft of July 2025 with the following color code:
  - *aligned with EFRAG's Amended ESRS draft*
  - *Partially aligned*
  - *Not aligned, no similar proposal in EFRAG's draft*
- The areas for simplification are presented in the following 5 sections:

General aspects (ESRS 1, ESRS 2)

Architecture of the ESRS

Topical ESRS






Focus on climate reporting

Focus on social reporting

# KEY SUGGESTIONS AS REGARDS THE SIMPLIFICATION OF THE ESRS (2/6)

## General aspects of reporting (1/2)






In ESRS 2 (General information standard), several datapoints could be simplified or deleted, in particular:

- ❑ Basis for preparation (BP-1, BP-2): several datapoints could be simplified (deleted, merged). For instance, information on use of estimates for value chain information is redundant with MDR datapoints on methodologies of metrics, targets, etc. 
- ❑ Reporting on sustainability-related governance: datapoints in GOV-1/GOV-2 could be reduced, and all GOV-4 [now, GOV-3] could be deleted (mapping of due diligence disclosures) as it has low added value 
- ❑ Reporting on the double materiality assessment process (IRO-1): suggests a reduction of datapoints in ESRS 2 and in topical ESRS to avoid boilerplate disclosures and reduce redundancies. For instance, the most useful datapoints are information on the input parameters and their link with the materiality thresholds specific to sustainability topics, as well as information on the nature of financial thresholds (several good practices identified in 2025). On the other hand, less detailed information at the level of “criteria for determining the materiality of information” could be required and information on stakeholder engagement could also be streamlined with SBM-2. Finally, topical IRO-1 datapoints could be converted into guidance 
- ❑ Reporting on the results of the double materiality assessment (SBM-3): simplifications and guidance are needed regarding current financial effects and anticipated financial effects datapoints, taking into account major difficulties observed in the first implementation year. The AMF supports enhancing interoperability with ISSB reliefs regarding the undue cost or effort principle or the possibility to provide range vs. precise financial amounts 
- ❑ Minimum disclosure requirements defined in ESRS 2 for any policy, actions, targets and metrics adopted: a few datapoints could be simplified, in particular the obligation to disclose financial resources allocated to action plans (the possibility to provide ranges vs. precise financial amounts, undue cost or efforts), except for climate transition plans where good practices have been identified 

# KEY SUGGESTIONS AS REGARDS THE SIMPLIFICATION OF THE ESRS (3/6)

## General aspects of reporting (2/2)

Other general simplifications areas could be:

- ❑ The introduction of new reliefs in ESRS 1, such as on omission of sensitive information and a time-bound « undue cost or effort » principle, if accompanied by sufficient transparency on the missing datapoints 
- ❑ The methodology for the double materiality assessment itself (ESRS 1):
  - the ESRS should clarify that companies are not expected to conduct a very detailed assessment and scoring for each IRO and each sustainability subtopic 
  - In defining a simpler approach, EFRAG should find a right balance in the expected level of aggregation of information on impacts, risks and opportunities to allow for a good understanding of the company's IROs, in line with CSRD objective. It should also ensure the consistency between the DMA process and reporting obligations. For instance, conducting an assessment at the level of IRO (vs. at the higher level of topics only) is important since companies should present their IROs and how they manage them. Finally, it is key to maintain the assessment of actual, potential impact and risks before taking into consideration mitigation efforts to provide a complete overview of the company's sustainability profile (i.e. not a net assessment) 
  - The simplification could also be achieved by developing over time more specific voluntary guidance on the DMA (in particular, industry-based guidance or guidance on input parameters/thresholds related to impacts) and no obligation to conduct the DMA every year unless necessary, thereby addressing the need expressed by companies 
- ❑ The structure of the statement: need to find the right balance between increased flexibility for the presentation (request from preparers) and comparability/accessibility of information for readers. For instance, companies should be allowed to present the DMA of topics in the relevant topical sections. More flexibility in the presentation will not be problematic if companies indicate the DR number associated with their chapter/sub-chapter (“SBM-3”, “E1-4”, etc.), as already seen in many reports 

# KEY SUGGESTIONS AS REGARDS THE SIMPLIFICATION OF THE ESRS (4/6)

## Architecture of the standard ●






- ❑ Regroup « disclosure requirements » (DR) with corresponding mandatory « application guidance » (AR) to improve the readability of the ESRS and clearly separate these AR from non-mandatory guidance
- ❑ Companies clearly expressed the need for more advice on how to apply ESRS requirements, therefore voluntary datapoints and guidance (that may partially be deleted to reduce the volume of ESRS) should be at least developed in ad-hoc guidance documents as they are still useful for companies. This is for instance the case for guidance on double materiality assessment for certain topics

## Reporting on sustainability topics (topical ESRS) ●

- ❑ Significant reduction in the number policy/action/target (PAT) datapoints in topical ESRS. For instance, a generic obligation to disclose adopted policies is sufficient and there is no need to systematically ask companies whether they have adopted a specific policy or action related to ESRS subtopics (such as different social policies or policies « related to sustainable oceans and seas »)
- ❑ In general, the volume of metrics in topical ESRS should also be reduced (number of metrics and level of granularity)

# KEY SUGGESTIONS AS REGARDS THE SIMPLIFICATION OF THE ESRS (5/6)

## Focus on climate-related reporting

- For non-financial undertakings, improved comparability and quality of GHG emission metrics (E1-6), in particular, due to the standardised table for GHG emissions reporting that should be kept mandatory. 
- Reporting on transition plan (E1-1):
  - Acknowledging the overall improvement of transition plan reporting with the CSRD, targeted simplifications of E1-1 (mostly through clarifications) would seem sufficient 
  - Need a clear distinction between “key elements of the transition plan” and “supporting disclosures” (minimum content of a transition plan). We are also in favour of targeted new reliefs (such as reporting its plan every 3 years). However, (1) ideally, EFRAG should clearly explain when companies can use the label “transition plan” and (2) the minimum requirements for transition plan might need to evolve to reflect Omnibus level-1 discussion. EFRAG should add a disclaimer in its technical advice 
  - It is important to keep the requirement to disclose absolute value target for GHG emission reduction (whenever a GHG reduction target is set) while providing relief in case this information/estimate is too sensitive or of insufficient quality, especially for the financial sector 
- “Net-Zero targets” and “GHG neutrality claims” (E1-7): 
  - preserve the “net-zero” concept (with a minimum 90-95% GHG reduction pathway), which the ESRS has helped to strengthen, while clarifying some aspects such as the options available for residual emissions (carbon credits + removals) and the different types of removals (transfer of CO2)
  - Clarify the expectations around “carbon neutrality claims”: emission reductions vs use of carbon credits and removals; target-setting (all Scopes, etc.)
  - Thereby clarify the interactions between the two notions

# KEY SUGGESTIONS AS REGARDS THE SIMPLIFICATION OF THE ESRS (6/6)

## Focus on social-related reporting

- Need to significantly reduce the volume of narrative datapoints required under the policies, actions and targets in social ESRS ●
- Clarify the definition of non-employees: a clearer definition would help companies in their reporting exercise, in particular to clarify how to consider interns and franchisees ●
- Adjust the adequate wage (S1-10): this metric tends to be difficult to compile as the definition of adequate wage varies from one country to another ●
  - introduce some flexibility: for instance, limit the assessment of adequate wage to countries with >50 employees representing at least 10% of the total number of employees
  - disclose which referential is used to determine if employees are paid an adequate wage or not
- Adjust the annual total remuneration ratio (S1-16): the annual total remuneration ratio should be disclosed on a global scale or broken down by countries but only on countries with more than 50 employees or more employees representing at least 10% of its total number of employees ●
- Preserve diversity indicators (S1-9): these metrics (gender and age breakdown) are valued by investors and we suggest to retain them ●

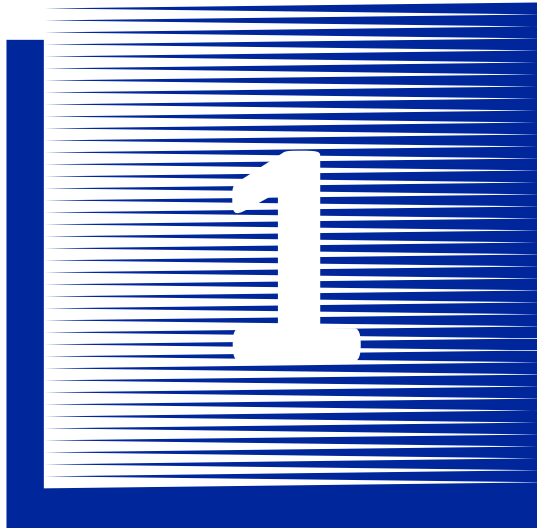
1. GENERAL INFORMATION

2. OTHER GENERAL ASPECTS

3. CLIMATE

4. SOCIAL

# FINDINGS FROM THE FIRST ESRS SUSTAINABILITY REPORTS



## PART 1 - GENERAL INFORMATION

## Key reporting evolutions from 2024 (NFRD) to 2025 (CSRD)

- Between 2024 and 2025, a number of changes in reporting practices reflect the transition from NFRD to CSRD and the structuring effect of the ESRS. These shifts illustrate how the new framework prompts companies to reassess and refine the content and format of their disclosures:
  - There is an overall trend toward greater formalization and granularity, especially in action plans and performance metrics – for instance, some companies have significantly expanded their topical disclosures, adding objectives, implementation details and tracking elements
  - Certain sustainability topics have been reclassified – for instance, some issuers modified their approach to biodiversity reporting (considered as non-material or presented as a separate topic vs. broader “nature” topic)
  - Target-setting practices are evolving, with some companies revising or removing long-term objectives (e.g. dropping Net Zero goals) in favor of more concrete, intermediate targets
  - Presentation of material IROs/topics has often moved from visual matrices to tabular formats and narrative information
  - New entity-specific topics have emerged compared to 2024, such as innovation or cybersecurity, which were not previously highlighted in the sustainability statement

## Scope of consolidation (BP-1, par. 5a and b)

- In line with ESRS requirements, issuers disclose whether the sustainability statement has been prepared on a consolidated or individual basis, and confirm that the scope of consolidation is the same as for financial statements
- However, the level of precision varies from one issuer to another with some boilerplate disclosures and some issuers providing detailed information on limitations and the different consolidation scopes for certain indicators (cf. illustration next page)
- The BP-1 datapoint on perimeter coverage is sometimes redundant with more detailed datapoints of ESRS 2 disclosed by companies in their topical sections (e.g. in MDR-M: minimum reporting on metrics methodology). Some companies use cross-references to avoid redundancies and still provide a brief overview of the reporting perimeters used depending on datapoints

## Value Chain coverage (BP-1, par. 5c) and estimates related to the value chain (BP-2)

- In line with the ESRS, issuers disclose whether their report cover the upstream and downstream value chain
  - Some provide a clear overview on whether or not their policies/actions/targets and double materiality assessment covered the value chain
  - However, for some issuers, the disclosures are boilerplate (e.g. they do not always explain to what extent the value chain is covered or their rationale, nor the consequences of the limitations)
  - Many refer to other sections of the sustainability and management report to provide more details. These cross-references are sometimes too general to identify the specific BP-1 datapoint
- Several issuers provide only boilerplate disclosures on the use of estimates for the value chain (difficulties to understand the judgments made and consequences of the limitations)
- Some choose to disclose such information in the topical sections (often with more details), a practice encouraged by the ESRS. Others included in their general section BP-2 detailed methodological elements on estimates (e.g. for GHG emissions) that are redundant with topical sections. Some issuers briefly present the datapoint in their general section and include cross-references to the relevant topical sections

## Metrics subject to high level of uncertainty (BP-2)

- ❑ Some issuers provide a boilerplate statement on the existence of uncertainty in relation to their metrics in their general section related to BP-2 without mentioning which metrics it relates to or only provide the list of metrics without explaining the sources of uncertainty, the judgements made or the consequences of such limitations. Some issuers provide detailed explanations.
- ❑ Example of metrics subject to high level of uncertainty cited by issuers are:
  - Climate: GHG emissions (certain categories of scope 3 in particular), investments related to action plans (in particular, to the transition plan)
  - Social: the adequate wage (choice of benchmarks and standards, difficulties to cover the full scope), the gender pay gap and annual total remuneration ratios (not always calculated on the basis of total compensation), the number of fatalities as a result of work-related injuries/ill-health
  - Other environmental metrics such as: release into water, air and soil by pollutants (sometimes limited to certain categories of pollutants), resource inflow and waste
- ❑ The volume and nature of metrics associated with uncertainty challenges varies significantly from one issuer to another (except for certain recurring metrics such as GHG emissions and transition-plan investments )
- ❑ Heterogeneous reporting practices related to this BP-2 datapoints have been identified. This information is either presented:
  - In BP-2 general section (in several cases)
  - in an introductory section of the statement describing first-time ESRS application context and associated challenges
  - in the methodological Appendix of the sustainability statement (data collection methodology)
  - In the different topical sections
  - In several parts of the statement leading to redundancies (e.g. both in the BP-2 section and the topical sections)

## Non-published datapoints related to difficulties (BP-2)

- ❑ In the context of the first year of CSRD implementation, several issuers explained that they could not publish certain datapoints in particular due to the lack of data and difficulties to provide reliable estimates.
- ❑ Example of datapoints/DR cited by companies as not published are:

- The climate transition-plan (E1-1)
- Metrics related to pollution (E2): due to development and deployment needs
  - Release into water and soil by pollutant
  - Amount of microplastics manufactured and used
- Metrics related to biodiversity (E4):
  - Data collection and measurement challenges due to the broad scope and interconnected nature of this topic
  - On the financing effects (direct and indirect costs) of biodiversity offsets in monetary terms
- Metrics related to Circular Economy (E5):
  - Resource inflow, for instance on sustainably-sourced organic product (lack of definition)
- Metrics related to the company's own workforce (S1):
  - Total amount of fines, penalties, and compensation for damages as a result of (1) the incidents and complaints disclosed or (2) serious human rights incidents.
  - Number of fatalities as a result of work-related injuries and work-related ill health: due to the lack of common or shared guidelines within the sector or the lack of maturity of reporting tools when it comes to isolating and processing information
- Metrics related to business conduct (G1): supplier payment terms
- Anticipated financial effects associated with the entity's risks and opportunities

## Omissions of sensitive information (BP-1)

- Few issuers state that they use the omission related to intellectual property, know-how or result of innovation (BP-1, par. d). Some issuers state explicitly that they do not use this option
- Few issuers explain that the exemption to disclose information related to impending developments or matters in the course of negotiation is used (BP-1, par. e). Only few explain that they do not use this option
- Some issuers mention the omission of “*confidential information*” or “*sensitive information*”, but the legal basis is not clear as they do not refer to BP-1 categories (i.e. linked to BP-1 para. 5)

## Double materiality assessment process (ESRS 1)

### Various methodologies chosen to conduct the DMA

- Different steps followed in the DMA, in a different order and with various level of granularity:
  - Some issuers adopt a « top-down approach », starting their DMA from a list of sustainability topics. Some conduct an almost exhaustive assessment of IROs on all ESRS topics. Others only assess the IROs for a subset of potentially material topics
  - Others adopt a « bottom-up » approach, starting their DMA from a list of potentially material IROs (ex: list from NFRD reports), then assess their materiality with CSRD criteria and finally structure/regroup the IROs by sustainability topics
  - In all cases, issuers eventually assessed the materiality at the granular level of IROs or group of IROs (vs. assessed at the higher level of topics)
- Use of ESRS list of topics (AR 16) for the process: some issuers use the list of topics/subtopic of the ESRS, while other use their own existing classification of topics. Some explain they used a mix of their own classification informed by AR 16 classification
- Engagement with stakeholders:
  - A vast majority of issuers consult both internal and external stakeholders to inform their DMA. Few consult only internal experts or stated that stakeholder engagement was not used or partially used depending on topics.
  - Stakeholders are not always consulted at the same stage of assessment (early input gathering vs. specific IRO materiality ratings)
  - Some issuers design a consultation process specific for the DMA in 2024 while others relied on existing information on the stakeholders' views
- Several issuers refer explicitly to their prior year's DMA process as a foundation for their ESRS-compliant analysis. Many mention that they have expanded the prior methodology with complementary analyses to meet ESRS requirements (for instance, to assess the value chain). Some issuers also indicate that the materiality assessment process will evolve over time

## Reporting on materiality assessment process (IRO-1)

### General findings on DMA reporting according to IRO-1

- Overall, heterogeneity observed on the level of detail and degree of compliance with the required datapoints on the presentation of the DMA process (IRO-1 datapoints). Some issuers provide detailed explanations per topic while others present more generic information on how the process was conducted. Specific information on DMA process related to social topics is provided only in very rare cases
- Compliance with all IRO-1 datapoints was generally partial. In particular, some issuers do not disclose the IRO-1 datapoints defined in topical standards (or only disclose these datapoints for some of the sustainability topics, for instance, a large number of issuers do not disclose the topical IRO-1 associated with their non material topics, although these are always-to-be disclosed datapoints)
- Presentation: a large majority of issuers disclose information about their materiality assessment process in the topical sections vs. general section only. Many issuers provide both a general overview of the process in the general section and detailed elements in the topical section, with sometimes redundancies between these sections

## Reporting on materiality assessment process (IRO-1)

### Reporting on engagement with stakeholders for the DMA

- Reporting practices vary in terms of location and level of detail
  - There can be redundancies between the IRO-1 datapoints on stakeholder engagement for the DMA and SBM-2 that generally covers « *Interest and views of stakeholders* ». Therefore, some issuers use cross-references to SBM-2. However, it is not always possible to identify the information on DMA process in the SBM-2 disclosures
  - Several issuers also specify how they have consulted stakeholders for the DMA in their topical sections
  - Not all issuers detailed whether they specifically consulted « affected » stakeholders, as specified by the ESRS (IRO-1 in ESRS 2 and topical ESRS)
  - The volume of disclosures varies from 15 lines to nearly 6 pages (often integrated in SBM-2) for the issuers in our sample

## Reporting on materiality assessment process (IRO-1)

### Information on input parameters for the DMA (IRO-1, par. 53g)

- Several issuers disclose information on the input parameters (i.e. data sources used, assumptions made)
- The information provided varies greatly in terms of granularity (see examples next page)
  - Some issuers provide incomplete or boilerplate disclosures on the input parameters used (for instance, only focusing on material topics or providing broad references applicable to all topics such as “industry benchmarks”).
  - Others disclose very specific information on the sources/assumptions that informed the DMA process
    - Good practices: these disclosures are most useful when the issuers specify which inputs (sources, tools) were used in relation to a particular sustainability topics (e.g. mention of databases such as UNEP’s ENCORE, WWF’s Water Risk Filter in relation to specific environmental topics or mention of specific rating tools for the business conduct topic). Many issuers also cited the Aqueduct water risk tool from the World Resources Institute to assess water-related risks. In most cases, this specific IRO-1 information is presented in the topical sections
    - Some issuers provided interesting contextual information on the methodology used in relation to certain materiality criteria (ex: explain that the “scale” of the impacts is assessed in relation to % of people concerned vs. environmental parameters, explain that pollution impacts’ severity is assessed via concentration metrics vs. volume metrics only).
  - Information on input parameters is often not specified for social-related topics contrary to other environmental topics

## Reporting on materiality assessment process (IRO-1)

### Separate methodology for impact materiality and financial materiality assessment

- ❑ Issuers report about both impacts and risks/opportunities when disclosing their DMA process under IRO-1, in line with the double materiality perspective of the CSRD, and often by presenting different materiality criteria in line with ESRS 1
- ❑ In some cases, the distinction is not clear due to misuse of terminology (e.g. use of the term « risk » associated with the description of an impact) or because the issuer explain that the same materiality threshold is used for both impact and risks
- ❑ Many provide extensive explanations on the definition of impact materiality and financial materiality and the different criteria that must be considered in application of the ESRS (often by duplicating the content of ESRS 1). These elements can be useful for non-expert readers in the context of first ESRS application. However, in some cases, the IRO-1 disclosures have little informative value as they reproduce the content of ESRS 1 with no or few methodological explanations specific to the issuer (for instance, only boilerplate disclosures stating that judgements were applied). Therefore, it is sometimes difficult to understand how the two processes for impact and financial materiality are designed in practice
- ❑ Good practice: brief explanation on how criteria for impacts or risks are assessed, with concrete examples of input parameters taken into account (e.g. for the “scope” criteria: % of sites or financial expenditures related to the impact)
  - Information on the difference between the assessment methodology for risks and for opportunities (rare cases)
  - Specific information on impact vs. financial materiality thresholds (cf. next pages on thresholds)
  - Precise explanations on the alignment or partial alignment between financial materiality assessment and the ERM (enterprise risks management) process

## Reporting on materiality assessment process (IRO-1)

### Information on materiality thresholds

- Information on impact materiality thresholds is very often generic or missing, limiting the understanding of the DMA methodology used and demonstrating the need for further guidance in this area. Example of generic disclosures are:
  - boilerplate disclosure on the existence of a threshold
  - theoretical quantitative threshold (such as: “on a scale from 1 to 5 in terms of materiality score, the impact materiality thresholds is set at 3”), which does not inform on the parameters specific to the entity that define materiality. Issuers may have had difficulties to identify relevant thresholds at consolidated level and only defined generic thresholds at macro level. A focused assessment of E2 and E4 disclosures showed that the information on how impact thresholds are determined is generally not provided at the topic-level although materiality depends on the nature of topics
- On the contrary, good practices are already identified when it comes to financial thresholds such as:
  - Explaining the articulation with the company’s overall risk management process and ESRS thresholds (either to explain alignment or differences). Some issuers however provided boilerplate explanations on the alignment with the financial statement thresholds.
  - Specifying the nature of the thresholds used (e.g. based on EBITDA or revenue) or even giving the threshold itself: e.g. “critical if >27% of EBITDA”, “threshold set at a probable risk of €50 million”

## Reporting on materiality assessment process (IRO-1)

### Limits and difficulties identified by issuers or auditors on the DMA

- ❑ As a good practice, several issuers explicitly report challenges related to the execution or scope of their materiality assessment
- ❑ However, the consequences of these difficulties are not always clear (reliability of data? limited perimeters? etc.) and the reasons for limitations were not always given
- ❑ Example of challenges and limits identified by issuers are:
  - Difficulties to define materiality thresholds
  - Lack of value chain data or reliability of value chain data. As a consequence, several issuers focused their DMA this year on their own operations and tier-1 value chain. An issuer mentions in particular lack of upstream data to assess negative biodiversity impacts and water-related IROs
  - Difficulties in quantifying sustainability risks (translating qualitative risks into measurable financial or impact terms)
  - Risks associated with certain topics were not assessed (limited perimeter of the DMA assessment)
- ❑ Very few auditors specifically point out limits in the issuers' DMA process (cf. [ad-hoc study](#) on assurance reports)

## Reporting on materiality assessment results (SBM-3)

### Presentation of material IROs (1/2)

- ❑ Increased comparability with widespread use of AR16 list of topics and subtopics (standardized terminology), even if the mapping with these ESRS topics is sometimes unclear
- ❑ The format, granularity and location of these disclosures are very heterogeneous. Several issuers present both a brief overview of the material IROs in the general section and a more detailed description of IROs in the topical sections, which seems to be a balanced approach to avoid redundancies and increase overall readability of the report
  - Many issuers presents the results of the DMA in tables or narrative information. Only few presented a matrix that maps IROs on a financial and impact materiality axes (in addition to other narrative information). One common evolution is the replacement of the “stakeholders’ view” axis by the broader “impact materiality” axis.
- ❑ Good practice: few issuers provide a comparison of the DMA results with previous reporting periods (with more or less details on the changes). Other explain that the results were not comparable because of changes in methodology.

## Reporting on materiality assessment results (SBM-3)

### Presentation of material IROs (2/2)

□ Examples of common shortcomings identified are:

- While most issuers report on all their material topics, few issuers only report on most material/critical topics (which is not in line with ESRS requirements)
- The nature of IRO is unclear (e.g. to distinguish risk vs impact or « positive » vs. « negative ») or the description of the IRO is missing or boilerplate (e.g. for impacts, not possible to understand the effect on people or the environment, as required by SBM-3)
- Missing information on associated time horizons or location in the value chain. Few issuers explain difficulties to evaluate IROs on different time horizons
- Unclear mapping between material IROs and sustainability topics (listed in AR 16) and unclear identification of entity-specific subtopics
- Mitigation of a negative impact is sometimes presented as a positive impact (or a potential sustainability risk is presented as an opportunity)
- Inconsistencies in the list of material IROs presented in different parts of the statement
- Presentation of materiality matrix with no precise axes (line drawn for materiality threshold with no figure/explanation on the construction of the graph)

## Reporting on materiality assessment results (SBM-3)

### Entity-Specific material topics

- Several issuers identify at least one entity-specific topic in their sustainability statement
- In several cases, these entity-specific topics and subtopics are not easy to identify, whereas some issuers specify « entity-specific » next to the description of the IRO
- Among the identified topics, « cybersecurity » appears consistently across several issuers (almost 2/3 of issuers). Other examples of entity-specific topics are: control of counterfeit certificates, public sector and stakeholder engagement or market integrity and financial security, etc.
  - Some issuers classify « cybersecurity » as an independent entity-specific topic, others associate this topic to existing ESRS topics (S1, S4 or G)
  - Intra-industry heterogeneity on the result of the DMA (e.g. financial institution, aero-space industry)

## Reporting on materiality assessment results (SBM-3)

### Distinction of gross vs. net IROs and their description

- Not all issuers clearly distinguish between gross and net IROs when presenting the result of the DMA (i.e. taking into considering prevention and mitigation actions or not), although several issuers explain that the aim of the DMA process is to identify *gross* IROs
  - We sometimes observe some confusion: some issuers present their mitigation efforts (i.e. net IROs) within their IRO-1 sections, which should be focused on gross IROs in line with the ESRS
- Links with the risk factors identified by the issuer (management report):
  - Good practice identified: several issuers establish a link between the DMA results and risk factors identified in the management report
  - Most refer to the sustainability statement in the risk factors section. However, the difference with the ESRS approach is not explained
  - Some issuers make the connection within the sustainability statement itself and explain the differences with risk factors (ESRS based on gross assessment, vs. risk factors based on net risks assessment)

## Reporting on materiality assessment results (SBM-3)

### Current financial effects (SBM-3, 48d)

- ❑ Many issuers do not disclose information on current financial effects required by SBM-3
- ❑ For other issuers, the methodology used is often not presented (for example: how net effects are assessed)
  - Some issuers explain that they do not have current financial effects, without explaining the methodology
  - Some issuers provide generic narrative disclosures (e.g. only describing the nature of the risk or very brief explanation on both financial effects and impacts on population of an IRO in the same paragraph)
  - Few provide more specific information by referring to the current financial effects presented in the notes to the financial statement

### Anticipated financial effects (SBM-3, 48e)

- ❑ Most issuers do not disclose this information and some issuers explicitly state that they are relying on the phase-in option. Among the few issuers that report that they have assessed anticipated financial effects:
  - Only one provides quantitative estimates on a voluntary basis but restricted to short term horizons
- ❑ There is not always a clear distinction between current and anticipated financial effects in the disclosures

## Focus on minimum financial information required in relation to actions (MDR-A)

- ESRS 2 requires companies to provide information on significant CapEx/OpEx allocated to any action plan adopted (minimum disclosure required for all topics)
- In relation to climate topics: [see Chapter 3.](#)
- In relation to sustainability topics other than climate: we found very few issuers that report on CapEx or OpEx planned associated with the issuers' action plans. Some issuers explain that they have no significant investment associated with these actions, others do not provide any information



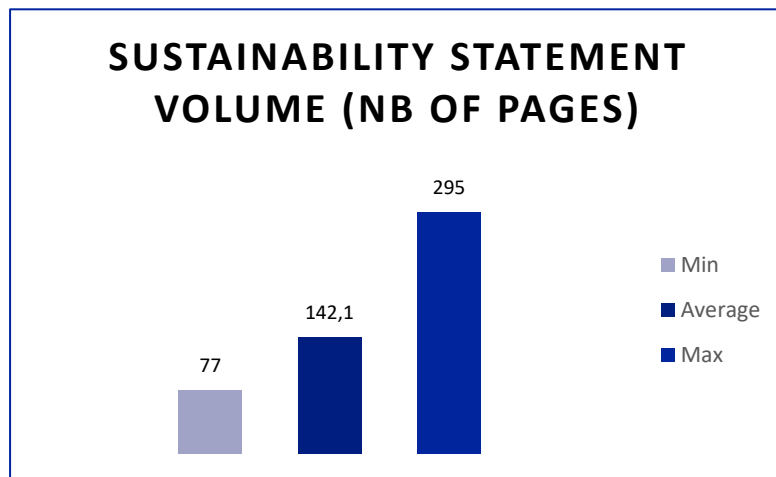
## PART 2 – OTHER GENERAL ASPECTS

- Structure of the sustainability statement
- Interoperability with international initiatives
- Inclusion of EU datapoints

## Length of sustainability statements

### □ High heterogeneity in the length of sustainability statements

- In the sample, the sustainability statements range from 77 to 295 pages
- This spread suggests significant variability in reporting granularity and documentation strategy, which may reflect differences in maturity, number of material topics, or internal capacity



## General findings on the structure of statements

- ❑ **Strong convergence on the use of the « 4-blocs » format** required by ESRS 1
  - Almost all issuers follow the required structure in 4 chapters of ESRS 1 - Appendix D (General disclosures, E,S and G topical sections)
  - A vast majority adopts the detailed structure of Appendix F (on a voluntary basis). In other cases, issuers add new subsections such as a section dedicated to entity-specific disclosures
  - Beyond the 4-blocs structure, several issuers add other chapters such as: methodology note in one appendix, correspondence tables (cf. [page on interoperability](#))
- ❑ **But high heterogeneity on how sub-sections are structured**
  - Some issuers strictly follow the order of disclosure requirements (DRs) within a topical standard or even of datapoints in a DR (this makes it easy to identify datapoints but increases redundancies and cross-references)
  - Others opt for a more flexible approach in order to limit redundancies (e.g. regrouping policies related to similar topics vs. duplicating in each topical section)
- ❑ Practices also diverge regarding the integration of the due diligence report within the sustainability statement

## HETEROGENEITY IN STRUCTURE OF STATEMENTS: ILLUSTRATIONS

### EXAMPLE 1: regrouping in one section several DR and datapoints

Avoid redundancies but, in some cases, it can be difficult to identify where the specific datapoint is developed within the section.

#### X.X.X Stakeholders

**ESRS 2 GOV-2; GOV-5 36c-e; SBM-1 42b; SBM-2; IRO-1; MDR-P 65 e-f**

The XX undertaking informed its materiality assessment by dialogue with the following affected stakeholders... The interest and views of stakeholders were taken into account through...

### EXAMPLE 2: following the strict ESRS DR and DP structure

Information is easy to find but this choice increases the use of cross-references and tend to create redundancies.

#### *[ESRS 2 SBM-2-45a] Description of stakeholder engagement*

The XX undertaking's key stakeholders are... The engagement with them occurs for ... categories, it is organized ... for ...

#### *[ESRS 2 SBM-2-45b] Interest and views of stakeholder*

The interests and views of stakeholders are...

#### *[ESRS 2 SBM-2-45b] Amendments to SBM*

To address the interests and views of stakeholders, the undertaking has amended its SBM through...

*Disclaimer: fictitious examples, based on observed practices*

## Readability and cohesiveness of statements

- For some issuers, compared to previous period, reduction of overall readability of sustainability reports e.g. ability to understand the link between the presentation of material topics and policy and targets, understanding of the strategy, etc.
  - Under the constraint of the 1st year of preparation of the report and of the DMA, difficulties in connecting the different parts of their statement, in particular with their strategy
  - Good practice: few issuers present a summary table regrouping IROs, PAT and metrics (cf. next page)
- Some issuers provide an exhaustive list of all their disclosed sustainability indicators at the end of their report, including with comparative information for 2023 reporting period
- Good practice: Several issuers use the references of ESRS DR or even DP in the name of their section and subsection. Different “tagging” methods are observed. This facilitates the identification of datapoint (see illustration opposite)

### ILLUSTRATION: inclusion of references to the DRs in the titles

This example, along with the previous examples presented (p.37) illustrates the use of DR “tags” by many companies (here: “ESRS 2 SBM-2”), that facilitates the identification of information in the statement.

#### X.X.X [ESRS 2 SBM-2] Interests and views of stakeholders

The XX undertaking’s key stakeholders are... The engagement with them occurs for ... categories, it is organized ... for ...

## INCREASED READABILITY - ILLUSTRATIONS

Several companies provided on a voluntary basis an executive summary (beginning of reports or within each topical sections) with an overview of material IRO, policies, actions, targets and key indicators. This increases overall consistency and readability of the statements.

### EXAMPLE 1: SUMMARY OF KEY POINTS

#### ESRS OVERVIEW

##### CLIMATE CHANGE

**1 impact:** GHG emission

**2 risks:** physical and transition risks

**Action plan:**

- Integrating climate risk into the selection for the undertaking portfolio
- Reducing GHG emission on Scope 1 by ...

**Targets:**

- 2030 target: ...% GHG emissions on the scope of commercial activities
- 2030 target: ... % of sites having an adaptation plan

**Policies:**

- Climate policy

##### OWN WORKFORCE

2 Material Matters and 5 IRO

##### Equity and diversity

**1 impact:** Positive impact on society

**1 risk:** Reputational risks

**Action plan:**

- Trainings ...
- Reducing pay discrepancies...

**Targets:**

- 2026 target: ...% Gender equity gap
- 2030 target: ...% Annual employee training

**Policies:**

- Diversity policy

##### Health and safety

### EXAMPLE 2: SUMMARY TABLE

TOPIC	IRO	Policies	Actions	Targets
CLIMATE CHANGE	<b>Impact:</b> GHG emission	Climate policy	Reducing GHG emission on Scope 1 and 2 by ...	...% GHG emissions
	<b>Risk:</b> Physical risk	Climate policy	Preparing an adaptation plan	... % of sites with an adaptation plan
	<b>Risk:</b> Transition risk	Climate policy	Anticipating regulation/demand by investing in...	/

*Disclaimer: fictitious examples, based on observed practices*

## INCREASED READABILITY - ILLUSTRATIONS

Although no ESRS requirements, a good practice observed is providing a table with all KPIs presented in the sustainability report, including taxonomy KPIs (as well as comparatives, that was not require in 2024)

Environment indicators		
Energy consumption	2024	2023
Total energy consumed (MWh)	X,XXX.XX	X,XXX.XX
Energy consumed by product (%)	XX	XX
Energy consumed from fossil sources (MWh)	X,XXX.XX	X,XXX.XX
Taxonomy revenue	2024	2023
Total revenue (in € millions)	X,XXX	X,XXX
Taxonomy-contributing revenue (in € millions)	XXX	XXX

*Disclaimer: fictious examples, based on observed practices*

## Use of incorporation by reference

- ❑ Wide use of incorporation by reference among issuers, particularly in relation to GOV and SBM-1 datapoints (presentation of business model & value chain)
  - Most issuers provide a list of all incorporation by reference (as required by ESRS 2 BP-2), which helps to guide the reader and enhances traceability of the information.
  
- ❑ They refer to: the management report (risk factors), the issuer's presentation in the URD, the corporate governance report (e.g. board composition and remuneration) or the notes to the financial statements
  
- ❑ The ESRS 1 §120a requires a two-way reference: the ESRS datapoint should be indicated in the referenced document. Very few issuers in the sample assessed apply this double-reference rule

## Presentation of non-material information

- ❑ Some issuers present non-material information within their sustainability statement (different from the entity-specific material information under ESRS)
- ❑ It not always clear whether information presented as « additional » to the ESRS statement is presented as material or non-material information.
- ❑ Heterogeneity of practices in term of presentation, for instance:
  - In a dedicated section (or appendices), sometimes placed at the end of the report or after the assurance report
  - in several dedicated sub-sections within the statement (clearly identifiable as « information beyond materiality ») but within the Environmental section
  - Merged with other material information (e.g. a unique table presented targets related to material and non-material topics identified as such)
- ❑ It is also not always clear whether these additional information are covered by the auditor's assurance (in particular, when information is presented in a dedicated section such as “other sustainability information” at the end of the statement or even after the auditor's opinion). Some issuers clearly stated that this information is not subject to assurance.

## NON-MATERIAL INFORMATION - ILLUSTRATIONS

### EXAMPLE 1: INCLUDING NON-MATERIAL INFORMATION DIRECTLY IN SUSTAINABILITY STATEMENT

#### X.X.X Impact metrics related to biodiversity (ESRS E4-5)

The table below contains the performance of the reporting year against the undertaking's objective

Targets related to material impacts		
Targets related to material impacts	2024	Objective
Percentage of sites covered by a biodiversity action plan	XX%	100%
Percentage of sites whose ecological integrity was improved	XX%	80%
Targets related to non-material impacts		
Targets related to non-material impacts	2024	Objective
Percentage of business partner engaged in the implementation of renaturation projects	XX%	XX%

### EXAMPLE 2: INCLUDING NON-MATERIAL INFORMATION WITHIN A DEDICATED SECTION

<b>2. Environmental information</b>	<b>p.XXX</b>
2.1 Climate change [E1]	p.XXX
2.2 Biodiversity [E4]	p.XXX
2.3 <b>Information beyond materiality</b>	p.XXX
2.4 Information on the EU Taxonomy	p.XXX

*Disclaimer: fictitious examples, based on observed practices*

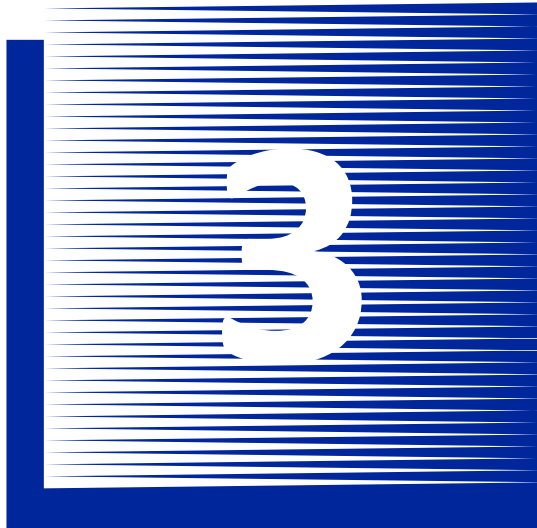
## Reference to international frameworks (including ISSB)

- Almost all issuers refer to external frameworks in their sustainability statements, reflecting diverse reporting practices and level of maturity. Despite the requirement under BP-2 (§15) to indicate the use of other frameworks, issuers tend to integrate those reference directly within the topical standards
- Few explicitly refer to ISSB standards and several mention SASB industry-specific standards that are embedded in the ISSB standards
- Other common references in the sample are: GHG Protocol, UN SDGs, TCFD, ISO standards, GRI, TNFD and for financial institutions, PCAF including part C on Insurance-Associated Emissions
- In terms of presentation, there is an important variety of practices as these information are either presented as part of the ESRS-compliant report or as additional information (cf. see also findings presented above on presentation of non-material information). In some cases, this information is placed outside of the sustainability statement, in an Appendix of the universal registration document. Many issuers use a cross-reference table to identify specific datapoints related to certain frameworks (e.g. GRI, SASB)
- As for the presentation of non-material information, it is not always clear whether additional information related to these frameworks are covered by the auditor's assurance, and some issuers explained that this was not the case

## Disclosure of SFDR-related metrics by issuers

- Issuers generally disclose metrics related to SFDR principal adverse impact indicators (PAIIs)
  - A few issuers do not publish any cross-reference table to SFDR-related metrics (although required by IRO-2) and in these case, it was not always easy to identify the related datapoints within the statement
  - A majority rely on Appendix B of ESRS 2 to do so and few issuers only publish a table for SFDR indicators only (vs. Pilar 3, Benchmark, etc.)
  - Not all issuers specify when SFDR datapoints are deemed « not material ». Contrary to the ESRS requirement, some issuers only provide a list of SFDR-datapoints that they disclose, many indicate « not applicable », and only some of them explain their approach
- Several SFDR-related datapoints are often deemed not material or not applicable by issuers. These are candidates for simplification for both ESRS and SFDR. The 10 least disclosed SFDR-related metrics are presented in the table opposite

SFDR-related datapoints in ESRS	Not disclosed (% issuers)
ESRS E4-2 Sustainable oceans / seas practices or policies par. 24(c)	70%
ESRS 2 SBM-1 Involvement in activities related to controversial weapons par. 40(d)iii	65%
ESRS 2 SBM-1 Involvement in activities related to chemical production par.40(d)ii	65%
ESRS E3-1 Sustainable oceans and seas par. 14	60%
ESRS E4-2 Sustainable land / agriculture practices or policies par. 24(b)	55%
ESRS E4-2 Policies to address deforestation par. 24(d)	50%
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities par.40(d)i	50%
ESRS E3-4 Total water consumption in m3 per net revenue on own operations par. 29	45%
ESRS E3-1 Water and marine resources par. 9	40%
ESRS E3-4 Total water recycled and reused par. 28(c)	40%



## PART 3 – CLIMATE

- Transition plans (E1-1)

## Overview on transition plans

- ❑ Overall improvement as compared to previous non-financial statements in terms of quality and comparability (use of denominations, consistency, etc.) which highlight the added value of the ESRS
- ❑ None of the transition plans (TPs) covered in our sample can be considered compliant with all ESRS datapoints
- ❑ Beyond the mere “tick-the-box” exercise, we have assessed whether TPs manage to convey a sense of the broader undertaking’s strategy which is consistent throughout the report. In this respect major difficulties are still populating TPs’ building blocks: i) target-setting; ii) decarbonisation levers; iii) financial resources (*see next pages*)
  - Mostly correspond to challenges anticipated last year (cf [“AMF’s 2024 user guide for undertakings – Reporting on climate transition plan in ESRS format”](#))
  - Reporting on the articulation between TP and strategy or governance aspects presents less challenges
- ❑ Benchmarking its targets to a 1.5°C pathway is a common practice, as required by the ESRS
- ❑ There is some degree of heterogeneity in the level of ambition of TP:
  - Several issuers in our sample disclose an alignment to such 1.5°C pathway, although in some cases alignment is partial (Scope 1 and 2 only)
  - Some issuers adopted a « well-below 2°C » pathway

## « Net-zero » targets and « GHG neutrality » claims (E1-7)

- Some improvements identified compared to previous non-financial statements (NFS): some undertakings deleted unclear claims from previous reports and show considerable efforts in adjusting to the ESRS framework (e.g. the 90-95% reduction pathway with the possibility for justified sectoral variations, associated with a Net-Zero target)
- However, there is still a lot of confusion with the use of those concepts:
  - Net Zero claims, which are very popular (probably due to extensive use of SBTi external validation) are undermined by 3 types of breaches:
    - Not respecting the 90-95% reduction ambition, in both absolute and gross value
    - Not covering the scope of GHG emissions, especially along the value chain (3 Scopes)
    - Dealing with residual emissions (5-10%): disclosures tend to be succinct or inexistant. Some issuers explain that the action plans to neutralize residual emissions are not yet fully defined
  - The use of GHG neutrality claims (although less common) also raises questions:
    - Confusion with the net-zero claim (or transition plans)
    - Lack of reporting associated with the claim: cf. the 3 items of §61 of E1-7 which are important to understand the consistency of the claim with E1-4 targets and their reliance on the use of carbon credits

## Reporting on GHG emissions reduction targets

- A few surprising shortcomings on clear ESRS expectations:
  - Although rare, we still find some targets set in intensity value for non-financial institutions. In this case, the associated absolute value is not always (clearly) displayed. For financial institutions, targets are usually set in intensity and sector-by-sector (except for fossil fuels)
  - Gross value reporting: some undertakings are setting targets in net value (taking into account removals or credits), either explicitly (rare) or implicitly. In the latter case, the information on the use of carbon credits or removals is not easy to spot. Overall, there seems to remain some confusion around the identification of actions that are eligible as GHG reduction levers under E1-4 compared to actions that should be excluded from these targets (carbon credits, removals, avoided emissions, cf. [page on E1-7](#)).
- Scope 3: undertakings could be clearer on the consistency between the scope of their targets (E1-4) and their GHG inventory boundaries (E1-6) as climate targets are sometimes set on a limited number of Scope 3 categories. For financial undertakings, we are still seeing significant differences in the scope of reporting from one financial institution to the other
  - Good practice observed: use of the “AR 48 table” that puts into perspective the GHG inventory (including Scope 3 Categories) with the entity’s targets, cf. [next page](#).
- Methodology: more generally, climate reporting tend to lack developments around the methodology used to set targets (are there derived from a sectoral decarbonisation pathway? What are the underlying scenarios? Justification of the reference year; explanations on the consideration of future developments, etc.)

## ILLUSTRATION – « AR 48 TABLE »

**AR 48.** The undertaking shall disclose its total GHG *emissions* disaggregated by Scopes 1 and 2 and significant Scope 3 in accordance with the table below.

	Retrospective				Milestones and target years			
	Base year	Compa-rative	N	% N / N-1	2025	2030	(2050)	Annual % target / Base year
<b>Scope 1 GHG emissions</b>								
Gross Scope 1 GHG emissions (tCO <sub>2</sub> eq)								
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (%)								
<b>Scope 2 GHG emissions</b>								
Gross location-based Scope 2 GHG emissions (tCO <sub>2</sub> eq)								
Gross market-based Scope 2 GHG emissions (tCO <sub>2</sub> eq)								

While this AR 48 type of table is not mandatory for targets (last 4 columns), using such table helps understanding the consistency between the perimeters of the GHG inventory and of the targets

Source: ESRS E1, AR 48 (extract)

## Decarbonisation levers

### Qualitative description

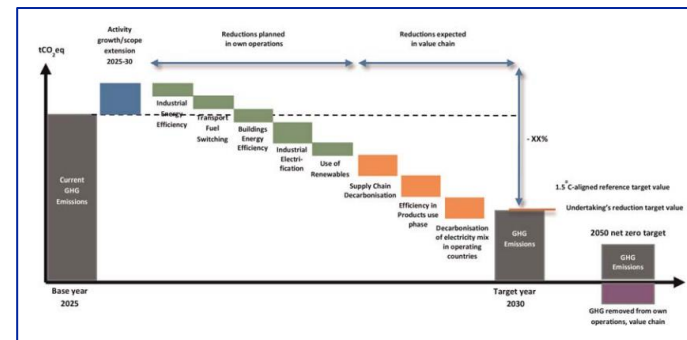
- Practices tend to be heterogenous with some undertakings displaying a simple list of items while others striving to be more granular (for instance separating actions taken from actions planned for the future) and comply with MDR-A requirements. Overall, the latter tend to be missing (time horizons, clear scope, expected outcomes...)

### Contributions to the decarbonisation pathway

- Practices are also heterogeneous on this very key aspect of the transition plan. When reported, the contribution of the levers to the targets is not always complete (by lever and by scope) nor easy to understand
  - Good practice: using a graph to present decarbonisation levers (cf. AR-31 guidance), on top of the description

### Locked-in emissions

- Although not often granular, reporting on this aspect has shown progress compared to previous years where non-financial statements used to remain discrete (very low take-up of the notion in the past)



Decarbonisation levers, ESRS E1, AR 31 (extract)

## Financial resources allocated to the transition plan

- Information on nature and amounts of CapEx/OpEx allocated to the transition plan is identified as the most difficult step to be taken by undertakings on transition planning in our report last year, this aspect is leading to various types of reporting (including good practices):
  - Detailed reporting by lever, by type of expenditure (Human, CapEx, Opex) and for both planned and future resources across different time horizons
  - Detailed reporting for part of the requirements (resources already planned)
  - Aggregated reporting: a few overall figures (x billion in low-carbon overall actions)
  - No quantitative reporting but with justifications: non-materiality or challenges to disentangle low-carbon investments from general Capex
  - No reporting at all on financial resources
- We have noticed very few elements of reconciliation between the resources associated with the transition plan (if any – see point above) and the financial statements

## Metrics: carbon credits & removals (E1-7)

- Some issuers do not make a clear distinction between GHG emission reduction in their value chain (reported under E1-4) and emissions associated with carbon credits or removals (to be reported under E1-7), i.e. they are netting these different types of emissions:
  - This goes against the requirements in E1-4 to set targets in gross value, i.e. by excluding emissions associated to removals, carbon credits, avoided emissions
  - Depending on the tool used, different reporting requirements are expected: E1-4 for very specific types of removals (transfer of CO2 into geological storage) vs E1-7 for other removal and carbon credits mechanisms
- On E1-7 reporting, it seems that issuers are relying more on carbon credits than removals
  - the level of transparency on carbon credits appears to be broadly in line with requirements (see AR. 62: type of projects, location, amount of emissions associated, quality of credits and cancelled carbon credits...)



# 4

## PART 4 – SOCIAL

- Own employees (S1)

## Main findings on social-related politics, actions, targets

- A common structural gap across policies, actions and targets (PAT) is their lack of explicit linkage to the material impacts, risks, and opportunities (IROs) identified through the materiality assessment. While some companies articulate this alignment clearly, most disclosures remain siloed, preventing readers from understanding how corporate responses are tailored to material sustainability topics
  - Embedding this IRO-to-response logic systematically across S1 disclosures would enhance narrative coherence, reduce duplication, and reinforce alignment with the ESRS architecture
  
- A transversal issue across PAT disclosures is the overly narrative nature of reporting, which often lacks the structure and precision needed for usability and comparability. Many issuers rely on general wording, high-level ambitions, or reaffirmations of principles (e.g. alignment with international frameworks or « commitment to diversity ») without operational details. This narrative-heavy approach results in lengthy but low-informational disclosures

## ESRS S1 –Policies

- Boilerplate language is particularly prevalent across all S1 policies. Many issuers reproduce declarations of principles (e.g. alignment with the UNGC) without articulating them with company's strategy and commitments on how these principles are implemented. Consequently, while almost every issuer in our sample presents policies covering at least human rights and diversity, equity and inclusion (DEI), the content often lacks operational clarity and comparability
- A majority of companies define the scope of their policies (e.g. which entities or parts of the workforce are covered), but not all of them concretely explain how the effectiveness of these policies is monitored. For instance, many do not provide internal audit mechanisms, or examples of corrective actions taken in response to policy breaches
- Human rights and DEI policies are disclosed almost systematically, but often in very boilerplate terms
  - For human rights policies, companies tend to refer to key international standards without explaining how these frameworks are translated into internal processes
  - The same trend is observed for DEI-related disclosures that sometimes omit a breakdown of the types of discrimination addressed

## ESRS S1 – Actions

- ❑ The heterogeneity and limited depth of disclosures hinder comparability of reports
- ❑ Most companies report implementing actions to mitigate negative impacts or generate positive ones under S1, but the level of granularity in disclosures varies greatly:
  - Only a small number explain how the effectiveness of these actions is assessed over time
  - Very few provide information on the financial or operational resources allocated to these actions. In some cases, companies mention the need to develop methodologies to better quantify these aspects. This may highlight operational and implementation challenges, especially for companies still structuring their sustainability governance and processes: even when topics are deemed material, companies may lack the tools or processes to track and disclose the associated resources deployed
  - Good practice: A few companies summarise in a table the expected outcomes, time horizons and progress providing clearer insight into how impacts are managed

## ESRS S1 – Targets

- While it is quite common for companies to disclose S1 targets, those are limited and often focused on diversity indicators, in particular women representation at top management level (very few targets on collective bargaining, training, etc.)
- The quality and usefulness of the targets vary widely: only a few are precise and time-bound, while others are broad qualitative aspirations. This divergence reduces comparability and decision-usefulness across entities
- A significant number of targets are short-term or adjusted annually. Short timeframes limit strategic visibility and undercut the role of targets as tools for long-term impact management. Moreover, only a minority of companies report on progress year-over-year, or even indicate a reference value preventing stakeholders from assessing the effectiveness of the actions deployed
- When companies do not set targets, they either don't indicate it or mention the absence of a target without explaining the underlying reasons (e.g. lack of data, etc.). Similarly, very few companies disclose changes to targets or indicators over time, missing the opportunity to explain strategic reorientations or learning processes
- Nearly none of the issuers provide evidence of engagement with workers or relevant stakeholders in the design or monitoring of targets. This absence calls into question the degree to which the targets reflect operational priorities or workforce realities. Where engagement is mentioned, it remains high-level and provide little information about the actual performance management process

## Metrics: adequate wage

- Most issuers state that their employees receive an adequate wage. However, there is high heterogeneity in how the information is disclosed
  - These disclosures lack methodological transparency: they don't always clarify which standard or benchmark is used to determine what constitutes an « adequate wage » across different geographical zones
  - Some mention that all employees are paid a minimum wage, which does not always equate to an adequate wage
  - The Fair Wage Network is mentioned by some companies as a tool to determine the adequate wage in different countries
- One issuer disclosed that less than 100% of its workforce received an adequate wage but does not specify the geographical areas concerned nor explained the reasons behind this situation or presents a corrective action plan. However, that issuer discloses the percentage of employees concerned
  - This limited level of granularity demonstrates the difficulties companies have in providing granularity on this metric as the definition of adequate wage varies among countries

## Metrics: gender pay gap and remuneration ratio (S1-16)

- ❑ All issuers disclose some form of pay gap information, typically covering both the gender pay gap and the remuneration ratio between the highest and the median compensation. However some heterogeneity appears
- ❑ These indicators can sometimes be found in separate parts of the report, e.g. the gender pay gap is in the sustainability section, while the remuneration ratio can be in the governance report given the French legal requirement to publish a very closed metric (« *ratio d'équité* ») with no cross-referencing or narrative linkage between the two reports
- ❑ There is a general lack of methodological transparency (e.g. the remuneration components included in the calculation are not specified, scope details are often missing, etc.)
- ❑ The remuneration ratio is not always provided on a consolidated basis: issuers either calculate the ratio at the French group level, on a reduced scope, or provide this ratio on country by country basis highlighting the difficulties to collect all the data and provide one ratio encompassing different countries with different living standards. However, a reporting by country help assess the influence of the national context
- ❑ Some companies disclose that they were not able to publish one or both of these metrics as they did not have the systems and tools in place

## Metrics on non-employees (S1-7)

- Several companies provide some disclosure on non-employees (reporting on non-employees is subject to phasing-in for the first reporting year). However, the scope of these disclosures as well as the methodology used lack precision:
  - Some issuers only provide brief qualitative mentions, while others include quantitative figures and insights on their evolution
  - Very few define precisely who is included in this category – whether it refers to temporary workers, or independent service providers. The lack of description also highlights the uncertainty as to what constitutes non-employees: are trainees, interns, franchisee supposed to be non-employees, employees, or workers of the value chain?
  - The majority provides aggregated figures or brief mentions without context, and none justify the absence of further disaggregation or explanation, revealing a lack of maturity on this topic

## Metrics on diversity (S1-9)

- ❑ Several issuers in the sample disclose data on the age distribution of their workforce, which reflects general effort to meet this requirement
- ❑ The prevailing approach remains largely descriptive and non-analytical, often limited to high-level figures without commentary or interpretation. In most cases, disclosures do not discuss how age diversity is monitored or linked to workforce planning or inclusion goals. This suggests a low level of maturity in how companies use this metric as a tool for organizational development
- ❑ Some issuers go a step further by providing a breakdown by gender, which allows for a more nuanced understanding of age-related trends based on gender
- ❑ However, very few issuers provide a breakdown by job function, a level of detail that helps identify potential imbalances – such as age concentration in lower-level positions or lack of age diversity in management roles

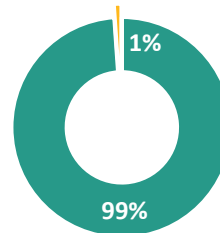
**AD-HOC STUDY**

**ASSESSMENT OF  
ASSURANCE REPORTS**

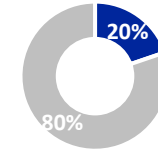
## Overview of auditor's opinion on CSRD

- Sample of 91 issuers that issued a sustainability statement (33 from CAC40 and 58 from SBF 120)
  - Some issuers relied on reasonable assurance for some of their datapoints, on a voluntary basis
  - 84% represented by « BIG4 » audit firms (KPMG, Deloitte, PWC, EY) and 96% with Mazars and Grant Thornton
  - Assurance fees represent in average 8% of total audit fees (ranges from 1% to 25%)
  - Almost all issuers have an unmodified conclusion in their assurance report (only 3 cases of qualified opinion in total)
  - Heterogeneity in use of emphasis of matters (difference between DMA process and compliance with ESRS)

DMA process (1)

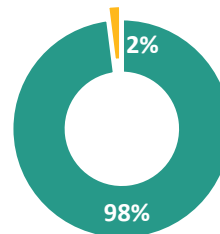


- Unmodified conclusion
- Qualified conclusion
- Adverse conclusion
- Unability to conclude

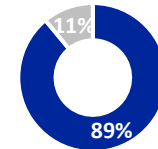


- Emphasis of matters
- No EofM

Compliance with ESRS (2)



- Unmodified conclusion
- Qualified conclusion
- Adverse conclusion
- Unability to conclude



- Emphasis of matters
- No EofM

## Focus on emphasis of matters

- In most cases, emphasis of matters related to the DMA process were rather generic. Many emphasis of matters (EofM) regarding the compliance with the ESRS were high level too. For instance: mention of 1st reporting context, of omissions, existence of uncertainty sources
- Example of specific emphasis of matter for DMA or compliance with ESRS were comments on the scope of the DMA, on input parameters (DMA), on specific topics and subtopics

