



**DILIGENTIA ETS
COMMENT LETTER
Exposure Drafts
European Sustainability Reporting Standards (ESRS)**

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Diligentia appreciates this opportunity to respond to the EFRAG “European Sustainability Reporting Standards (ESRS)” for comment.

Diligentia ETS (<https://diligentia.it/en/>) is a global community of Associations, Companies and professionals sharing the need of changing the economic development pattern and promoting responsible business conduct, more attentive to the balance between profit and the protection of environment and the well-being of local communities, business partners and customers.

On the issue of Corporate Sustainability Reporting, Diligentia has set up a specific research center (“Osservatorio”), composed of associates, academics, members of professional associations: e.g. the association of Chief Financial Officer (ANDAF), Association of Internal Auditor (AIIA), Association for quality (APQI, Conforma), as well as member of accreditation body for certification (Accredia).

The first goal of the Observatory is to provide a commentary contribution to the draft sustainability standards issued by ISSB and EFRAG which are in public consultation. The Observatory will then continue its activity to follow the development and evolution of sustainability standards and their application.

Should you need any further information, please do not hesitate to contact us.

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General comments on ESRS

Convergence

There are currently many standards dealing with ESG reporting: GRI, SASB, integrated reporting framework, etc.; ESRS and IFRS Sustainability Disclosure Standards are going as well to regulate ESG reporting in the near future.

A convergence process is needed, to avoid some comparability shortfalls and administrative costs for those companies operating in different geographical areas, both in European and in non-European countries: it would be costly and inefficient to produce many ESG reports drawn according to different standard, for instance ESRS in Europe and IFRS S in other parts of the world.

An effective comparison between ESRS and IFRS Sustainability Disclosure Standards is currently not possible given the differences in the progress stage of the two projects.

Mandatory disclosure

Diligentia does not agree with the approach of making all the ESRS disclosure requirements mandatory (even those that GRI considers as optional). This approach has the following negative effects:

- It makes non-financial reporting complex and expensive;
- it does not highlight priorities;

- it does not distinguish the different value for stakeholders of the various elements, on the basis of materiality, even when the differences are substantial;
- It does not consider the burden that may arise for organizations (in particular, medium-small ones) with respect to the significance of the findings (cost-benefit ratio: even a high cost-benefit ratio is a negative element in ESG terms).

Diligentia therefore suggests distinguishing disclosure requirements in two categories: mandatory and optional.

The obligation of complete reporting without exception can lead, among other things, to significant costs, which can affect the competitiveness of the organization towards organizations of others markets where there are no comparable obligations.

A specific critical aspect is related with the request to evaluate the material impact, including financial, risks and opportunities, in the short term (1 year), medium term (2 -5 years) and long term (over 5 years). This is certainly important for the key and priority aspects, but it is practically impossible if it is extended to all aspects.

Therefore, Diligentia recommends limiting the mandatory disclosure only to the key information and make the others optional.

Value chain

Diligentia agrees with the extension of the boundaries of ESG reporting from the legal entity to the value chain.

However, it seems rather unrealistic, and probably even misleading, to ask for forecast data, approximate data, or data from other organizations (belonging to the same value chain) when no own data is available.

Diligentia suggests applying the proportional approach required by the CSRD final version: *“standards shall also take into account of the difficulties that undertaking may encounter in gathering information from actors throughout their value chain, especially from those that”* (art. 29b, par. 2b CSRD).

Overlapping between different ESRS

The overall structure seems very complex, with repetitions amongst different standards that make it very difficult to follow the various reminders and verify their consistency.

Rebuttable presumption

ESRS mandate disclosure requirements for all undertakings or all undertakings in a particular sector reflecting double materiality. Therefore, all mandatory disclosure requirements established by ESRS shall be presumed to be material and, therefore, to justify a full disclosure in accordance with the relevant ESRS. However, to consider the undertaking’s facts and circumstances and the outcome of its assessment process, such a presumption is **rebuttable based on reasonable and supportable evidence**. The burden to apply to so-called rebuttable presumption could be significant. It could create an incentive for companies to provide all the information required by the standards, even if they are not material, with the risk of not giving priority to relevant information.

<i>Standards disclosure requirements</i>	<i>Comments by Diligentia ETS</i>
ESRS 1 General principles	
1. Reporting under European Sustainability Reporting Standards (ESRS)	
1.1. Complying with ESRS	
1.2. Standardised and entity-specific disclosures	The term “entity specific” should be better clarified to better address the following concept of “boundaries”. The risks related to sustainability aspects may significantly vary among different operating segments (branches, factories, warehouses, offices, etc.) within the same legal entity, especially when in different geographical areas. Additional information regarding operating segments and units are suggested.
1.3. Sector-agnostic and sector-specific disclosures	
1.4. Relationship between cross-cutting standards and topical standards	
1.5. Developing entity-specific disclosures	
2. Applying CSRD concepts	
2.1 Characteristics of information quality → Relevance (26-28) → Faithful representation (29-32) → Comparability (33-34) → Verifiability (35-37) → Understandability (38- 41)	“Timeliness” should be added among the characteristics of information quality. Considering that the ESRS have adopted the characteristics of information quality for financial reporting the alignment of the sustainability reporting periods with other types of reporting (eg. financial).
2.2 Double materiality as the basis for sustainability disclosures Information materiality Stakeholders Double materiality Impact materiality Financial materiality Relationship between double materiality and mandatory disclosure requirements	Diligentia proposes to adopt the definition of “impact materiality” given in the GRI standards: “A sustainability matter or information is material from an impact perspective when it represents the undertaking’s most significant impacts on people or the environment over the short, medium or long term. This includes negative impacts caused or contributed to by the undertaking and negative impacts which are directly linked to the undertaking’s operations, products, and services by its business relationships.” The concept of business relationships includes the actors of the value chain. This would avoid confusion and achieve higher consistency in the reporting of impacts at the global level.

	<p>Diligentia recommends to define “enterprise value” as it has been defined by the International Sustainability Standards Board (ISSB) in its draft IFRS S1: <i>“The total value of an entity. It is the sum of the value of the entity’s equity (market capitalisation) and the value of the entity’s net debt”.</i></p>
<p>2.3 Boundaries and value chain</p> <p>Reporting boundary</p> <p>Use of all the reasonable and supportable information including peer group or sector data</p> <p>Operational influence over activities and relationships in the upstream and downstream value chain</p> <p>Reporting policy adopted for the definition and changes of reporting boundaries</p> <p>Level of disaggregation</p>	<p>Diligentia recommends to introducing the following paragraph before the par.67 <i>“The undertaking shall report the approach established and implemented for collecting information regarding the sustainability matters in the upstream and downstream value chain. The approach may include self-declaration, second and third party Due Diligence”.</i></p>
2.4 Time horizon	
2.5 Due diligence under the CSRD	<p>The definition of Due Diligence in appendix 1 is not completely aligned with the OECD definition.</p> <p>Diligentia recommends to adopt the OECD definition given in the OECD Due Diligence Guidance for Responsible Business Conduct: <i>“Due diligence is the process enterprises should carry out to identify, prevent, mitigate and account for how they address these actual and potential adverse impacts in their own operations, their supply chain and other business relationships related to the sustainability topics”.</i></p> <p>According to the OECD Due Diligence Guidance the sustainability topics include human rights, including workers and industrial relations, occupational health and safety, environment, bribery and corruption, disclosure, and consumer interests, unfair competition.</p>
3 Disclosure Principle on implementation	
3.1 Objective of disclosures on implementation	
3.2 Reference principle for implementation of policies, targets, actions, action plan and resources	
Disclosure Principle 1-1 – On policies adopted to manage material sustainability matters	<p>Par.97. Diligentia recommends to add the following:</p> <p>g) a description of the approach to monitor and review the effectiveness of the policies and to update it (if required)</p> <p>h) a commitment to fulfil legal and other requirements</p> <p>i) a commitment for responsible business conduct, including its commitment to conduct due diligence</p>
Disclosure Principle 1-2 – On targets, progress and tracking effectiveness	

<p>Disclosure Principle 1-3 – Actions, action plans and resources in relation to policies and targets</p>	<p>As envisaged in §100 (h), it would be appropriate to indicate the “monitoring and review methods” for principle 1-3 as well.</p> <p>It is requested to add a further sub-paragraph to §104 indicating: <i>“the method by which the key actions shall be verified and their effectiveness shall be evaluated”</i></p>
<p>4 Basis for preparing and presenting sustainability information</p>	
<p>4.1 General presentation principles</p>	
<p>4.2 Presenting comparative information</p>	
<p>4.3 Estimating under conditions of uncertainty</p>	
<p>4.4 Updating disclosures about events after the end of the reporting period</p>	
<p>4.5 Changes in preparing or presenting sustainability information</p>	
<p>4.6 Reporting errors in prior periods</p>	
<p>4.7 Adverse impacts and financial risks</p>	
<p>4.8 Optional disclosures</p>	
<p>4.9 Consolidated reporting and subsidiary exemption</p>	
<p>4.10 Additional reporting in part or in full under other sustainability reporting pronouncements</p>	
<p>5 Providing linkage with other parts of corporate reporting</p>	
<p>5.1 General cohesiveness</p>	
<p>5.2 Connectivity with financial statements</p>	
<p>6 Structure of the sustainability statements</p>	
<p>6.1 Content of the sustainability statements</p>	<p>In order to allow a common approach to the formulation of the opinion by the independent assurance services providers referred to Article 2 of the Directive on corporate communication on sustainability, it is proposed to integrate §107 by making explicit reference international and local standardization and pre-standardization activities (eg CWA, PAS / IWA, UNI / PdR etc.).</p> <p>It is proposed to modify the §147: Subject to the provision of paragraph 40, the undertaking may include in its sustainability statements additional disclosures stemming from local legislation, generally accepted sustainability reporting pronouncements of other standard setting bodies and non-mandatory guidance, <i>such as those deriving from standardization and pre-standardization activities at national and international level regarding sustainability reporting including sector-specific.</i> Such disclosures shall be clearly identified with an appropriate</p>

	reference to the related legislation, pronouncement or guidance and shall complement ESRS disclosure requirements.
6.2 Structure of the sustainability statements	

ESRS 2 General, strategy, governance and materiality assessment disclosure requirements	
<i>Standards disclosure requirements</i>	<i>Comments by Diligentia ETS</i>
1 Business card of the undertaking in relation to sustainability reporting	
1.1 General characteristics	
Disclosure Requirement 2-GR 1 - General characteristics of the sustainability reporting of the undertaking	<p>In order to increase the connectivity with financial reporting, the disclosure on Internal control over financial reporting usually requested for listed companies (in Italy, Law 262/2005), could be integrated with disclosure on internal control over sustainability reporting, at least for large listed companies. It could be an <i>optional</i> additional disclosure requirement at paragraph. 1.1.5.e).</p> <p>Only the option a) in paragraph 1.1.6 (“single separately identifiable section of the management report”) is feasible with the new version of the CRSD. Options b) or c) could be sub-criteria to be applied within the separately identification section of the management report.</p>
1.2 Overview of the undertaking’s business in context to sustainability reporting	
Disclosure Requirement 2-GR 2 – Sector(s) of activity	In financial reporting, it is common practice to provide disclosure on the operating segments (See IFRS 8). Diligentia suggests, in order to increase the connectivity between financial reporting and sustainability reporting, to require some information about the “operating segments”.
Disclosure Requirement 2-GR 3 - Key features of the value chain	
Disclosure Requirement 2-GR 4 - Key drivers of the value creation	<p>Paragraph 18 states that “the undertaking shall describe how it creates value”. Thus, it should be clear that the undertaking should provide a clear picture of its “business model” which is the <i>Disclosure Requirement 2-SBM 1 - Overview of strategy and business model.</i></p> <p>In other words, key drivers of the value creation should be reported only after the presentation of the company business model.</p>
1.3 Specific disclosure on compliance	
Disclosure Requirement 2-GR 5 – Using approximations on the disclosure in relation to boundary and value chain	
Disclosure Requirement 2-GR 6 – Disclosing on significant estimation uncertainty	

Disclosure Requirement 2-GR 7 - Changes in preparation and presentation	Application guidance should make it clear if "change in preparation or presentation" includes the change, the addition or the delete of a key performance measure/driver.
Disclosure Requirement 2-GR 8 – Prior period errors	
Disclosure Requirement 2-GR 9 – On other sustainability reporting pronouncements	The undertaking should also disclose if there has been a change in the use of other sustainability reporting pronouncements (for instance, from GRI to IFRS)
1.4 General statement of compliance	
Disclosure Requirement 2-GR 10 - General statement of compliance	
2. Disclosing on strategy and business model	
Disclosure Requirement 2-SBM 1 - Overview of strategy and business model	
Disclosure Requirement 2-SBM 2 – Views, interests and expectations of stakeholders	
Disclosure Requirement 2-SBM 3 – Interaction of impacts and the undertaking’s strategy and business model	
Disclosure Requirement 2-SBM 4 – Interaction of risks and opportunities and the undertaking’s strategy and business model	
3. Disclosing on governance	
Disclosure Requirement 2-GOV 1 – Roles and responsibilities of the administrative, management and supervisory bodies	
Disclosure Requirement 2-GOV 2 - Information of administrative, management and supervisory bodies about sustainability matters	
Disclosure Requirement 2-GOV 3 - Sustainability matters addressed by the undertaking’s administrative, management and supervisory bodies	
Disclosure Requirement 2-GOV 4 - Integration of sustainability strategies and performance in incentive schemes	
Disclosure Requirement 2-GOV 5 - Statement on due diligence	
4. Disclosing on material sustainability impacts, risks and opportunities	

<p>Disclosure Requirement 2-IRO 1 - Description of the processes to identify material sustainability impacts, risks and opportunities</p>	
<p>Disclosure Requirement 2-IRO 2 - Outcome of the undertaking's assessment of material sustainability impacts, risks and opportunities as identified by reference to and in compliance with sector-agnostic and sectorspecific level ESRS</p>	
<p>Disclosure Requirement 2-IRO 3 - Outcome of the undertaking's assessment of material sustainability impacts, risks and opportunities that are not covered by an ESRS (entityspecific level)</p>	

ESRS E1 Climate change	
<i>Standards disclosure requirements</i>	<i>Comments by Diligentia ETS</i>
General, strategy, govenance and materiality assessment	
Disclosure Requirement E1-1 – Transition plan for climate change mitigation	
Disclosure Requirement E1-2 – Policies implemented to manage climate change mitigation and adaptation	
Disclosure Requirement E1-3 – Measurable targets for climate change mitigation and adaptation	<p>Diligentia proposes the Accreditation system to foster trust in the market by institutions, businesses and consumers. By guaranteeing the competence, independence and impartiality of the Certification Bodies that certify compliance with the standards of products/services/claims, accreditation attributes value and reliability to products/claims. Accreditation promotes the development of the entire economic and social system, and supports the competitiveness of companies also on international markets. It is therefore, in fact, an activity of social importance, carried out in the public interest, a safeguard of fundamental values such as the health of consumers and the protection of the environment.</p> <p><i>Below, the proposals coming from Diligentia ETS are highlighted in red colour.</i></p> <p>20. The undertaking shall disclose the climate-related targets it has adopted. The undertaking, in its disclosure, shall provide a Third Party Certification of reached targets.</p> <p>24. h The undertaking shall provide an explanation of the expected quantitative contributions from different decarbonisation levers to the achievement of the GHG emission reduction targets (e.g., energy or material efficiency and consumption reduction, fuel switching, use of renewable energy or product and process change, phase out or substitution). The undertaking shall provide a periodic review of reached targets, by a Third Party Certification.</p>
Disclosure Requirement E1-4 – Climate change mitigation and adaptation action plans and resources	
Performance measurement	
Disclosure Requirement E1-5 – Energy consumption and mix	

<p>Disclosure Requirement E1-6 – Energy intensity per net turnover</p>	
<p>Disclosure Requirement E1-7 – Scope 1 GHG emissions</p>	<p><i>Calculation rules</i></p> <p>AG 43. When compiling the information for reporting of GHG emissions according to ESRS E1 Disclosure Requirements 7, 8, 9 and 10, the undertaking shall:</p> <p>(a) consider the principles, requirements and guidance provided by the GHG Protocol Corporate Standard (version 2004) and GRI 305 (version 2016) or accredited Certification Scheme such as ISO 1406x Certification System; it may consider the organisational environmental footprint method for compiling its GHG emissions (Commission Recommendation (EU) 2021/2279);</p> <p>[...]</p> <p>AG 47. When compiling the information required under paragraph 41 for gross Scope 2 GHG emissions, the undertaking shall:</p> <p>(a) consider the principles and provisions of the GHG Protocol Scope 2 Guidance (version 2015) or accredited Certification Scheme such as ISO 1406x Certification System;</p> <p>[...]</p> <p>(i) adhere to the rules as set out in chapter 7.1 of the GHG Protocol Scope 2 Guidance (version 2015) or accredited Certification Scheme such as ISO 1406x Certification System and disclose the required information accordingly.</p> <p>AG 48. When compiling the information required under paragraph 44 for gross Scope 3 GHG emissions, the undertaking shall:</p> <p>(a) consider the principles and provisions of the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (Version 2011) or accredited Certification Scheme such as ISO 1406x Certification System;</p> <p>[...]</p> <p>(c) screen its total Scope 3 GHG emissions based on the 15 Scope 3 categories identified by the GHG Protocol Corporate Standard or accredited Certification Scheme such as ISO 1406x Certification System and Scope 3 Standard using appropriate estimates;</p>
<p>Disclosure Requirement E1-8 – Scope 2 GHG emissions</p>	

Disclosure Requirement E1-9 – Scope 3 GHG emissions	
Disclosure Requirement E1-10 – Total GHG emissions	
Disclosure Requirement E1-11 – GHG intensity per net turnover	
Disclosure Requirement E1-12 – GHG removals in own operations and the value chain	<p>AG 60. When compiling the information required under paragraphs 53 and 55, the undertaking shall:</p> <p>(a) consider, as far as applicable, the GHG Protocol Corporate Standard (version 2004), Product Standard (version 2011), Agriculture Guidance (version 2014), Land use, land use change, and forestry Guidance for GHG project accounting (version 2006) or accredited Certification Scheme such as ISO 1406x Certification System;</p>
Disclosure Requirement E1-13 – GHG mitigation projects financed through carbon credits	
Optional Disclosure Requirement E1-14 – Avoided GHG emissions from products and services	
Taxonomy Regulation for climate change mitigation and climate change adaptation	
Disclosure Requirement E1-15 – Potential financial effects from material physical risks	
Disclosure Requirement E1-16 – Potential financial effects from material transition risks	
Disclosure Requirement E1-17 – Potential financial effects from climate-related opportunities	

ESRS E2 Pollution	
<i>Standards disclosure requirements</i>	<i>Comments by Diligentia ETS</i>
General, strategy, governance and materiality assessment	
Policies, targets, action plans and resources	
Disclosure Requirement E2-1 – Policies implemented to prevent and control pollution	
Disclosure Requirement E2-2 – Measurable targets for pollution	
Disclosure Requirement E2-3 – Pollution action plans and resources	
Performance measurement	
Disclosure Requirement E2-4 – Pollution of air, water and soil	
Disclosure Requirement E2-5 – Substances of concern and most harmful substances	
Taxonomy Regulation for climate change mitigation and climate change adaptation	
Disclosure Requirement E2-6 – Pollution-related incidents and deposit impacts and risks, and financial exposure to the undertaking	
Disclosure Requirement E2-7 – Potential financial effects from pollution-related impacts, risks and opportunities	

ESRS E3 Water and marine resources	
<i>Standards disclosure requirements</i>	<i>Comments by Diligentia ETS</i>
General, strategy, governance and materiality assessment	
Policies, targets, action plans and resources	
Disclosure Requirement E3-1 – Policies implemented to manage water and marine resources	
Disclosure Requirement E3-2 – Measurable targets for water and marine resources	
Disclosure Requirement E3-3 – Water and marine resources action plans and resources	
Performance measurement	
Disclosure Requirement E3-4 – Water management performance	
Disclosure Requirement E3-5 – Water intensity performance	
Disclosure Requirement E3-6 – Marine resources-related performance	

ESRS E4 Biodiversity and ecosystems	
<i>Standards disclosure requirements</i>	<i>Comments by Diligentia ETS</i>
General, strategy, governance and materiality assessment	
Disclosure Requirement E4-1 – Transition plan in line with the targets of no net loss by 2030, net gain from 2030 and full recovery by 2050	
Policies, targets, action plans and resources	
Disclosure Requirement E4-2 – Policies implemented to manage biodiversity and ecosystems	
Disclosure Requirement E4-3 – Measurable targets for biodiversity and ecosystems	
Disclosure Requirement E4-4 – Biodiversity and ecosystems action plans	
Performance measurement	
Disclosure Requirement E4-5 – Pressure metrics	
Disclosure Requirement E4-6 – Impact metrics	
Disclosure Requirement E4-7 – Response metrics	
Optional Disclosure Requirement E4-8 – Biodiversityfriendly consumption and production metrics	
Taxonomy Regulation for climate change mitigation and climate change adaptation	
Optional Disclosure Requirement E4-9 – Biodiversity offsets	
Disclosure Requirement E4-10 – Potential financial effects from biodiversity-related impacts, risks and opportunities	

ESRS E5 Resource use and circular economy	
<i>Standards disclosure requirements</i>	<i>Comments by Diligentia ETS</i>
General, strategy, governance and materiality assessment	
Disclosure Requirement E5-1 – Policies implemented to manage resource use and circular economy	
Disclosure Requirement E-2 Measurable targets for resource use and circular economy	<p>The paradigm of the circular economy is based on the ability to maintain the value of products, materials and resources for as long as possible within the economic context, and minimizing the amount of waste that is generated. It is desirable that the measure of “circularity” be conducted according to one of the Circularity Index that have developed. The Indexes have the aim to measure, for instance, the relevance of non-virgin materials and renewable energy consumed in a product life, calculated as a relative percentage of total material and energy flows. It is desirable that the calculation of Resource inflows, Resource outflows and Waste, be conducted according to a from cradle to grave scenario, taking into account the amount of materials, water, energy and transports involved in the process and the produced waste.</p> <p><i>Below, the proposals coming from Diligentia ETS are highlighted in red colour.</i></p> <p>21. The undertaking shall disclose and verified by an independent third party the resource use and circular economy-related targets it has adopted.</p> <p>[...]</p> <p>25. The resource use and circular economy targets above-mentioned shall be classified in the following categories:</p> <ul style="list-style-type: none"> (a) targets to eliminate waste (including in production, use phase and at end of functional life); (b) targets for circular material use rate; (c) targets to eliminate the use of virgin non-renewable raw material; and (d) targets for regeneration of renewable resources and ecosystems. (e) target to reduce energy consumption and use of water
Disclosure Requirement E5-3 – Resource use and circular economy action plans	

Performance measurement	
Disclosure Requirement E5-4 – Resource inflows	31. The undertaking shall provide information on its resource inflows verified by an independent third party.
Disclosure Requirement E5-5 – Resource outflows	34. The undertaking shall provide information on its resource outflows verified by an independent third party.
Disclosure Requirement E5-6 – Waste	39. The undertaking shall provide information on its wastes verified by an independent third party.
Disclosure Requirement E5-7 – Resource use optimisation	43. The undertaking shall provide information on its strategy to optimise resource use in creating circular business models verified by an independent third party.
Disclosure Requirement E5-8 – Circularity Support	<p>47. The undertaking shall provide information on its ability to create partnerships to accelerate the transition from linear to circular economy verified by an independent third party.</p> <p>AG 37. The undertaking shall illustrate and describe the actions taken to engage with its upstream and downstream value chain, with customers and end-users, and the participation to external initiatives driving circular economy. To guarantee independence, competence and impartiality, it is desirable that the external initiatives be based on accredited certification scheme.</p> <p>AG 39. To provide transparency on its capacity to increase the circularity flows, the undertaking shall provide verified by an independent third party information on how it engages with suppliers further up or customers further down the value chain. This includes potentially smart waste collection systems.</p>
Taxonomy Regulation for climate change mitigation and climate change adaptation	
Disclosure Requirement E5-9 – Financial effects from resource use and circular economy related impacts, risks and opportunities	

ESRS S1 Own workforce	
<i>Standards disclosure requirements</i>	<i>Comments by Diligentia ETS</i>
General comment 1 for S1	The definition of the term “own workforce” does not include other categories of non-employees workers (in addition to the self-employees and the workers provided by undertakings engaged in employment activities) who still work under the control and premises of the organization. These could be among the worker considered in the “value chain workers”, but in this way the reporting detail required for the “own workforce” would be missed
Interaction with other ESRS	Diligentia suggests: point 11. “..... undertaking’s own workforce” to be corrected with “..... <i>undertaking’s value chain workers.....</i> ”.
General, strategy, governance and materiality assessment	
Policies, targets, action plans and resources	
Disclosure requirement S1-1 – Policies related to own workforce	18: point a) and c) should maintain the focus on the own workforce
Disclosure requirement S1-2 – Processes for engaging with own workers and workers’ representatives about impacts	
Disclosure requirement S1-3 – Channels for own workers and workers’ representatives to raise concerns	
Disclosure Requirement S1-4 - Targets related to managing material negative impacts, advancing positive impacts, and managing risks and opportunities	In establishing these targets, the undertaking should refer to criteria in line with the principles of the UN Global Compact and the OECD Guidelines for Multinational Enterprises, among other.
Disclosure Requirement S1-5 - Taking action on material impacts on own workforce and effectiveness of those actions	
Disclosure Requirement S1-6 - Approaches to mitigating risks Not applicable Page 55 of 84 ESRS S1 GRI Standards Comparison ESRS and GRI GRI feedback and pursuing material opportunities related to own workforce	

Performance measurement	
Disclosure Requirement S1-7– Characteristics of the undertaking’s employees	This reporting aspect is not clear and does not allow for an in-depth analysis that would be quite easy considering that an deep data collection for the “own-workforce” is feasible. These aspects could be moved to ERS2
Disclosure Requirement S1-8– Characteristics of non-employee workers in the undertaking’s own workforce	These general aspects could be moved to ERS2
Working conditions	
Disclosure Requirement S1-9 – Training and Skills Development Indicators	It would be interesting and useful to have a gender break down
Disclosure Requirement S1-10– Coverage of the health and safety management system	
Disclosure Requirement S1-11– Performance of the health and safety management system	Why not to consider, also, the workers in the value chain who are under the control of the undertakings? Diligentia also suggests to mention as an optional disclosure the types and level of leading indicators collected by the undertaking (e.g. near misses, N. of observation, N. Audit, NC index, etc..)
Optional Disclosure – Disclosure Requirement S1-12 – Working Hours	Diligentia suggests not to be an optional disclosure. Working hours issues hide forms of forced labour.
Disclosure Requirement S1-13– Work-Life Balance Indicators	The approach of referring only to family permits appear quite limited. Diligentia suggest to extend the reporting to other work-life harmonization aspects in addition to the permits
Disclosure Requirement S1-14– Fair remuneration	
Disclosure Requirement S1-15– Social security eligibility coverage	
Equal opportunities	
Disclosure Requirement S1-16 – Pay gap between women and men	
Disclosure Requirement S1-17 – Annual total compensation ratio	

Disclosure Requirement S1-18 – Discrimination incidents related to equal opportunities	
Disclosure Requirement S1-19 – Employment of persons with disabilities	
Disclosure Requirement S1-20 – Differences in the provision of benefits to employees with different employment contract types	
Other work-related right	
Disclosure Requirement S1-21– Grievances and complaints related to other work-related rights	
Disclosure Requirement S1-22– Collective bargaining coverage	
Disclosure Requirement S1-23– Work stoppages	
Disclosure Requirement S1-24– Social dialogue	
Disclosure Requirement S1-25– Identified cases of severe human rights issues and incidents	
Disclosure requirement S1-26 – Privacy at work	

ESRS S2 Workers in the value chain	
<i>Standards disclosure requirements</i>	<i>Comments by Diligentia ETS</i>
General comment 1 for S2	<p>The detail required by disclosure requirements S7-S26 is not requested for the value chain workers, although many aspects are relevant and the reporting is possible. Some of the aspects for which the reporting is deemed necessary, according to Diligentia, for example, could be:</p> <ul style="list-style-type: none"> - the characteristics of the value chain (corresponding in S1 to S1-7) - working hours (corresponding in S1 to S1-11) considering the many problems due to the working ours in the supply chains located in developing countries - grievance and complaint systems (corresponding in S1 t S21)
Objective	
General, strategy, governance and materiality assessment	
Disclosure Requirement S2-1 – Policies related to value chain workers	
Disclosure Requirement S2-2 – Processes for engaging with value chain workers about impacts	
Disclosure Requirement S2-3 – Channels for value chain workers to raise concerns	
Disclosure Requirement S2-4 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	In establishing these targets, the undertaking should refer to criteria in line with the principles of the UN Global Compact and the OECD Guidelines for Multinational Enterprises, among other.
Disclosure Requirement S2-5 – Taking action on material impacts on value chain workers and effectiveness of those actions	
Disclosure Requirement S2-6 – Approaches to mitigating material risks and pursuing material opportunities related to value chain workers	

ESRS S3 Affected communities	
<i>Standards disclosure requirements</i>	<i>Comments by Diligentia ETS</i>
General comment 1 for S3	Similarly to S2, also in S3 the horizontal disclosure requirements from 1 to 6 are considered sufficient by the standard setters, without any vertical in-depth disclosure as instead requested for S1 own workforce
General, strategy, governance and materiality assessment	
Disclosure Requirement S3-1: Policies related to affected communities	
Disclosure Requirement S3-2 – Processes for engaging with affected communities about impacts	
Disclosure Requirement S3-3 – Channels for affected communities to raise concerns	
Disclosure Requirement S3-4 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	
Disclosure Requirement S3-5 – Taking action on material impacts on affected communities and effectiveness of those actions	
Disclosure Requirement S3-6 – Approaches to mitigating risks and pursuing material opportunities related to affected communities	

ESRS S4 Consumers and end-users	
<i>Standards disclosure requirements</i>	<i>Comments by Diligentia ETS</i>
General comment 1 for S4	<p>Similar to S2 and S3, also in S4 the horizontal disclosure requirements from 1 to 6 are considered sufficient by the standard setters, without any vertical in-depth disclosure as instead requested for S1 own workforce.</p> <p>Diligentia suggests to add some in-depth disclosures. Some examples can be:</p> <ul style="list-style-type: none"> - Fair contractual practices - Fair marketing, factual and unbiased information - vulnerable groups of customers and end-users (included persons with disabilities) - Customer service, supports, complaints and dispute resolution - Consumers and end-users health and safety - Consumers and end-users education to sustainability
General, strategy, governance and materiality assessment	
Disclosure Requirement S4-1 – Policies related to consumers and end-users	
Disclosure Requirement S4-2 – Processes for engaging with consumers and end-users about impacts	
Disclosure Requirement S4-3 – Channels for consumers and end-users to raise concerns	
Disclosure Requirement S4-4 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	
Disclosure Requirement S4-5 – Taking action on material impacts on consumers and endusers and effectiveness of those actions	
Disclosure Requirement S4-6 – Approaches to mitigating material risks and pursuing material opportunities related to consumers and end-users	

ESRS G1 Governance, risk management and internal control	
<i>Standards disclosure requirements</i>	<i>Comments by Diligentia ETS</i>
General, strategy, governance and materiality assessment	
Disclosure Requirement G1-1 – Governance structure and composition	<p>Par. 14</p> <p>(a) a description of the structure of its governance body and the roles and key responsibilities of each of its committees. We would advise to mention the competences related to Esg and risk within the Board</p> <p>(f) for each member the number of significant positions and commitments, and the nature of the commitments. We would advise to introduce and describe criteria to evaluate the commitment.</p> <p>(g) representation of stakeholder groups. It is not clear to us how stakeholder can be actively involved- via participation to committees?</p> <p>(h) competencies relevant to the sector, products and geographic locations of the undertaking and associated regulation. Is this requirement already included in the cross-cutting standards?</p>
Disclosure Requirement G1-2 – Corporate governance code or policy	We would advise to put this paragraph at the beginning of this section as, in our opinion, it is more general and related to the application of governance framework
Disclosure Requirement G1-3 – Nomination process	<p>Within the requirement 21.b we would advise to provide some guidelines about topics such as independence, diversity, so that it will be possible to set up parameters and make comparisons among similar companies.</p> <p>We would also understand how stakeholders can be involved in the nomination process.</p> <p>We would advise to request, for each board member, also the list of assignment in other Boards and the commitment that can be granted in the assignment.</p>
Disclosure Requirement G1-4 – Diversity policy	
Disclosure Requirement G1-5 – Evaluation process	We would advise to indicate who participates in the evaluation process, who approves the result of the evaluation and who defines the targets/goals subject to evaluation
Disclosure Requirement G1-6 – Remuneration policy	<p>We would advise to define the criteria to identify external consultants.</p> <p>we would advise to clarify how stakeholders are identified and involved in the process</p>
Disclosure Requirement G1-7 – Risk management processes	At point 35 we would advise to clearly identify roles and responsibilities within the process and to indicate, as best practice, who is supposed to take care of the risk management process in case a risk manager is not appointed.

	At point 37 we would advise to explain who is part of the process, the frequency of the risk assessment and what are the best practices to be taken into account; in the reporting phase we would advise to include follow up activities
Disclosure Requirement G1-8 – Internal control processes	At point 39 we would advise to indicate the different responsibilities (i.e., ownership, supervisory and monitoring) assigned to the different company’s functions.
Performance measurement	
Disclosure Requirement G1-9 – Composition of the administrative, management and supervisory bodies	At point 44 we underline that diversity is not only a gender matter; other diversity factors should be included in the evaluation
Disclosure Requirement G1-10 – Meetings and attendance rate	<p>We would advise to provide some guidelines to take care of duration of the meeting, nature of the information flows, overall time assigned to the different topics in the board’s agenda, how board members participate to the board meeting, the attendance in person and remotely.</p> <p>48 (b) the number of members who participated at each meeting in the reporting period.</p> <p>we would advise to make this indicator more specific</p>

ESRS G2 Business conduct	
<i>Standards disclosure requirements</i>	<i>Comments by Diligentia ETS</i>
General, strategy, governance and materiality assessment	
Disclosure Requirement G2-1 – Business conduct culture	At point 17 (b) we would advise to make reference to the code of ethics as a reference code, and to refer to training activities to improve company culture; at point 17 (d) we would advise to make reference to whistleblowing; point 17 (f) should be more specific
Policies and targets	
Disclosure Requirement G2-2 – Policies and targets on business conduct	Point 19 should be linked to the Risk Assessment process (see G1.7). Point 20 (b): also local legal requirements should be taken into account
Action plans and dedicated resources	
Disclosure Requirement G2-3 – Prevention and detection of corruption and bribery	Point 24 (b): please explain how independence is ensured. Point 24 (c): we would advise to include more details e.g. the results per type and with the indication of inherent and residual risk. Point 24 (d): we would advise to indicate the criteria applied in the dilemma “proceed/not proceed” Point 24 (e) we would advise to indicate the frequency of the reporting activity and the escalation process Diligentia suggests to require also the disclosure of bodies, subjects involved with the compliance/auditing issues on the business conduct: if there is an internal auditing function, a compliance office, a director inside the board delegated on these issues, etc.
Disclosure Requirement G2-4 – Anti-competitive behaviour prevention and detection	Same observation at point 24
Performance measures	
Disclosure Requirement G2-5 – Anti-corruption and anti-bribery training	We would advise to make clear reference to the Code of Ethics
Disclosure Requirement G2-6 – Corruption or bribery events	
Disclosure Requirement G2-7 – Anti-competitive behaviour events	
Disclosure Requirement G2-8 – Beneficial ownership	
Disclosure Requirement G2-9 – Political engagement and lobbying activities	
Disclosure Requirement G2-10 – Payment practices	
