

EXPOSURE DRAFT

ESRS E3

Water and marine resources

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PTF-ESRS

Project Task Force on European sustainability reporting standards

 **EFRAG**

[DISCLAIMER]

This Exposure Draft has to be read in conjunction with the cover note for ESRS public consultation. It has been prepared under the sole responsibility of the EFRAG PTF-ESRS and is submitted to public consultation by EFRAG SRB to inform the upcoming standard-setting steps. It therefore does not reflect the EFRAG SRB's position at this stage, nor the position of the European Union or European Commission DG Financial Stability, Financial Services and Capital Markets Union (DG FISMA), nor the position of organisations with which the EFRAG PTF-ESRS has cooperated. The final version of the [draft] Standard will be produced by the EFRAG SRB starting from this Exposure Draft, taking into consideration the outcome of the public consultation and the requirements of the final CSRD.

[Draft] ESRS 3 Water and marine resources is set out in paragraphs 1–31 and Appendices A: Defined terms and B: Application Guidance. All the paragraphs, including those in the Appendices A and B, have equal authority. Each Disclosure Requirement objective is stated in a bold paragraph, followed by a paragraph that illustrates the principle to be followed in the preparation of the respective disclosures. The [draft] Standard also uses terms defined in other [draft] ESRS and should be read in the context of its objective.

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Objective

1. The objective of this [draft] Standard is to specify disclosure requirements which will enable users of the sustainability statements to understand:
 - (a) how the undertaking affects water and marine resources, in terms of positive and negative material actual or potential impacts;
 - (b) any actions taken, and the result of such actions, to protect water and marine resources, also with reference to reduction of water withdrawals, water consumption, water use, water discharges in water bodies and in the oceans, habitat degradation and the intensity of pressure on marine resources;
 - (c) to what extent the undertaking is contributing to the European Green Deal's ambitions for fresh air, clean water, a healthy soil and biodiversity as well as to ensuring the sustainability of the blue economy and fisheries sectors, to the EU water framework directive, to the EU marine strategy framework, to the EU maritime spatial planning directive, the SDGs 6 Clean water and sanitation and 14 Life below water, and respect of global environmental limits (e.g. the biosphere integrity, ocean acidification, freshwater use, and biogeochemical flows planetary boundaries) in line with the vision for 2050 of "iving well within the ecological limits of our planet" set out in in the 7th Environmental Action Programme, and in the proposal for a decision of the European Parliament and the Council on the 8th Environmental Action Programme;
 - (d) the plans and capacity of the undertaking to adapt its business model and operations in line with the transition to a sustainable economy as well as with the preservation and restoration of water and marine resources globally;
 - (e) the nature, type and extent of the undertaking's material risks and opportunities arising from the undertaking's impacts and dependencies on water and marine resources, and how the undertaking manages them; and
 - (f) the effects of risks and opportunities, arising from the undertaking's impacts and dependencies on water and marine resources, on the undertaking's development, performance and position over the short, medium and long term and therefore on its ability to create enterprise value.
2. This [draft] Standard derives from the [Draft Corporate Sustainability Reporting Directive] stating that the sustainability reporting standards shall specify information to disclose about two sub-subtopics: water and marine resources.
3. "Water" covers disclosure requirements related to the undertaking's relationship with water in its upstream and downstream value chain, in terms of dependencies, impacts, risks and opportunities and how it effectively addresses these issues. This covers where and how much water is withdrawn, consumed and discharged for the undertaking's activities, products and services and what are the water-related impacts caused or contributed to by the undertaking. It also covers how the undertaking is exposed to water-related risks (flood risks, water scarcity risks, etc).
4. "Marine resources" cover disclosure requirements related to the undertaking's activities which cause or contribute to impacts either through the use of ocean-based resources, discharges and emissions to the environment which end up in the oceans, or activities located in maritime (naval matters) areas.

Interactions with other ESRS

5. Water and marine resources cannot be understood independently from other topics such as climate change, pollution, biodiversity and circular economy. Especially for marine resources, the EU maritime spatial planning Directive requests the use of an ecosystems-based approach in order to promote the sustainable use of marine

resources. Thus, to provide a comprehensive overview of what could be material to marine resources, relevant disclosure requirements can also be found in other ESRS, and are referenced in this Standard, such as:

- (a) ESRS E1 Climate change;
 - (b) ESRS E2 Pollution;
 - (c) ESRS E4 Biodiversity and ecosystems;
 - (d) ESRS E5 Resource use and circular economy.
6. The content of this [draft] Standard related to Strategy, Governance and Materiality assessment, as well as Policies, targets, action plans and resources shall be read in conjunction respectively with ESRS 2 General, strategy, governance and materiality assessment and ESRS 1 General principles.
 7. This Standard covers sector-agnostic disclosure requirements. Sector-specific disclosure requirements are developed separately and in accordance with the classification following SRS SEC 1¹.

Disclosure requirements

General, Strategy, Governance and Materiality assessment

8. The provisions of this [draft] Standard shall be read in conjunction with and reported alongside the disclosure requirements of ESRS 2.
9. Appendix B of this [draft] Standard contains specific water and marine resources-related application guidance the undertaking shall follow when disclosing information under ESRS 2 in particular with regards to ESRS 2 Disclosure Requirements IRO 1, IRO 2 and IRO 3 with regards to the process to identify water and marine resources-related impacts, risks and opportunities and the outcome of this process.

Policies, targets, action plans and resources

Disclosure Requirement E3-1 – Policies implemented to manage water and marine resources

10. **The undertaking shall disclose its policies related to material water and marine resources²-related impacts, risks and opportunities.**
11. The principle to be followed under this Disclosure Requirement is to provide an understanding of the extent to which the undertaking has policies that address the identification, assessment, management and/or remediation material water and marine resources impacts, risks and opportunities.
12. The description of the water and marine resources policies shall follow the principles defined in ESRS 1 Disclosure Principle 1 on policies adopted to manage material sustainability matters.
13. The policies described shall address the following areas:

¹ To be issued in a later stage.

² This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 as reflecting an additional principal adverse impact as set out by indicator #7 in Table 2 of Annex 1 of the related Delegated Regulation with regard to disclosure rules on sustainable investments.

- (a) operations-related water management and the sourcing of water;
 - (b) screening and engaging with suppliers; and
 - (c) product and service design, in view of addressing water-related issues and the preservation of marine resources.
14. The disclosure required by paragraph 10 shall in addition include the following elements:
- (a) the undertaking's commitment to reduce material water withdrawals, consumption and discharges (in volume and/or pollutant load); and
 - (b) how the policies relate to EU and international reference frameworks (third party standards of conduct) for water and marine resources the undertaking's processes to understand the water cycle and its relationship with water.
15. If the undertaking does not disclose the information required by paragraph 10, because it does not believe it has material impacts, risks or opportunities in relation to water and marine resources or it has not adopted a policy and/or objectives as outlined in ESRS 1, it shall disclose this to be the case, shall provide reasons for not having adopted a policy or objectives, and may report a timeframe in which it aims to have such policy or objectives in place. If at least one of the sites of the undertaking is located in an area of high-water stress and is not covered by a policy, the undertaking shall state it clearly and clarify if and when a dedicated policy will be implemented.³

Disclosure Requirement E3-2 – Measurable targets for water and marine resources

16. **The undertaking shall disclose the water and marine resources-related targets it has adopted to address its material impacts, risks and opportunities.**
17. The principle to be followed under this Disclosure Requirement is to provide an understanding of the targets the undertaking has adopted to support its water and marine resources policies.
18. The description of the targets shall follow the principles defined in ESRS 1, related to the Disclosure Principle 2 on targets, progress and tracking effectiveness.
19. The disclosure required by paragraph 16 shall include a description of the measurable outcome-oriented target to meet:
- (a) the water-related policy objectives for the management of its material impacts and of its material risks and opportunities arising from impacts and dependencies; and
 - (a) the marine resources- related policy objectives for the management of its material impacts and of its material risks and opportunities arising from impacts and dependencies.
20. The disclosure required by paragraph 19 (a) shall include the following targets on own operations, if material water impacts, risks and opportunities have been identified:
- (a) water withdrawals in thousands of m³;
 - (b) water consumption in thousands m³;
 - (c) water discharges in thousands m³; and

³ This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 as reflecting an additional principal adverse impact as set out by indicator #8 in Table 2 of Annex 1 of the related Delegated Regulation with regard to disclosure rules on sustainable investments.

- (d) by reference to ESRS E2, water discharges of material priority substances of concern in metric tons or kilograms.
21. The disclosure required by paragraph 19 (b) shall include targets on own operations, if related material marine resources-related impacts, risks and opportunities have been identified:
- (a) targets related to the nature and quantity of commodities of marine origin (such as gravels, deep-sea minerals, seafood) used by the undertaking;
 - (b) by reference to ESRS E5, any targets on the reduction of waste (in tons), the reduction in the use of plastics (in tons), the share of recycled plastic used (in %), or the share of recyclable plastic used, collected and sorted (in %);
 - (c) by reference to ESRS E4, any targets on land change which may have an impact on water and marine resources;
 - (d) by reference to ESRS E2, any targets related to reduction of emissions to air, emissions, effluents or other entries to water and pollutants to soil; and
 - (e) by reference to ESRS E1, GHG emissions reduction targets.
22. The disclosure required by paragraphs 20 (a) and (b) may include water, or marine-resources-related intensity targets, per unit of net turnover, or unit of product.

Disclosure Requirement E3-3 – Water and marine resources action plans and resources

23. **The undertaking shall disclose its water and marine resources action plans and the resources allocated for their implementation to address its material impacts, risks and opportunities.**
24. The principle to be followed under this Disclosure Requirement is to provide an understanding of the types of process, initiative or engagement through which the undertaking works to prevent, mitigate and remedy material water and marine resources-related impacts, or seeks to achieve positive impacts, or to manage pollution-related risks and opportunities, including the key actions taken and planned to achieve water and marine resources-related targets and to manage related risks, impacts and opportunities.
25. The description of the water and marine resources-related action plans and resources shall follow the principles defined in ESRS 1 General principles, Disclosure Principle 3 Actions, action plans and resources in relation to policies and targets.

Performance measurement

Disclosure Requirement E3-4 – Water management performance

26. **The undertaking shall provide information on its water management performance related to its material impacts, risks and opportunities.**
27. The principle to be followed under this Disclosure Requirement is to provide an understanding of the undertaking's water cycle at entity level and the progresses the undertaking has made in relation to its targets.
28. The disclosure required by paragraph 26 shall include:
- (a) total water withdrawals in thousands of m³;
 - (b) total water consumption in thousands m³;

- (c) total water discharges in thousands m³; and
 - (d) by reference to ESRS E2, where material, discharges, for priority substances of concern in tons or kilograms.
29. In addition, where relevant, the undertaking shall also include, along the information required under paragraph 26:
- (a) total water recycled or reused in thousands m³; ⁴ and
 - (b) total water stored in thousands m³.

Optional Disclosure Requirement E3-5 – Water intensity performance

30. **The undertaking may provide information on its water intensity performance.**
31. The principle to be followed under this Disclosure Requirement is to provide an understanding of how the undertaking is managing to decouple net turnover from the withdrawal, consumption and discharge of water.
32. When the undertaking provides the disclosure required by paragraph 30, it shall include the following:
- (a) total water withdrawals in m³ per net turnover;
 - (b) total water consumption in m³ per net turnover; ⁵ and
 - (c) total water discharges in m³ per net turnover.

Disclosure Requirement E3-6 – Marine resources-related performance

33. **The undertaking shall provide information on marine resources-related performance indicators related to its material impacts, risks and opportunities.**
34. The principle to be followed under this Disclosure Requirement is to provide an understanding of how the undertaking is impacting marine resources and marine waters and the progresses the undertaking has made in relation to its targets.
35. The disclosure required by paragraph 33 shall:
- (a) include the nature and quantity (in tons) of commodities of marine origin (such as gravels, deep-sea minerals, seafood,) used by the undertaking; and
 - (b) provide relevant reference to performance measures included in other Standards:
 - i. its waste and reduction of waste (in tons) by reference to ESRS E5;
 - ii. its use of plastics along with its reduction by reference to ESRS E5 and ESRS E2;
 - iii. the proportion of recycled plastics used (in %) and recyclable plastics (in %) by reference to ESRS E5;

⁴ This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 as reflecting an additional principal adverse impact as set out by indicator #6.2 in Table 2 of Annex 1 of the related Delegated Regulation with regard to disclosure rules on sustainable investments.

⁵ This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 as reflecting an additional principal adverse impact as set out by indicator #6.1 in Table 2 of Annex 1 of the related Delegated Regulation with regard to disclosure rules on sustainable investments.

- iv. any metric related to land use and habitat change that may have an impact on water and marine resources by reference to ESRS E4;
- v. its emissions to air, effluents or other entries to water and pollutants to soil and reduction by reference to ESRS E2;
- vi. its GHG emissions and reductions by reference to ESRS E1; and
- vii. the quantity and reduction of material substances of concern (in tons or kilograms) by reference to ESRS E2.

Taxonomy Regulation for water and marine resources

- 36. The undertaking shall disclose information required by Article 8 of the Regulation (EU) 2020/852 (Taxonomy Regulation) in conjunction with the Commission Delegated Regulation (EU) 2021/2178 and in conjunction with upcoming technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to the sustainable use and protection of water and marine resources.
- 37. The Taxonomy Regulation in its Article 8(2) requires undertakings to disclose information on the proportion of the turnover, capital expenditure ('CapEx') and operating expenditure ('OpEx') or on their green asset ratio associated with economic activities that qualify as environmentally sustainable.
- 38. The information to be disclosed under the water-related provisions of the Taxonomy regulation is complementary to the information disclosed under the provisions of this Standard.

Disclosure Requirement E3-7 – Potential financial effects from water and marine resources-related impacts, risks and opportunities

- 39. The undertaking shall disclose its potential financial effects of material risks and opportunities arising from water and marine resources-related impacts and dependencies.
- 40. The principle to be followed under this Disclosure Requirement is to provide an understanding of the potential effects of material risks and opportunities, related to the undertaking's water and marine resources-related impacts and dependencies, on the undertaking's development, performance and position over the short, medium and long term and therefore on its ability to create enterprise value, considering that those potential future financial effects may not meet at the reporting date the recognition criteria set for financial statements. Such information is complementary to the information requested under the Taxonomy Regulation.
- 41. The undertaking may include an assessment of the market size of related products and services at risk over the short-, medium-, and long-term, explaining how these are defined, how financial amounts are estimated and which critical assumptions are made.

Appendix A: Defined terms

This appendix is an integral part of the [draft] ESRS E3.

Area of high-water stress	Regions where the percentage of total water withdrawn is high (40-80%) or extremely high (greater than 80%) in the World Resources Institute’s (WRI) Water Risk Atlas tool Aqueduct. See also water scarcity
Blue economy	All the sources of financial and non-financial value that humanity derives from marine environments. It includes all economic activities related to oceans, seas and coasts.
Discharge	(1) Wastewater discharge means the amount of water (in m ³) or substance (in kg BOD/d or comparable) added / leached to a water body from a point or a non-point source. (2) Sewage effluent (or discharge) means treated sewage discharged from a sewage treatment plant.
Freshwater	It includes: surface water, including rainwater, water from wetlands, rivers and lakes. Water that is naturally occurring water on the Earth’s surface in ice sheets, ice caps, glaciers, icebergs, bogs, ponds, lakes, rivers and streams, and has a low concentration of dissolved solids. This surface water source includes water of a quality generally acceptable for, or requiring minimal treatment to be acceptable for, domestic, municipal or agricultural uses (at least <10,000 mg/l TDS, though a range of additional quality properties may also be considered). “High quality” fresh water sources considered acceptable for potable use are typically characterized as having concentrations of dissolved solids less than 1,000 mg/l.
Groundwater (renewable and non-renewable)	Water which is being held in, and can be recovered from, an underground formation. Renewable groundwater sources can be replenished within 50 years and are usually located at shallow depths. Non-renewable groundwater has a negligible rate of natural recharge on the human time-scale (more than 50 years), and is generally located at deeper depths than renewable groundwater; this is sometimes referred to as “fossil” water.
Recycled/reused water	Water and wastewater (treated or untreated) that has been used more than once before being discharged from the undertaking’s boundary, so that water demand is reduced. This may be in the same process (recycled), or used in a different process within the same facility or another of the undertaking’s facilities (reused).
River basins	The area of land from which all surface run-off flows through a sequence of streams, rivers and, possibly, lakes into the sea at a single river mouth, estuary or delta. River Basin district: The area of land and sea, made up of one or more neighbouring river basins together with their associated groundwaters and coastal waters, which is identified under Article 3 (1) (of the Water Framework Directive) as the main unit for management of river basins. (Article 2 of Water Framework Directive)

Total water use	The sum of water used for all activities in direct operations in the reporting year. This volume can be calculated as the sum of water drawn into the undertaking's boundaries (water withdrawals put into storage should be subtracted where this is more than 5% of withdrawals), plus water taken from storage for use prior to discharge, plus water that is recycled/reused within the operations.
Wastewater	Water which is of no further immediate value to the purpose for which it was used or in the pursuit of which it was produced because of its quality, quantity, or time of occurrence. Wastewater from one user can be a potential supply to a user elsewhere. Cooling water is not considered to be wastewater.
Water consumption	The amount of water drawn into the boundaries of the undertaking (or facility) and not discharged back to the water environment or a third party over the course of the reporting period.
Water discharge	The sum of effluents and other water leaving the boundaries of the organisation and released to surface water, groundwater, or third parties over the course of the reporting period.
Water intensity	A metric providing the relationship between a volumetric aspect of water and a unit of activity (products, sales, etc.) created.
Water scarcity	Refers to the volumetric abundance, or lack thereof, of freshwater resources. Scarcity is human driven; it is a function of the volume of human water consumption relative to the volume of water resources in a given area. As such, an arid region with very little water, but no human water consumption would not be considered scarce, but rather arid. Water scarcity is a physical, objective reality that can be measured consistently across regions and over time. Water scarcity reflects the physical abundance of freshwater rather than whether that water is suitable for use. For instance, a region may have abundant water resources (and thus not be considered water scarce), but have such severe pollution that those supplies are unfit for human or ecological uses. (The CEO Water Mandate, Corporate Water Disclosure Guidelines, 2014). See also: water stress
Water stress	The ability, or lack thereof, to meet human and ecological demand for fresh water. Compared to scarcity, water stress is more inclusive, considering physical scarcity, water quality, and the accessibility of water. (CDP Water questionnaire, 2021). See also water scarcity
Water withdrawal	The sum of all water drawn into the boundaries of the undertaking from all sources for any use over the course of the reporting period. (Adapted from CDP Water questionnaire, 2021)

Appendix B: Application guidance

The provisions of this appendix shall be applied in conjunction with the [draft] disclosure requirements defined in paragraphs 8 to 31.

This appendix describes how to apply the disclosure requirements, has the same authority as the disclosure requirements and is an integral part of the proposed [draft] ESRS E3 Water and marine resources.

General, Strategy, Governance and Materiality assessment

Water and marine resources-related specific application guidance on ESRS 2 Disclosure Requirements IRO 1, IRO 2 and IRO 3 on materiality assessment

- AG 1. The information to be provided in relation to the process to identify and assess water and marine-resources impacts, risks and opportunities shall include an illustration of how the undertaking has considered the following:
- (a) geographical areas with water-related quality, quantity, regulatory or reputational issues for its facilities and for the facilities of key suppliers;
 - (b) commodities used by the undertaking which have an impact on the environmental status of marine waters as well as on the protection of marine resources;
 - (c) business activities for which water issues and access to commodities represent a material risk; and
 - (d) sites located in areas of high-water stress.
- AG 2. The description of the process shall also include:
- (a) processes to identify suppliers in the value chain with material water quantity or water quality related impacts or risks;
 - (b) processes to conduct an assessment of key suppliers; ; and
 - (c) processes to screen marine resource-related commodities in its purchases in order to identify material impacts and risks.
- AG 3. The key suppliers in the context of this [draft] Standard are defined as (i) suppliers that, due to their specific facts and circumstances, are more likely to be associated with material impacts and (ii) suppliers for which replacements will be difficult to identify and which may delay or stop the undertaking's operations should supplies be interrupted for reasons related to water and/or marine resources.
- AG 4. The disclosure shall also cover how the items considered in its process to identify and assess water and marine-resources impacts, risks and opportunities may impact the resilience of the strategy and the business model.
- AG 5. The outcome of the process shall include:
- (a) a list of geographical areas where water is a material issue for the undertaking's operations and value chain, including, but not limited to: quality or quantity of water, regulatory or reputational risks;
 - (b) a list of commodities used by the undertaking which are material to the good environmental status of marine waters as well as for the protection of marine resources; and
 - (c) a list of business activities associated to water and marine resources material impacts, risks and opportunities.

- AG 6. When disclosing information under paragraph AG 1, the undertaking shall clearly state which geographical areas, which commodities and which business activities were not considered and for what reason.
- AG 7. In line with EU Water Framework Directive, the undertaking shall consider river basins as the relevant level for assessment of geographical areas and shall combine that approach with an operational risk assessment of its facilities and the facilities of suppliers with material impacts and risks and/or the facilities of key suppliers.
- AG 8. The criteria for defining the status of river basins have to follow the guidance documents provided for implementation of the Water Framework Directive. The list of guidance documents can be accessed under the European Commission's Environment home page^{6 7 8 9 10}.
- AG 9. The undertaking shall explain which tools, methodologies and databases it has used to conduct its assessment. It may consider using such resources as the WWF Water Risk Filter, or the World Resources Institute's (WRI) Water Risk Atlas tool Aqueduct, or annex II to EU Recommendation 2021/2279 on the use of the Environmental Footprint methods to measure and communicate the life cycle environmental performance of products and organisations.
- AG 10. When identifying its water and marine resources-related dependencies, the undertaking shall assess if it relies on commodities with an impact on marine resources, and which represent a key resource it depends on. It shall explain according to which criteria commodities are identified as posing material risks (or when applicable opportunities) and provide a list of such commodities. The list may include, but not be limited to:
- (a) deep-sea minerals;
 - (b) gravels; and
 - (c) seafood products.
- AG 11. For the identification of water and marine resources-related dependencies, the undertaking shall rely on the common international classification of ecosystem services for integrated environmental and economic accounting available, hosted for the European Environment Agency.¹¹ Examples of water and marine-related risks include but are not limited to: water scarcity, water stress, flooding, infrastructure decay, drought, unavailability of commodities of marine origin.
- AG 12. The undertaking shall explain how the its strategy and business model(s) would be affected if the key resources it depends on were not available. The undertaking may consider for example situations as such: the loss of a key supplier, the impossibility to run operations in certain geographical areas and the unavailability of some commodities.
- AG 13. The description of the assessment of material water and marine resources impacts, risks and opportunities shall also include:
- (a) key assumptions made;

⁶ [Guide - Water Framework Directive - Environment - European Commission \(europa.eu\)](#)

⁷ [Ecological Status of Surface Waters - River basin - Environment - European Commission \(europa.eu\)](#)

⁸ [Chemicals - Water pollution - Environment - European Commission \(europa.eu\)](#)

⁹ [Flood mapping: a core component of flood risk management - Environment - European Commission \(europa.eu\)](#)

¹⁰ [Resources | \(cices.eu\)](#) for the identification of water and marine resources related dependencies, the undertaking can rely on the common international classification of ecosystem services for integrated environmental and economic accounting available, hosted for the European Environment Agency

¹¹ [Resources | \(cices.eu\)](#)

- (b) the time horizon over which the analysis has been conducted; and
- (c) the resulting short-, medium- and long-term strategy to ensure that it is compatible with global and EU objectives of ensuring the good ecological and chemical quality of water bodies in order to protect human health, water supply, natural ecosystems and biodiversity, the good environmental status of marine waters and the protection of the resource base upon which marine related activities depend.

Policies, targets, action plans and resources

Disclosure Requirement E3-1 – Policies implemented to manage water and marine resources

AG 14. When disclosing information under paragraph 10, the undertaking shall include:

- (a) an explanation of how the policies contribute to the SDGs 6 and 14, the EU Water Framework Directive and the EU Marine Strategy Framework Directive;
- (b) a description of whether policies are mandatory as deriving from legal requirements or voluntary. If they are mandatory, the undertaking shall provide an overview or these legal requirements; and
- (c) a specification of whether the policies listed may enable the undertaking not to rely on existing exemptions or permits granted by member states. The undertaking shall disclose the content of the exemptions or permits to the EU Water Framework Directive or the EU Marine Strategy Framework Directive.

AG 15. When referring to third party standards of conduct, the undertaking shall consider whether the standard used¹² :

- (a) is objective and achievable based on a scientific approach to identifying issues, and realistic in assessing how these issues can be addressed on the ground under a variety of practical circumstances;
- (b) is developed or maintained through a process of ongoing consultation with relevant stakeholders with balanced input from all relevant stakeholder groups, including producers, traders, processors, financiers, local people and communities, indigenous peoples, and civil society organisations representing consumer, environmental and social interests, with no group holding undue authority or veto power over the content;
- (c) encourages step-wise and continuous improvement—both in the standard and its application of better management practices, and require the establishment of meaningful targets and specific milestones to indicate progress against principles and criteria over time;
- (d) is verifiable through independent certifying or verifying bodies—which have defined and rigorous assessment procedures that avoid conflicts of interest, and are compliant with ISO guidance on accreditation and verification procedures; and
- (e) conforms to the ISEAL code of good practice¹³.

¹² AG 9 refers to IFC Performance Standard 6

¹³ The ISEAL code of good practice for setting social and environmental standards can be found here: https://www.isealalliance.org/sites/default/files/resource/2017-11/ISEAL_Standard_Setting_Code_v6_Dec_2014.pdf

Disclosure Requirement E3-2 – Measurable targets for water and marine resources

- AG 16. When disclosing information under paragraph 20 (a), withdrawals shall include, if material, withdrawal of water from polluted soils and aquifers, withdrawn and treated for remediation purposes.
- AG 17. When disclosing information under paragraph 20 (c) discharges shall include discharges to groundwater such as reinjection to aquifers, or water returning to a groundwater source via a soakaway or a swale.
- AG 18. When disclosing information under paragraph 20 (d) the undertaking shall refer to the materiality analysis conducted and explain how its list of priority substances is defined and updated, with what frequency, and any international standard, authoritative list, or criteria used.
- AG 19. When disclosing information required under paragraph 21 the undertaking shall explain which targets, in other [draft] environmental Standards (ESRS E1, ESRS E2, ESRS E4 and ESRS E5) are also relevant to marine resources, and why.

Disclosure Requirement E3-3 – Water and marine resources action plans

- AG 20. When disclosing information required under paragraph 23, the undertaking shall describe the actions, or action plans, contributing to address the material impacts, risks and opportunities identified, including to alter the drivers of water pollution and scarcity and marine resources degradation, e.g., through technological, economic, institutional, and social factors and changes in underlying values and behaviours.
- AG 21. The undertaking shall provide a description of:
- (a) the criteria used to select actions and how the actions relate to the policies and targets set for water and marine resources management; and
 - (b) whether a given action, or action plan, is intended to be a one-time action, or a systematic practice.
- AG 22. Considering that water and marine resources are shared resources which may require collective actions, or action plans, involving other stakeholders, the undertaking shall specify:
- (a) if a given action, or action plan, is carried out only by the undertaking, using the undertaking's resources, in the undertaking's own operations;
 - (b) if the undertaking is leading a collective action, or action plan, which involves the contribution of other parties (competitors, suppliers, retailers, customers, other business partners, local communities and authorities, government agencies...); and
 - (c) if the undertaking is taking part in a collective action, or action plan, of which it is a member. In such a case it shall then provide additional information on the project, its specific contribution, its sponsors and other participants.
- AG 23. When providing information on capital expenditures, the undertaking shall consider expenditures related to stormwater drain rehabilitation, pollution control devices, pipelines, or machinery used to manufacture new low water-use products.

Performance measurement

Disclosure Requirement E3-4 – Water management performance

AG 24. The undertaking shall disclose its emissions to water¹⁴ (where emissions to water are defined as direct emissions of priority substances as defined in Article 2(30) of Directive 2000/60/EC of the European Parliament and of the Council) and direct emissions of nitrates, phosphates and pesticides.

AG 25. When disclosing information on water management performance required by paragraph 26, the undertaking shall explain the calculation methodologies and more specifically the share of the measure obtained from direct measurement, from sampling and extrapolation, or from best estimates.

AG 26. The undertaking shall provide a breakdown of water withdrawals at least per geographical area and per segment, but other breakdowns may be considered. Withdrawals shall also include withdrawals of water from polluted soils and aquifer, withdrawn and treated for remediation purposes.

AG 27. The undertaking shall provide a breakdown of water consumption at least per geographical area and per segment, but other breakdowns may be considered.

AG 28. The undertaking shall provide a breakdown of water discharges at least per geographical area and per segment, but other breakdowns may be considered. Discharges shall include discharges to groundwater such as reinjection to aquifers, or water returning to a groundwater source via a soakaway or a swale.

AG 29. When disclosing information required on water discharges, the undertaking shall disclose the number of incidents of non-compliance with discharge limits.

AG 30. The information may be presented following the table design below:

	Current year	Target % achieved	Comparison with previous year
Water withdrawals in thousands m ³			
Water consumption in thousands m ³			
Water discharges in thousands m ³			
Water discharges of material priority substances of concerns in kilograms or tons			
Water recycled or reused in thousands m ³			
Water stored in thousands m ³			

¹⁴ This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 as reflecting a mandatory principal adverse impact as set out by indicator #8 in Table 1 of Annex 1 of the related Delegated Regulation with regard to disclosure rules on sustainable investments.

Disclosure Requirement E3-5 – Water intensity performance

AG 31. When disclosing information required by paragraph 30, the undertaking shall explain the calculation methodologies and more specifically the share of the measure obtained from direct measurement, from sampling and extrapolation, or from best estimates.

AG 32. The undertaking may present the information following the table design below:

	Current year	Target to be reached	Comparison with previous year
Water withdrawals in m ³ per net turnover (thousands m ³ / monetary unit)			
Water consumption in thousands m ³ per net turnover (thousands m ³ / monetary unit)			
Water discharges in thousands m ³ per net turnover (thousands m ³ / monetary unit)			

Connectivity with financial reporting

AG 33. For net turnover, the reconciliation to the most relevant amount presented in the financial statements shall be carried out by including a cross-reference to the related line item in the financial statements.

Disclosure Requirement E3-6 – Marine resources-related performance

AG 34. When disclosing information required by paragraph 33, the undertaking shall explain the calculation methodologies and more specifically the share of the measure obtained from direct measurement, from sampling and extrapolation, or from best estimates.

AG 35. When disclosing information under paragraph 35 (b), the undertaking shall explain which performance measures required by other environmental Standards such as ESRS E1, ESRS E2, ESRS E4 and ESRS E5 are also relevant to marine resources, and why.

AG 36. The undertaking may present the information following the table design below:

	Current year	Target % achieved	Comparison with previous year
Deep-sea minerals withdrawals / consumption in tons			
Gravels withdrawals / consumption in tons			
Seafood products withdrawals / consumption in tons			
Any other commodity withdrawals / consumption in tons (or any other relevant metric)			
Any other relevant performance measures as per other environmental Standards			



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