

# Educational session on draft ESRS E3 Water and marine resources

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## DISCLAIMER

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# EU Legal Framework

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CSRD

**Recital 35:** « Sustainability reporting standards should be coherent with other Union legislation. Those standards should in particular be aligned with the disclosure requirements laid down in [Regulation \(EU\) 2019/2088](#), and they should take account of underlying indicators and methodologies set out in the various delegated acts adopted pursuant to [Regulation \(EU\) 2020/852](#), disclosure requirements applicable to benchmark administrators pursuant to [Regulation \(EU\) 2016/1011](#) of the European Parliament and of the Council, [...]” [see [Art. 29b 5, b\), c\), d\) CSRD](#)]

**Recital 40:** «The reporting standards should therefore specify the information that undertakings are to disclose on all major environmental factors, including their impacts and dependencies on [...] **water** [...]”

**Art. 29 b, 2 a), iii:** «The sustainability reporting standards shall, taking into account the subject matter of a particular standard:

- (a) specify the information that undertakings are to disclose about the following environmental factors:
  - [..]
  - (iii) **water and marine resources**”

SFDR (+Reg.  
2022/1288)

## Table 1

8. Emissions to water (*Tonnes of emissions to water generated*) - DR E2

## Table 2

6. Water usage and recycling (1. *Average amount of water consumed*; 2. *Weighted average percentage of water recycled and reused*)

7. Investments in companies without water management policies

8. Exposure to areas of high water stress (*Share of investments in investee companies with sites located in areas of high water stress without a water management policy*)

12. Investments in companies without sustainable oceans/seas practices (*companies without sustainable oceans/seas practices or policies*)

## **Art. 9 - Environmental objectives**

“ For the purposes of this Regulation, the following shall be environmental objectives: [...]

(c) **the sustainable use and protection of water and marine resources;**”

## **Art. 12 - Substantial contribution to the sustainable use and protection of water and marine resources**

“An economic activity shall qualify as contributing substantially to the sustainable use and protection of water and marine resources where that activity either contributes substantially to achieving the good status of bodies of water, including bodies of surface water and groundwater or to preventing the deterioration of bodies of water that already have good status, or contributes substantially to achieving the good environmental status of marine waters or to preventing the deterioration of marine waters that are already in good environmental status, by:

(a) [...]

(b) improving water management and efficiency, including by protecting and enhancing the status of aquatic ecosystems, by promoting the sustainable use of water through the long-term protection of available water resources, inter alia, through measures such as water reuse, by ensuring the progressive reduction of pollutant emissions into surface water and groundwater, by contributing to mitigating the effects of floods and droughts, or through any other activity that protects or improves the qualitative and quantitative status of water bodies;

(c) ensuring the sustainable use of marine ecosystem services or contributing to the good environmental status of marine waters, including by protecting, preserving or restoring the marine environment and by preventing or reducing inputs in the marine environment;”



Taxonomy (Reg 2020/852)

# Objective

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## Objective of the standard

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- How the undertaking affects water and marine resources, in terms of positive and negative material actual and potential impacts.
- Actions taken, and the result of such actions, to prevent, mitigate or remediate actual or potential material negative impacts and to protect water and marine resources
- The plans and capacity of the undertaking to adapt its strategy and business model in line with the preservation and restoration of water and marine resources
- The nature, type and extent of the undertaking's material risks and opportunities related to the undertaking's impacts and dependencies on water and marine resources, and how the undertaking manages them.
- The financial effects on the undertaking over the short-, medium- and long-term time horizons of material risks and opportunities.

# Impacts, risks and opportunities management

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# ESRS 2 IRO 1 Description of processes to identify and assess material water and marine resources-related impacts, risks and opportunities

Info required in [draft] ESRS 2 DC-P

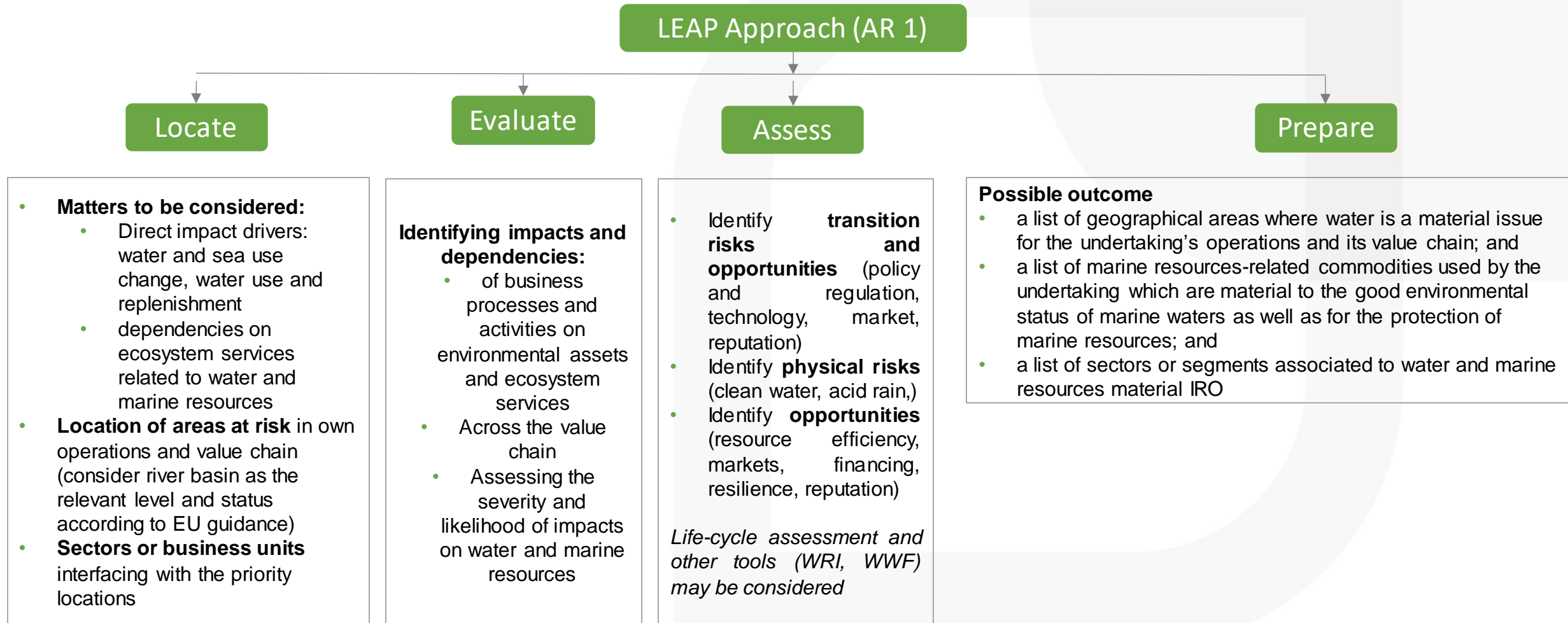
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Methodologies, assumptions and tools used to screen its site locations and business activities

Interconnection between risks and opportunities

Process for conducting consultations and in particular with affected communities

# ESRS 2 IRO 1 Description of processes to identify and assess material water and marine resources-related impacts, risks and opportunities



# Policies, Actions and resources

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# DR E3-1 Policies related to water and marine resources

## The undertaking shall disclose its policies that address:

- The Identification;
- The Assessment;
- The Management; and/or
- The Remediation of material water-related impacts, risks and opportunities.

## The undertaking shall indicate whether and how its policies address the following matters where material:

- Water management including the use and sourcing of water and marine resources in own operations;
- Product and service design in view of addressing water-related issues and the preservation of marine resources; and
- Commitment to reduce material water consumption in areas at water risk in its own operations and along the upstream and downstream value chain.

If at least one of the sites of the undertaking is located in an area of high-water stress and it is not covered by a policy, the undertaking shall state this to be the case and provide reasons for not having adopted policies.

SFDR PAI

The undertaking shall specify whether it has adopted policies or practices related to sustainable oceans and seas

SFDR PAI

# DR E3-2 Action and resources related to water and marine resources

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The undertaking shall specify to which layer in the mitigation hierarchy an action and resources can be allocated to:

- Avoid the use of water and marine resources
- Reduce the use of water and marine resources
- Restore, regenerate and transform marine ecosystems and basins

The undertaking shall specify actions and resources in relation to areas at water risk, including areas of high-water stress

## Application Requirement 20

Considering that water and marine resources are shared resources which may require collective actions, or action plans, involving other stakeholders, the undertaking may provide information on those specific collective actions.

# Metrics and targets

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**The undertaking shall indicate whether and how its targets relate to:**

- the management of material impacts, risks and opportunities related to areas at water risk;
- the responsible management of marine resources impacts, risks and opportunities including the nature and quantity of marine resources-related commodities used by the undertaking;
- the reduction of water consumption, including an explanation of how those targets relate to areas at water risk, including areas of high water-stress.

**If ecological and entity-specific thresholds were taken into consideration when setting targets, the undertaking shall also specify:**

- The ecological thresholds identified, and the methodology used to identify such thresholds;
- Whether or not the thresholds are entity-specific and if so, how they were determined; and
- How responsibility for respecting identified ecological thresholds is allocated in the undertaking.
- Whether the targets it has adopted and presented are mandatory (based on legislation) or voluntary and if and how such legal requirements were taken into account when considering ecological thresholds.

# DR E3-4 Water consumption

**The undertaking shall disclose information on its water consumption performance related to its material impacts, risks and opportunities.**

**It shall disclose on its own operations:**

- Total water consumption in m<sup>3</sup>
  - Total water consumption in m<sup>3</sup> in areas at material water risk, including areas of high-water stress;
  - Total water stored and changes in storage in m<sup>3</sup>
  - Total water recycled and reused in m<sup>3</sup>
  - Total water consumption in m<sup>3</sup> per net revenue
- } *SFDR PAI*
- Any contextual information related to the above, including regarding the local basins' water quality and quantity, how the data have been compiled, such as any standards, methodologies, and assumptions used, including whether the information is calculated, estimated, modelled, or sourced from direct measurements, and the approach taken for this, such as the use of any sector-specific factors.



# DR E3-5 Potential financial effects from water and marine resources-related impacts, risks and opportunities

The undertaking shall disclose its potential financial effects of material risks and opportunities arising from water and marine resources-related impacts

The objective of the disclosure requirement is to provide an understanding of:

- Potential financial effects due to **material risks arising from water and marine resources-related impacts** and **how these risks have a material influence** on the undertaking's cash flows, performance, position, development, cost of capital or access to finance over the short-, medium- and long-term time horizons
- potential financial effects due to material opportunities arising from water and marine resources-related material impacts and dependencies and how the undertaking **may financially benefit** from material water and marine resources related opportunities.

The disclosure shall include:

- A quantification of the **potential financial effects in monetary terms**, or where impracticable, qualitative information. (AR31 it may be a single amount or a range)
- A **description** of the effects considered, the **related impacts** and the **time horizons** in which they are likely to materialise
- The **critical assumptions** used in the estimate, as well as **the sources and level of uncertainty** attached to those assumptions.

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