

 DRAFT

ESRS E3

WATER

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Objective

1. (1 amended) The **sustainability statement** shall include information in relation to ESRS E3 *Water* if this **topic** relates to material **impacts, risks** and **opportunities** to cover all the reporting areas listed in paragraph 5 of ESRS 1 *General Requirements*. If not all the sub-topics prescribed by this Standard are to be reported following the **materiality** assessment, paragraph 30 of ESRS 1 *General Requirements* applies.
2. (6 amended) The objective of this Standard is to set out Disclosure Requirements (DRs) providing information in relation to the reporting areas referred above that implement and complement the cross-cutting provisions of ESRS 1 *General Requirements* and ESRS 2 *General Disclosures*.
3. (new) In this Standard, each DR is introduced by a disclosure objective, except for **policies, actions** and **targets**, for which the provisions in ESRS 2 *General Disclosures* GDR-P, GDR-A and GDR-T provide the necessary framing for the relevant DRs.
4. (1(c) amended) This Standard takes account of EU regulatory frameworks and other relevant frameworks, including EU Water Framework Directive (Directive 2000/60/EC), EU Drinking Water Directive (Directive 2020/2184/EU), Industrial Emissions Directive (Directive 2010/75/EU), EU Water Resilience Strategy, the Eco-Management and Audit Scheme (EMAS) Regulation (Regulation 1221/2009/EC), UN Watercourses Convention (1997) and UNECE Water Convention (1992).
5. (2 amended) This Standard sets out DRs related to water, particularly with respect to the following sub-topics: water use, which includes **water withdrawal; water consumption; water discharge** and **water stored**.
6. (2 amended) Water encompasses **freshwater** and other types of water, for example brackish water, from different sources, such as **surface water, groundwater**, seawater, produced water and third-party water.
7. (new) Context-specific considerations are particularly important in relation to water. If material **impacts, risks** or **opportunities** are connected to specific **geographies**, it is important to consider appropriate aggregation or disaggregation of the reported information, e.g. by **site**, basin, area with **water stress** or any other level in accordance with ESRS 1 *General Requirements*, Chapter 3.3.2 *Level of Aggregation, Disaggregation*.

Interaction with other ESRS

8. (3, 4, 5 amended) Social and environmental **topics** interact with each other. The main points of interaction between ESRS E3 *Water* and the other topical standards are the following.
 - (a) ESRS E1 *Climate Change* addresses acute and chronic **physical risks** which arise from water and ocean-related hazards caused or exacerbated by **climate change**, including increasing water temperature, changing precipitation patterns and types, precipitation or hydrological variability, ocean acidification, saline intrusion, sea level rise, drought, water stress, heavy precipitation, floods and glacial lake outbursts.
 - (b) ESRS E2 *Pollution* addresses the **emissions** to water, including emissions to seawater, and the manufacturing, use and release of **microplastics**.
 - (c) ESRS E4 *Biodiversity and Ecosystems* addresses **impacts** on marine and **freshwater ecosystems** and **biodiversity** connected to the use of water.
 - (d) ESRS E5 *Resource Use and Circular Economy* addresses the type and **circularity** of **resource inflows**, including **marine resources**.
 - (e) ESRS S3 *Affected Communities* addresses material **impacts** on people and communities resulting from the undertaking's activities related to water, including changes in water availability, quality or access.

Disclosure Requirements

Impact, risk and opportunity management

Disclosure Requirement E3-1 – *Policies related to water*

9. (11 amended) The undertaking shall disclose its water-related **policies** in accordance with the provisions of ESRS 2 GDR-P.
10. (13 amended) If the undertaking has **sites** located in areas with **water stress** that are not covered by its water-related **policies**, it shall disclose this fact.

APPLICATION REQUIREMENTS

<p>AR 1 for paras. 10, 12, 13 and 15(b) (Water stress)</p>	<p>(new) Water stress encompasses quantity or availability (related to water scarcity) together with water quality and accessibility considerations and provides a broader measure of basin pressure.</p> <p>Water stress is one component of physical water-related risks, together with other non-water-stress-related factors, such as flooding and droughts. A comprehensive understanding of water-related risks considers all components of physical water-related risks (e.g., water stress, flooding, droughts) as well as regulatory and reputational water-related risks.</p>
<p>AR 2 for paras. 10, 12, 13 and 15(b) (Areas with water stress)</p>	<p>(Defined Terms ‘Areas of high-water stress’ amended) Global indicators (with associated datasets) and related thresholds to assess if an area is with water stress include:</p> <ol style="list-style-type: none"> a) baseline water stress – equal to or greater than ‘High’: 40–80% (WRI); b) water depletion – greater than ‘High’: 25–75% (Seasonal) (Brauman et al.); c) baseline water depletion – equal to or greater than ‘High’: 50–75% (WRI); and d) WEI+ (Water Exploitation Index plus) – equal to or greater than 40% (EEA). <p>While these global indicators account for water stress in terms of the quantity of water resource available (related to water scarcity), a comprehensive assessment of water stress encompasses all its dimensions (quantity, quality and accessibility).</p> <p>The assessment whether an area is exposed to water stress is typically done at the basin level as a minimum. Tailored methodologies may be used to assess whether an area is exposed to water stress and may leverage local knowledge.</p>

Disclosure Requirement E3-2 – *Actions and resources related to water*

11. (17 amended) The undertaking shall disclose its key water-related **actions** and resources allocated to their implementation in accordance with the provisions of ESRS 2 GDR-A.
12. (19 amended) The undertaking shall specify key **actions** and resources related to areas with **water stress**.

Metrics and targets

Disclosure Requirement E3-3 – *Targets related to water*

13. (22 amended) The undertaking shall disclose its water-related **targets** in accordance with the provisions of ESRS 2 GDR-T.

APPLICATION REQUIREMENTS

AR 3 for para. 13 (Targets on areas with water stress)	(23 amended) In line with the scope considerations set out in ESRS 2 GDR-T, paragraph 51(c), the undertaking shall, where relevant, express water-related targets with reference to specific geographic areas, such as areas with water stress .
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Disclosure Requirement E3-4 – Water metrics

14. (27 amended) The objective of this DR is to enable **users** to understand the undertaking's water performance.
15. (28, AR 32 amended) The undertaking shall disclose the following water **metrics** for its own operations:
- (a) total **water consumption**;
 - (b) total **water consumption** in areas with **water stress**;
 - (c) total **water withdrawal**;
 - (d) total **water discharge**;
 - (e) total **water recycled and reused**; and
 - (f) total **water stored**.

APPLICATION REQUIREMENTS

AR 4 for para. 15 (Water metrics)	(new) Water consumption (C) can be measured directly, modelled, estimated or calculated by subtracting total water discharge (D) from total water withdrawal (W) during the reporting period: $C = W - D$.
AR 5 for para. 15 (Water metrics units)	(28 amended) Water metrics under paragraph 15(a)–(f) shall be presented in cubic meters (m ³) or multiples thereof.



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