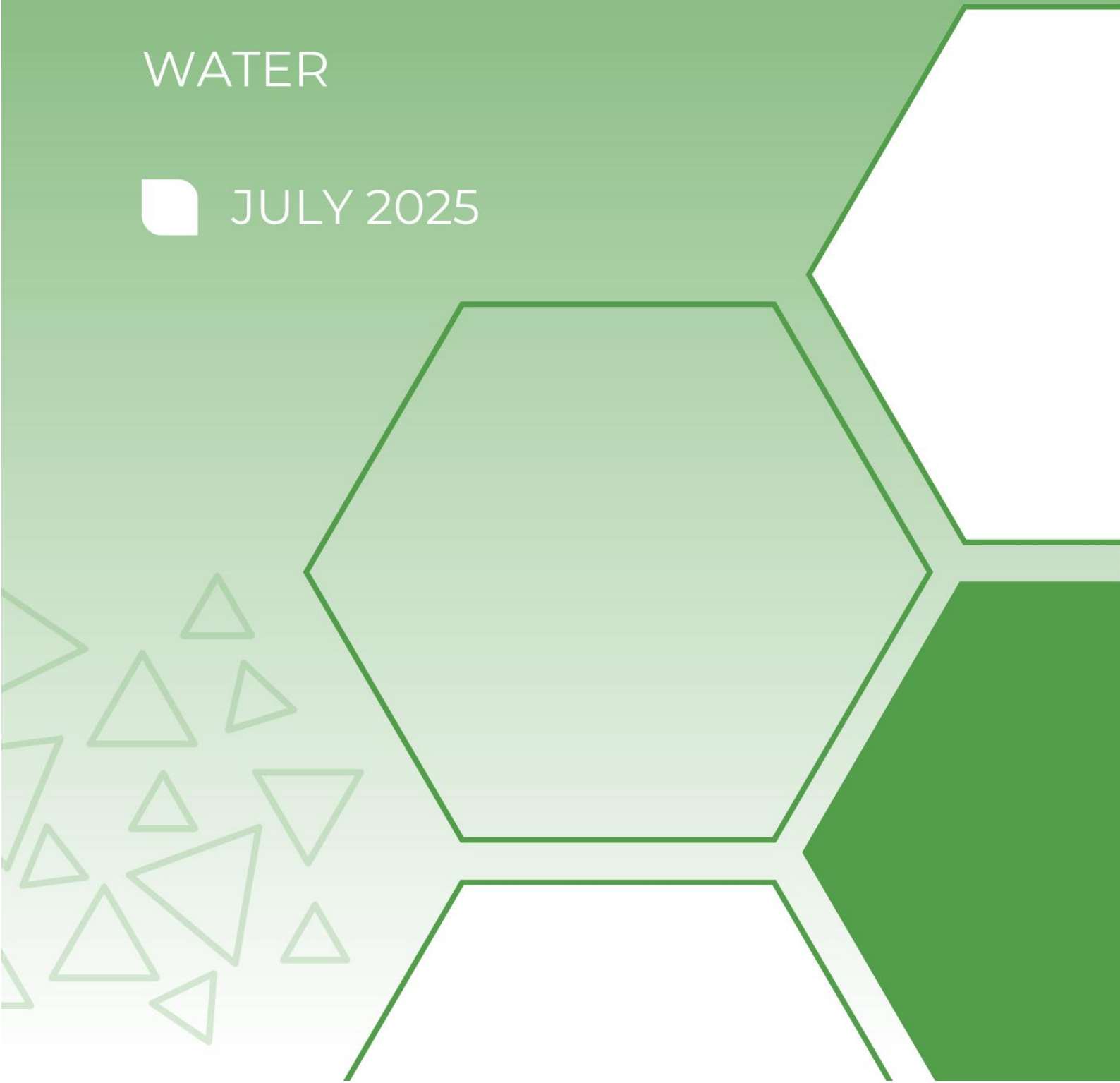


 EXPOSURE DRAFT

ESRS E3

WATER

 JULY 2025

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Revised structure and drafting conventions

As compared to ESRS Set 1 (Delegated Regulation (EU) 2023/2772 adopted by the European Commission in July 2023), the structure of the Standards has been revised and streamlined.

- All the ‘shall disclose/shall include/shall report/shall describe/shall explain’ are presented in the main body of the Standard. They have been counted as separate datapoints.
- Below the text of each Disclosure Requirement (‘DR’) in topical standards (or chapter for ESRS 1), boxed content presents the streamlined corresponding mandatory methodological guidance, which is still named ‘Application Requirements’ (‘ARs’). This includes ‘shall consider’ as element of methodology for preparing the disclosure, and ‘may (present)’ for presentation options – which does not represent voluntary disclosure but brings flexibility on how to present the disclosure.
- All the ‘may’ disclosures have been either eliminated or redrafted as application requirements (which do not include separate datapoints but methodology content).
- A minority of the deleted datapoints is gathered in a document named ‘Non-Mandatory Illustrative Guidance’ (‘NMIG’) and has been redrafted to fit this classification. While the content of ‘shall disclose’ datapoints in the main body of the standard and of application requirements are drafted to become part of the delegated act, the legal status of the NMIG (either as appendices in the Delegated Act or as document to be issued by EFRAG independently of the Delegated Act) will be considered by the European Commission (‘EC’) in due course. EFRAG recommends NMIG not to be part of the Delegated Act.
- The ESRS use several terms to indicate similar concepts: matters, topic, sub-topic, sub-subtopic. In Amended ESRS ‘sub-subtopics’ have been eliminated. In addition, to simplify the content and eliminate one term (matter), the Standards only refer to topics and sub-topics. For this reason, in all the documents the term ‘matter’ has been replaced by ‘topic’ where ‘topic’ is meant to refer either to topic or sub-topic depending on the context of the relevant disclosure. When used in this way, the bold italic format is used (***topic***), as this is a defined term. When used to express one of the 10 topics in Appendix A of [Draft] Amended ESRS 1, a normal font is used.
- The paragraph numbering has been revised to reflect the draft amendments. Where applicable, the paragraph number of the 2023 Delegated Act is indicated in brackets—for example, ‘4. (24)’ or ‘4. (24 amended)’ in paragraph [Draft] Amended ESRS 1.

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Objective

1. When reporting in accordance with the ESRS, the **sustainability statement** shall cover information in relation to [Draft] Amended ESRS E3 *Water*, when this **topic** is related to material **impacts, risks** and **opportunities**. The DR on the material impacts, risks and opportunities is expected to cover **policies, actions** and **targets** (if in place), **dependencies** when relevant, **metrics** and the related **financial effects**.
2. The objective of this Standard is to specify DRs in relation to these items of information mentioned in paragraph 1 that are not covered in [Draft] Amended ESRS 2.
3. When only one of the sub-topics covered by this Standard is material, the undertaking shall report only on that sub-topic.
4. This Standard sets out DRs related to water and in particular, with respect to the following sub-topics: **water withdrawals; water consumption; water discharges; and water storage**.
5. The undertaking shall apply the provisions of [Draft] Amended ESRS 2, paragraphs 29 - 32, and GDR-P, GDR-A, GDR-T and GDR-M. In particular:
 - (a) if the undertaking has not adopted **policies, actions** and **targets** with reference to a **topic** related to material **impacts, risks** and **opportunities**, it shall disclose this fact; and
 - (b) the undertaking may present the description of its material **impacts, risks** and **opportunities**, in accordance with [Draft] Amended ESRS 2 IRO-2, alongside information about its **policies, actions, targets** and **metrics** through which it addresses them, to avoid duplication and support a coherent narrative.
6. In this Standard, each DR is introduced by a disclosure objective, with the exception of **policies, actions** and **targets**, for which the provisions in [Draft] Amended ESRS 2 GDR-P, GDR-A and GDR-T provide the necessary framing for the relevant DRs.
7. (2 amended) The term ‘water’ refers to **surface water, groundwater** and marine waters.
8. The objective of this Standard shall also enable **users** of the **sustainability statement** to understand the plans and capacity of the undertaking to adapt its strategy and **business model** in line with:
 - (a) the EU Water Framework Directive (Directive 2000/60/EC);
 - (b) the EU Drinking Water Directive (Directive 2020/2184/EU);
 - (c) the EU Water Resilience Strategy, and the Eco-Management and Audit Scheme (EMAS) Regulation (Regulation 1221/2009/EC);
 - (d) UN Watercourses Convention (1997); and
 - (e) UNECE Water Convention (1992).
9. Location-specific considerations are particularly important in relation to water. When material **impacts, risks** or **opportunities** arise at local level, it is important to consider appropriate disaggregation or aggregation of the reported information, e.g. by **site**, asset, location, affected **area at water risk** or other appropriate level in accordance with [Draft] Amended ESRS 1, paragraph 53.

Interaction with other ESRS

10. (4, 5 amended) Social and environmental topics closely interact with each other. The main points of interaction between [Draft] Amended ESRS E3 *Water* and the different ESRS topical standards are the following:
 - (a) [Draft] Amended 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, high-water stress, heavy precipitation, flood and glacial lake outbursts;
 - (b) [Draft] Amended ESRS E2 *Pollution* addresses the **emissions** to water, including emissions to oceans, and the use, generation and release of **microplastics**;
 - (c) [Draft] Amended ESRS E4 *Biodiversity and ecosystems* addresses the conservation and sustainable use of and **impact** on **freshwater** aquatic **ecosystems** as well as the oceans and seas;

- (d) [Draft] Amended ESRS E5 *Resource use and circular economy* addresses the transition towards the extraction of **non-renewable** resources of **wastewater**; and
- (e) [Draft] Amended 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

- 11. (11 amended) The undertaking shall report its water-related **policies** in accordance with the provisions of [Draft] Amended ESRS 2 GDR-P.
- 12. (13 amended) If the undertaking has **sites** located in **areas at water risk**, including **areas of high-water stress** that are not covered by its water-related **policies**, it shall disclose this fact.

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

- 13. (17 amended) The undertaking shall disclose its key water-related **actions** and significant resources allocated to their implementation, in accordance with the provisions of [Draft] Amended ESRS 2 GDR-A.
- 14. (19 amended) The undertaking shall specify any **actions** and resources related to **areas at water risk**, including **areas of high-water stress**.

Metrics and targets

Disclosure Requirement E3-3 – Targets related to water

- 15. (22 amended) The undertaking shall disclose its water-related **targets**, in accordance with the provisions of [Draft] Amended ESRS 2 GDR-T.

Disclosure Requirement E3-4 – Water metrics

- 16. (27 amended) The objective of this DR is to help **users** understand the undertaking's water management practices and progress over time.
- 17. (28 amended) The undertaking shall disclose for its own operations:
 - (a) total **water consumption**;
 - (b) total **water consumption** in **areas at water risk**, including **areas of high-water stress**;
 - (c) total **water withdrawal**;
 - (d) total **water discharges**;
 - (e) total **water recycled or reused**; and
 - (f) total **water stored**.

APPLICATION REQUIREMENTS

| | |
|----------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| AR 1 for para. 17 (Water metrics) | Water consumption shall be calculated using a water balance approach: it equals water withdrawal minus water discharges , adjusted for changes in water storage . |
| AR 2 for para. 17 (Water metrics) | Water metrics under paragraphs 17(a)-(f) are expressed in cubic meters (m ³). |