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ESRS E3 – *Water* V1
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UNAPPROVED DRAFT

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Objective

1. 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*. When only one particular sub-topic prescribed by this Standard is material, paragraph 30 of ESRS 1 *General Requirements* applies.
2. The objective of this Standard is to specify Disclosure Requirements (DRs) in relation to the reporting areas mentioned in paragraph 1 that are not covered in ESRS 2 *General Disclosures*. This Standard shall be applied in conjunction with ESRS 1 *General Requirements* and ESRS 2 *General Disclosures*.
3. 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. 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**.
5. (2 amended) The DRs related to *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.
6. The ESRS E3 *Water* relates to 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, and the Eco-Management and Audit Scheme (EMAS) Regulation (Regulation 1221/2009/EC), UN Watercourses Convention (1997) and UNECE Water Convention (1992).
7. 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 at **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. (4, 5 amended) Social and environmental **topics** closely 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**; and
 - (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 *General Disclosures* GDR-P.
10. (13 amended) If the undertaking has **sites** located in areas at **water stress**, that are not covered by its water-related **policies**, it shall disclose this fact.

APPLICATION REQUIREMENTS

AR 1 for para. 10,12,13,15(b) (Policies, Actions and Metrics in areas at water stress)	Water stress encompasses quantity/availability (water scarcity) together with water quality and accessibility considerations and provides a broader measure of basin pressure. Understanding water stress is necessary to interpret water-related risks, which arise if such pressures - alone or combined with other non-water-stress factors such as flooding, drought, or weak governance - may adversely affect ecosystems, communities, or economic activities. Water-related risks can be physical, reputational or regulatory.
AR 2 for para. 10, 12, 13,15 (b) (Policies, Actions and Metrics in areas at water stress)	Global indicators (with associated datasets) and related thresholds to assess if an area is at water stress include: <ul style="list-style-type: none"> • Baseline water stress - equal to or greater than 'High': 40-80% (WRI); • Water depletion – greater than 'High' 25-75% (Seasonal) (Brauman et al.); • Baseline water depletion - equal to or greater than 'High': 50-75% (WRI); and • WEI+ (Water Exploitation Index plus) - equal to or greater than 40% (EEA). <p>These global indicators account for water stress in terms of the quantity of water resource available (water scarcity), which is one dimension of water stress together with water accessibility and water quality.</p> <p>The assessment if an area is exposed to water stress is typically done at the basin level as a minimum.</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 *General Disclosures* GDR-A.
12. (19 amended) The undertaking shall specify key **actions** and resources related to areas at **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 *General Disclosures* GDR-T.

APPLICATION REQUIREMENTS

AR 3 for para. 13 (Targets on water)	In line with the scope considerations set out in ESRS 2 <i>General Disclosures</i> GDR-T paragraph 51(c), the undertakings shall where relevant express water-related targets with reference to specific geographic areas, such as areas at 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 amended) The undertaking shall disclose water **metrics** for its own operations:
- (a) total **water consumption**;
 - (b) total **water consumption** in areas at **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)	Water consumption (C) can be measured directly, modelled, estimated, or calculated by subtracting total water discharges (D) from total water withdrawal (W) during the reporting period: $C = W - D$.
AR 5 for para. 15 (Water metrics)	Water metrics under paragraphs 15(a)-(f) can be expressed in cubic meters (m ³) or multiples thereof.