

# Exposure Draft ESRS E3 – Water and marine resources

23 May 2022



**EFRAG**

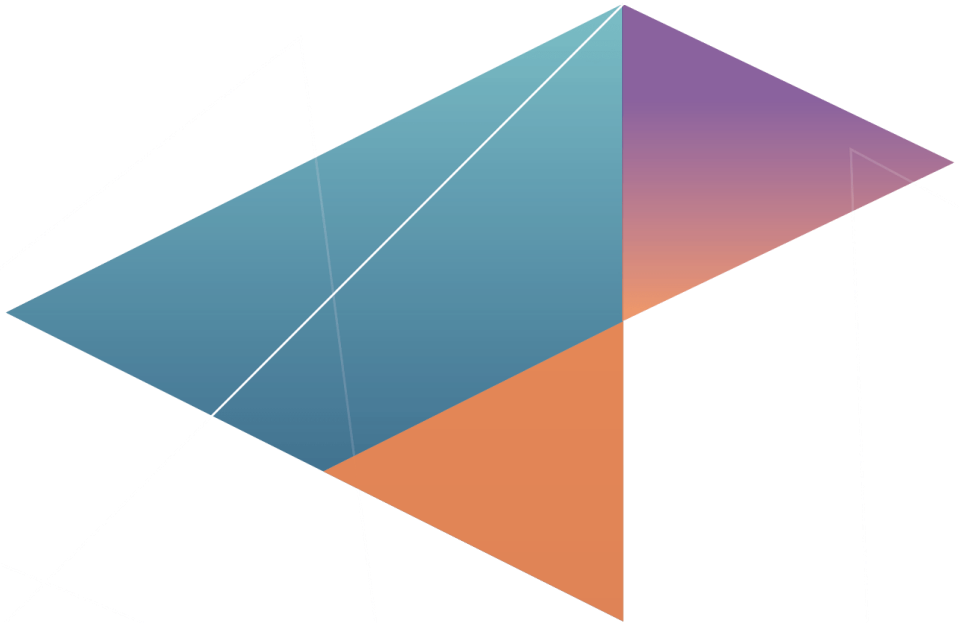
European Financial Reporting Advisory Group



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## Agenda

1. Objective of the [draft] standard and overview
2. Deep dive on Disclosure Requirements
3. Questions

## Objective and Overview

### Objective of ESRS E3

Specify Disclosure Requirements (DR) which will enable users of sustainability reporting to understand:

A. How the undertaking affects water and marine resources, in terms of positive and negative material actual or potential adverse impacts

B. The undertaking's actions taken to protect water and marine resources (reduction of water withdrawal, consumption, use, etc.)

C. The extent to which the undertaking is contributing to the EU water framework directive, EU maritime strategy framework, etc.

D. The plans and capacity of the undertaking to adapt its business model and operations in line with the preservation and restoration of water and marine resources globally

E. The nature, type and extent of the material risks and opportunities related to the undertaking's impacts and dependencies arising from water and marine resources, and how it manages them

F. The effects of water and marine resources-related risks and opportunities on the undertaking's development, performance, position over the short, medium and long term and its ability to create enterprise value in the short, medium and long term

# Objective and Overview

## Content of ESRS E3

### STRATEGY (complemented by ESRS 2)

AG on ESRS 2-IRO 1, 2 & 3: Water and marine resources-related **impacts, risks and opportunities**

- CSRD
- GRI
- CDSB
- CDP W
- CEO W

### IMPLEMENTATION

DR E3-1: **Policies** implemented to manage water and marine resources

- CSRD
- SFDR
- GRI
- CDSB

DR E3-2: Measurable **targets** for water and marine resources

- CSRD
- GRI
- CEO W
- CDP W
- CDSB
- F Mer

DR E3-3: Water and marine resources **action plans**

- CSRD
- CDSB

### PERFORMANCE MEASURES

DR E3-4: **Water management performance**

- SFDR
- CSRD
- CDP W
- GRI
- CDSB
- CEO W

DR E3-5: **Water intensity performance**

- SFDR
- CSRD
- CEO W

DR E3-6: **Marine resources-related performance**

- CSRD
- F Mer

## Deep dive on Disclosure Requirements

### AG on ESRS 2-IRO 1, 2 & 3: Water and marine resources-related impacts, risks and opportunities

The process of identifying **material IROs** should include:

**Geographical areas** with water-related quality, quantity, regulatory or reputational issues for its facilities and for the facilities of key suppliers

**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

**Business activities** for which water issues and access to commodities represent a material risk

Sites located in **areas of high-water stress**

**Processes to identify suppliers** in the value chain with material water quantity or water quality related impacts or risks

**Processes to conduct an assessment** of key suppliers

**Processes to screen marine resource-related commodities** in its purchases



**Outcomes:**

A list of geographical areas where water is a material issue for the undertaking's operations and value chain

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

A list of business activities associated to water and marine resources material IROs

# Deep dive on Disclosure Requirements

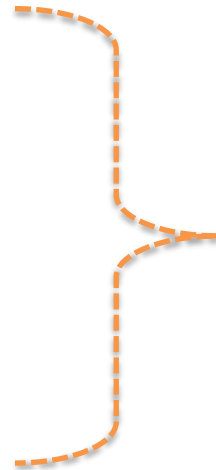
## DR E3-1 – Policies implemented to manage water and marine resources

The undertaking shall disclose its **policies related to:**

Material IROs

Its commitment to reduce material water withdrawals, consumption and discharges

How the policies relate to EU and international reference frameworks (third party standards of conduct)



The policies should address the **following areas:**

Operations-related **water management** and the **sourcing** of water

Screening and engaging with **suppliers**

**Product and service design**

**If it is not material for the undertaking:**

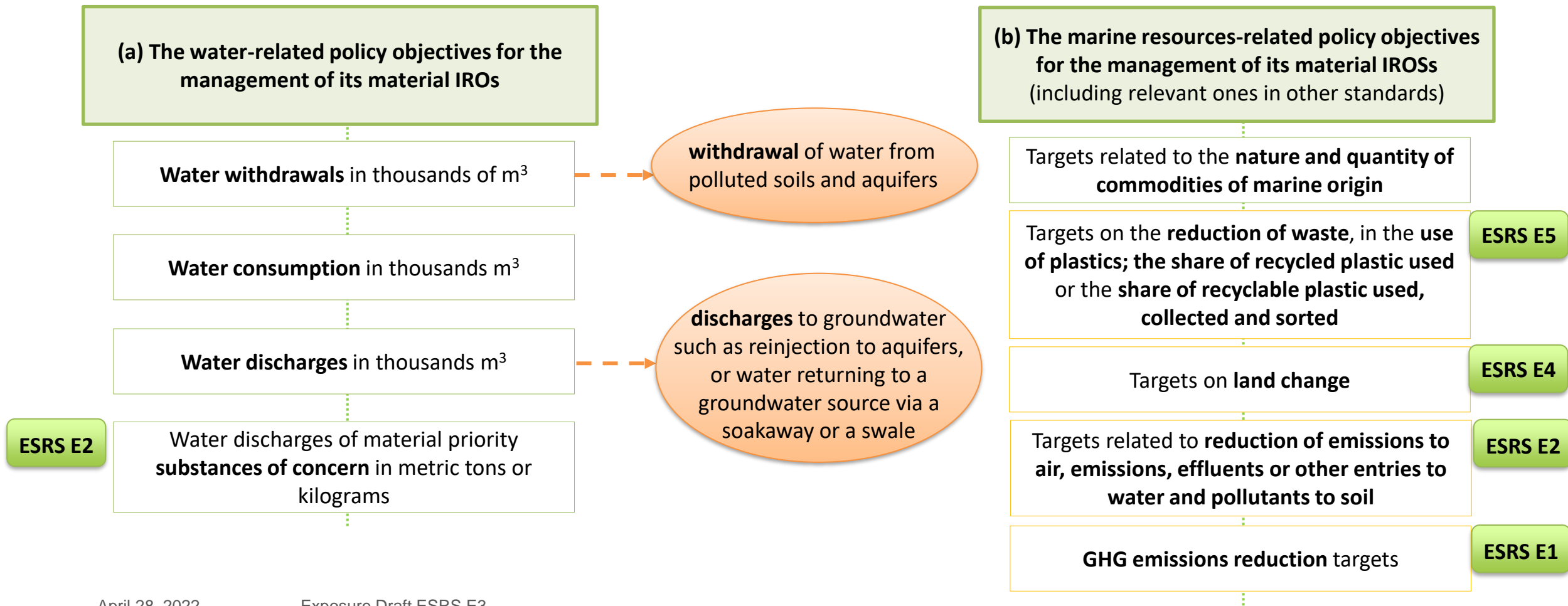
- Need to disclose that it's not material/not implemented
- Need to provide the reasons for not having adopted a policy or objective
- May report a timeframe in which it aims to have such policy or objective in place.

# Deep dive on Disclosure Requirements

## DR E3-2 – Measurable targets for water and marine resources

“The undertaking shall disclose the water and marine resource-related targets it has adopted.”

It shall include a **description of the measurable outcome-oriented target** to meet:





## Deep dive on Disclosure Requirements

### DR E3-3 – Water and marine resources action plans and resources

*“The undertaking shall disclose the water and marine resources-related action plans and the resources allocated to their implementation.”*

Their description shall include:

The criteria used to select actions and how the actions relate to the policies and targets set for water and marine resources management

Whether it is intended to be a one-time initiative or a systematic practice

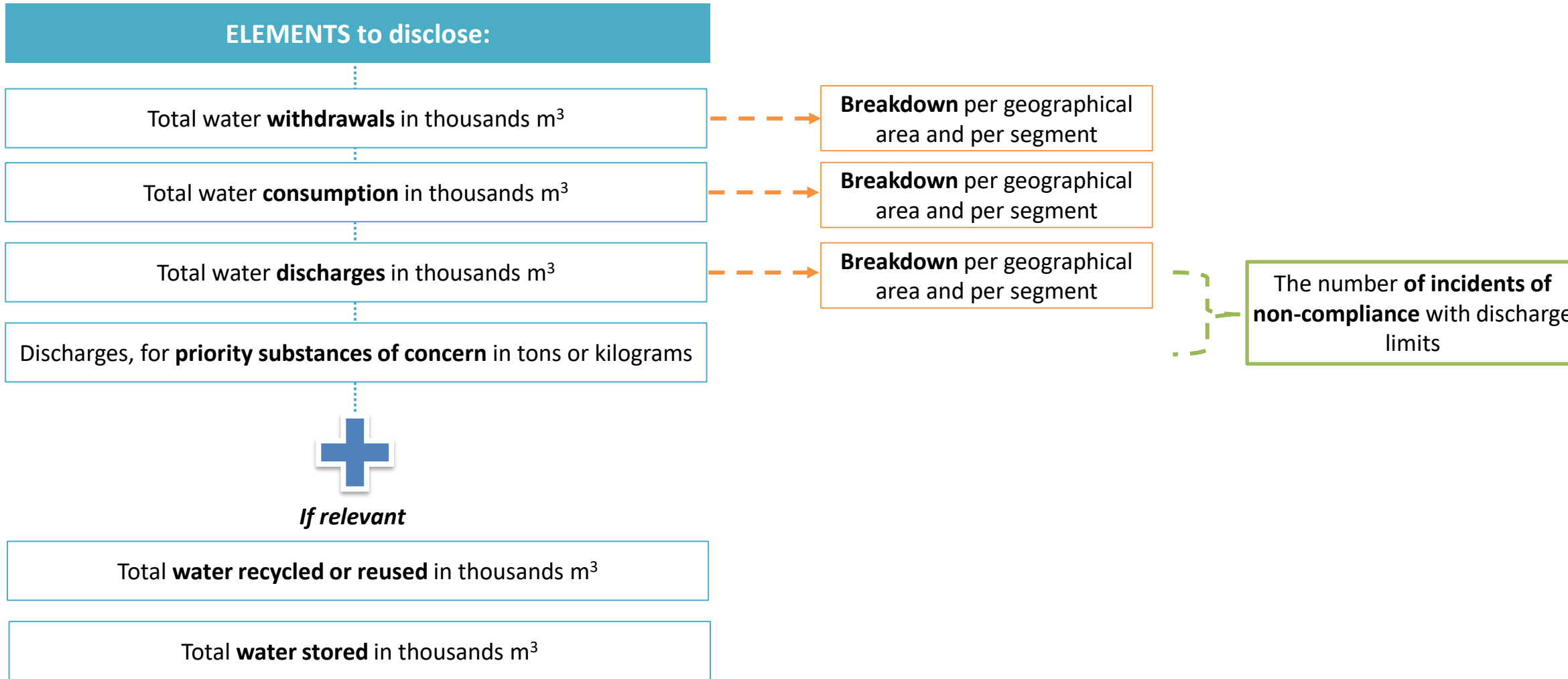
Including if a given action, or action plan, is **carried out only by the undertaking**, using its resources, in its own operations

Including if the undertaking is **leading a collective action**, or action plan, which involves the **contribution of other parties**

Including if the undertaking is **taking part in a collective action**, or action plan, of which it is a member

# Deep dive on Disclosure Requirements

## DR E3-4 – Water management performance



## Deep dive on Disclosure Requirements

### DR E3-5 – Water intensity performance

#### ELEMENTS to disclose:

Total water **withdrawals** in m<sup>3</sup> per net turnover

Total water **consumption** in m<sup>3</sup> per net turnover

Total water **discharges** in m<sup>3</sup> per net turnover

#### Connectivity with financial reporting:

The reconciliation shall be carried out by **including a cross-reference** to the related line item in the financial statements.

# Deep dive on Disclosure Requirements

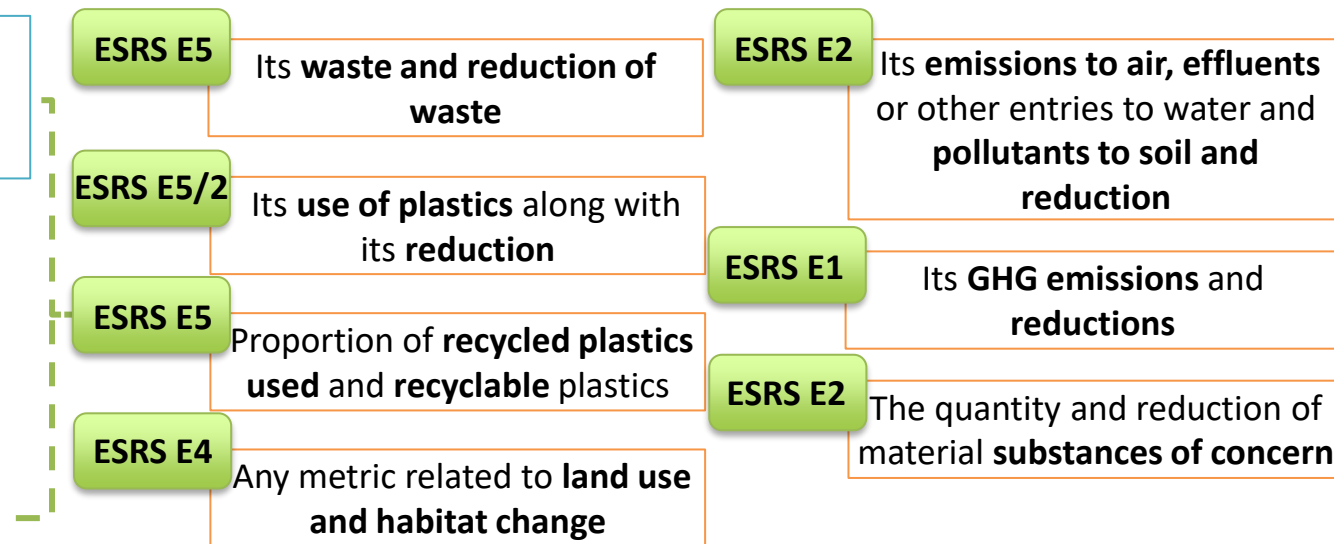
## DR E3-6 – Marine resources-related performance

*“The principle (...) 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.”*

### ELEMENTS to disclose:

The **nature and quantity** (in tons) of **commodities of marine origin** (such as gravels, deep-sea minerals, seafood,) used by the undertaking

Relevant **reference to performance measures** included in other Standards





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