

ESRS E2 POLLUTION

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Objective

1. The objective of this Standard is to specify Disclosure Requirements which will enable users of the **sustainability statement** to understand:
 - (a) how the undertaking affects **pollution** of air, water and **soil**, in terms of material positive and negative actual or potential **impacts**;
 - (b) any **actions** taken, and the result of such actions, to prevent or mitigate actual or potential negative impacts, and to address **risks** and **opportunities**;
 - (c) the plans and capacity of the undertaking to adapt its **strategy** and **business model** in line with the transition to a sustainable economy and with the need to prevent, control and eliminate pollution. This is to create a toxic-free environment with zero pollution also in support of the EU Action Plan “Towards a Zero Pollution for Air, Water and Soil”;
 - (d) the nature, type and extent of the undertaking’s material risks and opportunities related to the undertaking’s pollution-related impacts and **dependencies**, as well as the prevention, control, elimination or reduction of pollution, including where this results from the application of regulations, and how the undertaking manages this; and

- (e) the **financial effects** on the undertaking over the short-, medium- and long-term time horizons of material risks and opportunities arising from the undertaking's pollution-related impacts and dependencies.
2. This Standard sets out Disclosure Requirements related to the following **sustainability matters: pollution** of air, water, **soil, substances of concern**, including **substances of very high concern**.
 3. "**Pollution** of air" refers to the undertaking's **emissions** into air (both indoor and outdoor), and prevention, control and reduction of such emissions.
 4. "**Pollution** of water" refers to the undertaking's **emissions** to water, and prevention, control and reduction of such emissions.
 5. "**Pollution of soil**" refers to the undertaking's **emissions** into soil and the prevention, control and reduction of such emissions.
 6. With regard to "**substances of concern**", this standard covers the undertaking's production, use and/or distribution and commercialisation of substances of concern, including **substances of very high concern**. Disclosure Requirements on substances of concern aim at providing users with an understanding of actual or potential impacts related to such substances, also taking account of possible restrictions on their use and/or distribution and commercialisation.

Interaction with other ESRS

7. The topic of **pollution** is closely connected to other environmental sub-topics such as climate change, water and **marine resources, biodiversity** and **circular economy**. Thus, to provide a comprehensive overview of what could be material to pollution, relevant Disclosure Requirements are covered in other environmental Standards as follows:
 - (a) ESRS E1 *Climate change* which addresses the following seven **greenhouse gases** connected to air pollution: carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PCFs), sulphur hexafluoride (SF₆) and nitrogen trifluoride (NF₃).
 - (b) ESRS E3 *Water and marine resources* which addresses **water consumption**, in particular in **areas at water risk**, water **recycling** and storage. This also includes the responsible management of marine resources, including the nature and quantity of marine resources-related commodities (such as gravels, deep-sea minerals, seafood) used by the undertaking. This Standard covers the negative impacts, in terms of pollution of water and marine resources, including microplastics, generated by such activities.
 - (c) ESRS E4 *Biodiversity and ecosystems* which addresses **ecosystems** and species. Pollution as a direct impact driver of **biodiversity loss** is addressed by this Standard.
 - (d) ESRS E5 *Resource use and circular economy* which addresses, in particular, the transition away from extraction of non-renewable resources and the implementation of practices that prevent **waste** generation, including pollution generated by waste.
8. The undertaking's **pollution**-related impacts may affect people and communities. Material negative impacts on **affected communities** from pollution-related impacts attributable to the undertaking are covered in ESRS S3 *Affected communities*.
9. This Standard should be read in conjunction with ESRS 1 *General requirements* and ESRS 2 *General disclosures*.

Disclosure Requirements

ESRS 2 General disclosures

10. The requirements of this section should be read in conjunction with and reported alongside the disclosures required by ESRS 2 chapter 4 *Impact, risk and opportunity management*.

Disclosure Requirement related to ESRS 2 IRO-1 – Description of the processes to identify and assess material pollution-related impacts, risks and opportunities

11. The undertaking shall describe the process to identify material **impacts, risks and opportunities** and shall provide information on:
 - (a) the methodologies, assumptions and tools used to screen its **site** locations and business activities in order to identify its actual and potential **pollution-related impacts, risks and opportunities** in its own operations and **value chain**;
 - (b) the interconnection between risks and opportunities arising from impacts and **dependencies**; and
 - (c) the process for conducting consultations, in particular with affected communities.

Impact, risk and opportunity management

Disclosure Requirement E2-1 – Policies related to pollution

12. The undertaking shall describe its policies that address the management of its material impacts, risks and opportunities related to pollution prevention and control.
13. The objective of this Disclosure Requirement is to enable an understanding of the extent to which the undertaking has **policies** that address the identification, assessment, management and/or **remediation** of material pollution-related **impacts, risks and opportunities**.
14. The disclosure required by paragraph 12 shall contain the information on the **policies** the undertaking has in place to manage its material **impacts, risks and opportunities** related to **pollution** in accordance with ESRS 2 MDR-P *Policies adopted to manage material sustainability matters*.
15. The undertaking shall indicate, with regard to its own operations and its **value chain**, whether and how its **policies** address the following areas where material:
 - (a) mitigating negative **impacts** related to **pollution** of air, water and **soil** including prevention and control;
 - (b) substituting and minimising the use of **substances of concern**, and phasing out **substances of very high concern**, in particular for non-essential societal use and in **consumer** products; and
 - (c) avoiding **incidents** and emergency situations, and if and when they occur, controlling and limiting their impact on people and the environment.

Disclosure Requirement E2-2 – Actions and resources related to pollution

16. The undertaking shall disclose its pollution-related actions and the resources allocated to their implementation.

17. The objective of this Disclosure Requirement is to enable an understanding of the key **actions** taken and planned to achieve the **pollution**-related **policy** objectives and **targets**.
18. The description of the **pollution**-related action plans and resources shall contain the information prescribed in ESRS 2 MDR-A *Actions and resources in relation to material sustainability matters*.
19. In addition to ESRS 2 MDR-A, the undertaking may specify to which layer in the following mitigation hierarchy an action and resources can be allocated:
 - (a) avoid **pollution** including any phase out of materials or compounds that have a negative impact (prevention of pollution at source);
 - (b) reduce pollution, including: any phase-out of materials or compounds; meeting enforcement requirements such as **Best Available Techniques (BAT)** requirements; or meeting the **Do No Significant Harm** criteria for pollution prevention and control according to the EU Taxonomy Regulation and its Delegated Acts (minimisation of pollution); and
 - (c) restore, regenerate and transform **ecosystems** where pollution has occurred (control of the impacts both from regular activities and **incidents**).

Metrics and targets

Disclosure Requirement E2-3 – Targets related to pollution

20. **The undertaking shall disclose the pollution-related targets it has set.**
21. The objective of this Disclosure Requirement is to enable an understanding of the **targets** the undertaking has set to support its **pollution**-related **policies** and to address its material pollution-related **impacts, risks** and **opportunities**.
22. The description of **targets** shall contain the information requirements defined in ESRS 2 MDR-T *Tracking effectiveness of policies and actions through targets*.
23. The disclosure required by paragraph 20 shall indicate whether and how its **targets** relate to the prevention and control of:
 - (a) air pollutants and respective **specific loads**;
 - (b) **emissions** to water and respective specific loads;
 - (c) **pollution to soil** and respective specific loads; and
 - (d) **substances of concern** and **substances of very high concern**.
24. In addition to ESRS 2 MDR-T, the undertaking may specify whether **ecological thresholds** (e.g., the **biosphere integrity**, stratospheric ozone-depletion, atmospheric aerosol loading, **soil depletion**, ocean acidification) and entity-specific allocations were taken into consideration when setting targets. If so, the undertaking may specify:
 - (a) the **ecological thresholds** identified, and the methodology used to identify such thresholds;
 - (b) whether or not the thresholds are entity-specific and if so, how they were determined; and
 - (c) how responsibility for respecting identified ecological thresholds is allocated in the undertaking.
25. The undertaking shall specify as part of the contextual information, whether the **targets** that it has set and presented are mandatory (based on legislation) or voluntary.

Disclosure Requirement E2-4 – Pollution of air, water and soil

26. **The undertaking shall disclose the pollutants that it emits through its own operations, as well as the microplastics it generates or uses.**
27. The objective of this Disclosure Requirement is to provide an understanding of the **emissions** that the undertaking generates to air, water and **soil** in its own operations, and of its generation and use of microplastics.
28. The undertaking shall disclose the consolidated amount of:
 - (a) each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil¹;
 - (b) microplastics generated or used by the undertaking.
29. The consolidated emissions amount shall include in the basis for calculation both the assets or sites on which the undertaking has financial control and those on which the undertaking has operational control. The consolidation shall include only the asset emissions which reach the thresholds for release indicated in Annex II of the E-PRTR Regulation.
30. The undertaking shall put its disclosure into context and describe:
 - (a) the changes over time,
 - (b) the measurement methodologies; and
 - (c) the process(es) to collect data for **pollution**-related accounting and reporting, including the type of data needed and the information sources.
31. When an inferior methodology compared to direct measurement of **emissions** is chosen to quantify emissions, the reasons for choosing this inferior methodology shall be outlined by the undertaking. If the undertaking uses estimates, it shall disclose the standard, sectoral study or sources which form the basis of its estimates, as well as the possible degree of uncertainty and the range of estimates reflecting the measurement uncertainty.

Disclosure Requirement E2-5 – Substances of concern and substances of very high concern

32. **The undertaking shall disclose information on the production, use, distribution, commercialisation and import/export of substances of concern and substances of very high concern, on their own, in mixtures or in articles.**
33. The objective of this Disclosure Requirement is to enable an understanding of the impact of the undertaking on health and the environment through **substances of concern** and through **substances of very high concern** on their own. It is also to enable an understanding of the undertaking's material risks and **opportunities**, including exposure to those substances and risks arising from changes in regulations.
34. The disclosure required by paragraph 32 shall include the total amounts of **substances of concern** that are generated or used during the production or that are procured, and the total amounts of substances of concern that leave its facilities as emissions, as products, or as part of products or services split into main hazard classes of substances of concern.
35. The undertaking shall present separately the information for **substances of very high concern**.

Disclosure Requirement E2-6 – Anticipated financial effects from material pollution-related impacts, risks and opportunities

¹ This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 as reflecting: (a) an additional indicator related to principal adverse impacts as set out by indicator #2 in Table 2 of Annex 1 of the related Delegated Regulation with regard to disclosure rules on sustainable investments ("Emissions of air pollutants"); (b) indicator #8 in Table 1 of Annex 1 ("Emissions to water"); (c) indicator #1 in Table 2 of Annex 1 ("Emissions of inorganic pollutants"); and (d) indicator #3 in Table 2 of Annex 1 ("Emissions of ozone-depleting substances").

36. **The undertaking shall disclose the anticipated financial effects of material pollution-related risks and opportunities.**
37. The information required by paragraph 36 is in addition to the information on current financial effects on the undertaking's, financial position, financial performance and cash flows for the reporting period required under ESRS 2 SBM-3 para 48 (d).
38. The objective of this Disclosure Requirement is to provide an understanding of:
- (a) **anticipated financial effects** due to material risks arising from **pollution**-related impacts and **dependencies** and how these risks have (or could reasonably be expected to have) a material influence on the undertaking's , financial position financial performance and cash flows, over the short-, medium- and long-term.
 - (b) **anticipated financial effects** due to material **opportunities** related to **pollution** prevention and control.
39. The disclosure shall include:
- (a) a quantification of the **anticipated financial effects** in monetary terms before considering pollution-related actions, or where not possible without undue cost or effort, qualitative information. For **financial effects** arising from **opportunities**, a quantification is not required if it would result in disclosure that does not meet the qualitative characteristics of information (see ESRS 1 Appendix C *Qualitative characteristics of information*);
 - (b) a description of the effects considered, the related impacts and the time horizons in which they are likely to materialise; and
 - (c) the critical assumptions used to quantify the **anticipated financial effects**, as well as the sources and level of uncertainty of those assumptions.
40. The information provided under paragraph 38(a) shall include:
- (a) the share of net revenue made with products and services that are or that contain **substances of concern**, and the share of net revenue made with products and services that are or that contain **substances of very high concern**;
 - (b) the operating and capital expenditures incurred in the reporting period in conjunction with major **incidents** and **deposits**;
 - (c) the provisions for environmental protection and **remediation** costs, e.g., for rehabilitating contaminated **sites**, recultivating landfills, removal of environmental contamination at existing production or storage sites and similar measures.
41. The undertaking shall disclose any relevant contextual information including a description of material **incidents** and **deposits** whereby **pollution** had negative impacts on the environment and/or had or is expected to have negative effects on the undertaking's financial cash flows, financial position and financial performance with short-, medium- and long-term time horizons.

Appendix A: Application Requirements

This Appendix is an integral part of the proposed ESRS E2. It supports the application of the disclosure requirements set out in this standard and has the same authority as the other parts of the Standard.

ESRS 2 General disclosures

Impact, risk and opportunity management

Disclosure Requirement related to ESRS 2 IRO-1 – Description of the processes to identify and assess material pollution-related impacts, risks and opportunities

- AR 1. When conducting a **materiality** assessment on environmental subtopics, the undertaking shall assess the materiality of pollution in its own operations and its value chain, and may consider the four phases below, also known as the LEAP approach:
- (a) Phase 1: locate where in its own operations and its **value chain** the interface with nature takes place;
 - (b) Phase 2: evaluate the **pollution**-related **dependencies** and impacts;
 - (c) Phase 3: assess the material **risks** and **opportunities**; and
 - (d) Phase 4: prepare and report the results of the materiality assessment.
- AR 2. The **materiality** assessment for ESRS E2 corresponds to the first three phases of this LEAP approach. The fourth phase addresses the outcome of the process.
- AR 3. The process to assess the **materiality** of **impacts**, **dependencies**, **risks** and **opportunities** shall consider the provisions in ESRS 2 IRO-1 *Description of the processes to identify and assess material impacts, risks and opportunities*, and IRO-2 *Disclosure Requirements in ESRS covered by the undertaking's sustainability statement*.
- AR 4. The sub-topics covered by the **materiality** assessment under ESRS E2 include:
- (a) **pollution** of air, water and **soil** (excluding GHG **emissions** and **waste**), microplastics, and **substances of concern**;
 - (b) **dependencies** on **ecosystem services** that help to mitigate pollution-related impacts.
- AR 5. In Phase 1, the undertaking shall first consider location including:
- (a) the **site** locations of direct assets and operations and related upstream and downstream activities across the value chain;
 - (b) the site locations where **emissions** of water, **soil** and air pollutants occur; and
 - (c) the sectors or business units related to those emissions or to the production, use, distribution, commercialisation and import/export of microplastics, **substances of concern**, and **substances of very high concern**, on their own, in mixtures or in **articles**.
- AR 6. In Phase 2, the undertaking shall then consider evaluating impacts and **dependencies** for each material **site** or sector/business unit including by assessing the severity and likelihood of impacts on the environment and human health.
- AR 7. In Phase 3, the undertaking shall consider assessing material **risks** and **opportunities** by:
- (a) identifying **transition risks** and **opportunities** in its own operations and its upstream and downstream **value chain** by the categories of:
 - i. **policy** and legal: e.g., introduction of regulation, exposure to sanctions and litigation (e.g., negligence towards **ecosystems**), enhanced reporting obligations;
 - ii. technology: e.g., substitution of products or services by products or services with a lower impact, transition away from **substances of concern**;
 - iii. market: e.g., shifting supply, demand and financing, volatility or increased costs of some substances; and

- iv. reputation: e.g., changing societal, customer or community perceptions as a result of an organisation's role in **pollution** prevention and control;
- (b) identifying physical risks, e.g., sudden interruption of access to clean water, acid rain, or other pollution **incidents** that are likely to lead to or that have led to pollution with subsequent effects on the environment and society;
- (c) identifying opportunities related to pollution prevention and control categorised by:
 - i. resource efficiency: decrease quantities of substances used or improve efficiency of production process to minimise impacts;
 - ii. markets: e.g., diversification of business activities;
 - iii. financing: e.g., access to green funds, bonds or loans;
 - iv. resilience: e.g., diversification of substances used and control of emissions through innovation or technology; and
 - v. reputation: positive **stakeholder** relations as a result of a proactive stance on managing risks.

AR 8. In order to assess **materiality**, the undertaking may consider the Commission Recommendation (EU) 2021/2279 of 15th December 2021 on the use of the Environmental Footprint methods to measure and communicate the life cycle environmental performance of products and organisations.

AR 9. When providing information on the outcome of its **materiality** assessment, the undertaking shall consider:

- (a) a list of **site** locations where **pollution** is a material issue for the undertaking's operations and its value chain; and
- (b) a list of business activities associated with pollution material impacts, risks and opportunities.

Impact, risk and opportunity management

Disclosure Requirement E2-1 – Policies related to pollution

AR 10. The **policies** described under this Disclosure Requirement may be integrated in broader environmental or sustainability policies covering different subtopics.

AR 11. The description of the **policies** shall include information on the **pollutant(s)** or **substance(s)** covered.

AR 12. When disclosing information under paragraph 11, the undertaking may include contextual information on the relations between its policies implemented and how they may contribute to the EU Action Plan "Towards a Zero Pollution for Air, Water and Soil" with for instance elements on:

- (a) how it is or may be affected by the **targets** and measures of the EU Action Plan and the revision of existing directives (e.g., the Industrial Emissions Directive);
- (b) how it intends to reduce its **pollution** footprint to contribute to these targets.

Disclosure Requirement E2-2 – Actions and resources related to pollution

AR 13. Where **actions** extend to upstream or downstream **value chain** engagements, the undertaking shall provide information on the types of actions reflecting these engagements.

- AR 14. When considering resources, examples of operational expenditures could be investments in research and development to innovate and develop safe and sustainable alternatives to the use of substances of concern or to decrease **emissions** in a production process.
- AR 15. Where relevant to achieve its **pollution**-related **policy** objectives and **targets**, the undertaking may provide information on **site**-level action plans.

Metrics and targets

Disclosure Requirement E2-3 – Targets related to pollution

- AR 16. If the undertaking refers to **ecological thresholds** when setting **targets**, it may refer to the guidance provided by the Science-Based Targets Initiative for Nature (SBTN) in its interim guidance (Initial Guidance for Business, September 2020), or any other guidance with a scientifically acknowledged methodology that allows setting of science-based targets by identifying ecological thresholds and, if applicable, entity-specific allocations. Ecological thresholds can be local, national and/or global.
- AR 17. When providing contextual information on **targets**, the undertaking may specify whether the target addresses shortcomings related to the Do No Significant Harm (DNSH) criteria for Pollution Prevention and Control while assessing the Substantial Contribution to one of the other environmental objectives of the Taxonomy Regulation (Regulation EU 2020/852).
- AR 18. Where relevant to support the **policies** it has adopted, the undertaking may provide information on the **targets** set at **site** level.
- AR 19. The **targets** may cover the undertaking's own operations and/or the value chain.

Disclosure Requirement E2-4 – Pollution of air, water and soil

- AR 25. The information to be provided on microplastics under paragraph [28\(b\)](#) shall include microplastics that have been generated or used during production processes or that are procured, and that leave the undertaking's facilities as emissions, as products, or as part of products or services. Microplastics may be unintentionally produced when larger pieces of plastics like car tires or synthetic textiles wear and tear or may be deliberately manufactured and added to products for specific purposes (e.g., exfoliating beads in facial or body scrubs).
- AR 26. The volume of **pollutants** shall be presented in appropriate mass units, for example tonnes or kilogrammes.
- AR 27. The information required under this Disclosure Requirement shall be provided at the level of the reporting undertaking. However, the undertaking may disclose additional breakdown including information at **site** level or a breakdown of its **emissions** by type of source, by sector or by geographical area.
- AR 28. When providing contextual information on the emissions, the undertaking may consider:
- (a) the local air quality indices (AQI) for the area where the undertaking's air **pollution** occurs;
 - (b) the degree of urbanisation (DEGURBA)² for the area where air pollution occurs; and
 - (c) the undertaking's percentage of the total **emissions** of **pollutants** to water and **soil** occurring in areas at water risk, including areas of high-water stress;

² According to Eurostat, the Degree of urbanisation (DEGURBA) is a classification that indicates the character of an area. Based on the share of local population living in urban clusters and in urban centres, it classifies Local Administrative Units (LAU or communes) into three types of area: i) Cities (densely populated areas), ii) Towns and suburbs (intermediate density areas), and iii) Rural areas (thinly populated areas)

(d)

AR 29. The information provided under this Disclosure Requirement may refer to information the undertaking is already required to report under other existing legislation (i.e., IED, E-PRTR, etc.).

AR 30. Where the undertaking's activities are subject to the Industrial Emission Directive (IED) and relevant Best Available Techniques Reference Documents (**BREFs**), irrespective of whether the activity takes place within the European Union or not, the undertaking may disclose the following additional information:

- (a) a list of **installations** operated by the undertaking that fall under the IED and **EU-BAT Conclusions**;
- (b) a list of any non-compliance **incidents** or enforcement **actions** necessary to ensure compliance in case of breaches of permit conditions;
- (c) the actual performance, as specified in the **EU-BAT conclusions** for industrial **installations**, and comparison of the undertaking's environmental performance against "emission levels associated with the best available techniques" the (**BAT-AEL**) as described in EU-BAT conclusions;
- (d) the actual performance of the undertaking against "environmental performance levels associated with the **best available techniques**" (**BAT-AEPLs**) provided that they are applicable to the sector and **installation**; and
- (e) a list of any compliance schedules or derogations granted by competent authorities according to Art. 15(4) IED that are associated with the implementation of **BAT-AELs**.

Methodologies

AR 31. When providing information on **pollutants**, the undertaking shall consider approaches for quantification in the following order of priority:

- (a) direct measurement of emissions, effluents or other **pollution** through the use of recognised continuous monitoring systems (e.g., AMS Automated Measuring Systems);
- (b) periodic measurements;
- (c) calculation based on **site**-specific data;
- (d) calculation based on published pollution factors; and
- (e) estimation.

AR 32. Regarding the disclosure of methodologies required by paragraph 28, the undertaking shall consider:

- (a) whether its monitoring is carried out in accordance with EU **BREF** Standards or another relevant reference benchmark; and
- (b) whether and how the calibration tests of the AMS were undertaken and the verification of periodic measurement by independent labs were ensured.

Disclosure Requirement E2-5 – Substances of concern and substances of very high concern

List of substances to be considered

AR 33. In order for the information to be complete, **substances** in the undertaking's own operations and those procured shall be included (e.g., embedded in ingredients, semi- finished products, or the final product).

AR 34. The volume of **pollutants** shall be presented in mass units, for example tonnes or kilogrammes or other mass units appropriate for the volumes and type of pollutants being

released.

Contextual information

AR 35. The information provided under this Disclosure Requirement may refer to information the undertaking is already required to report under other existing legislation (i.e., IED, E-PRTR...).

Disclosure Requirement E2-6 – Anticipated financial effects from material pollution-related impacts, risks and opportunities

AR 36. The operating and capital expenditures related to **incidents** and **deposits** may include for instance:

- (a) cost for eliminating and remediating the respective **pollution** of air, water and **soil** including environmental protection;
- (b) damage compensation costs including payment of fines and penalties imposed by regulators or government authorities.

AR 37. **Incidents** may include for instance interruptions of production, whether arising from the **supply chain** and/or from own operations, which resulted in **pollution**.

AR 38. The undertaking may include an assessment of its related products and services at risk over the short-, medium- and long-term, explaining how these are defined, how financial amounts are estimated, and which critical assumptions are made.

AR 39. The quantification of the **anticipated financial effects** in monetary terms under paragraph 38(a) may be a single amount or a range.

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