

**[Draft] European Sustainability Reporting Standard E3
Water and Marine Resources**

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Objective

- 1 The objective of this [draft] standard is to specify disclosure requirements which will enable users of the sustainability reporting to understand:
 - (a) to what extent the undertaking is contributing to the European Green Deal's ambitions for fresh air, clean water, a healthy soil and biodiversity as well as to ensuring the sustainability of the blue economy and fisheries sectors, to the EU water framework directive, to the EU marine strategy framework, the SDGs 6 and 14, and respect of global environmental limits (e.g. the biosphere integrity, ocean acidification, freshwater use, and biogeochemical flows planetary boundaries) in line with the vision for 2050 of 'living well within the ecological limits of our planet' set out in the 7th Environmental Action Programme, and in the proposal for a decision of the European Parliament and the Council on the 8th Environmental Action Programme.
 - (b) the positive and negative impacts of the undertaking on water and marine resources and its past, current and future measures to protect them, also with reference to reduction of water withdrawals, water consumption, water use, water discharges in water bodies and in the oceans; habitat degradation and the intensity of pressure on marine resources;
 - (c) the water and marine resources-related risks, opportunities and dependencies, in relation with the undertaking's activities, and their consequences for the undertaking's financial situation and performance over the short-, medium- and long-term;
 - (d) the plans and capacity of the undertaking to adapt its business model and operations in line with the transition to a sustainable economy as well as with the preservation and restoration of water and marine resources globally.
- 2 This standard derives from the (draft) CSRD stating that the sustainability reporting standards shall specify information to disclose about 'water and marine resources'.
- 3 This standard covers disclosure requirements developed primarily from the perspective and for the reporting purpose of non-financial undertakings¹. However financial undertakings shall apply this standard in relation to their own operations and value chain, it being understood that they are in addition subject to specific regulatory and other sector-specific disclosure requirements.
- 4 This standard sets out the requirements for compilation and disclosure of information related to 'water' and 'marine resources'.
- 5 'Water' covers disclosure requirements related to the undertaking's relationship with water in terms of how, where and how much water is withdrawn, consumed and discharged for the undertaking's activities, products and services and what are the water-related impacts caused or contributed to by the undertaking. It also covers water access, sanitation and hygiene (WASH) for the undertaking's employees, for the supply chain, for communities and for the products and services sold by the undertaking. It also covers the financial exposure of the undertaking to the changes caused and contributed to along its value chain, as well as their actual and potential impact on the undertaking's current, short, medium and long term financial position.
- 6 Marine resources covers disclosure requirements related to the undertaking's activities, products and services which cause or contribute to impacts either through the use of ocean-based resources, discharges to the environment which end up in the oceans, or activities located in maritime areas. It also covers the financial exposure of the undertaking to the changes caused and contributed to along its value chain, as well as their actual and potential impact on the undertaking's current, short, medium and long term financial position.
- 7 Marine resources is a cross-topic subject which covers not just water, but also climate, pollution, biodiversity and ecosystems as well as the circular economy in relation with water.

¹ A non-financial undertaking means an undertaking that is subject to the disclosure obligations laid down in Articles 19a and 29a of Directive 2013/34/EU and is not a financial undertaking, i.e. an asset manager, a credit institution as defined in Article 4(1), point (1), of Regulation (EU) No 575/2013 of the European Parliament and of the Council²², an investment firm as defined in Article 4(1), point (2), of Regulation (EU) No 575/2013, an insurance undertaking as defined in Article 13, point (1), of Directive 2009/138/EC of the European Parliament and of the Council²³, or a reinsurance undertaking as defined in Article 13, point (4) of Directive 2009/138/EC [Disclosures Delegated Act of the (EU) 2020/852 Regulation, commonly referred to as the EU Taxonomy

So as to provide a comprehensive overview of what is material to marine resources, all the relevant disclosure requirements for marine resources arising from other ESRS are listed and referenced in this standard.

Interactions with other ESRS

- 8 This Standard does not cover disclosure requirements on biodiversity, the circular economy and pollution which are addressed in dedicated standards, as well as GHG emissions and Climate change. Hence the standard includes cross-references to:
 - (a) ESRS E1 Climate (mitigation and adaptation);
 - (b) ESRS E2 Pollution;
 - (c) ESRS E4 Biodiversity and ecosystems;
 - (d) ESRS E5 Circular Economy.
- 9 The content of this standard related to Strategy and business model, Governance and organisation and Impacts, risks and opportunities, as well as Policies, targets, action plans and resources shall be read in conjunction respectively with cross-cutting standards ESRS 2, ESRS 3, ESRS 4 and ESRS 5.
- 10 This standard covers sector-agnostic disclosure requirements. Sector-specific Disclosure Requirements are developed separately and in accordance with the classification following ESRS SEC 1.

Disclosure requirements

Strategy and business model, governance and organisation, Impacts, risks and opportunities

- 11 The disclosure requirements related to Water and marine resources and to (i) Strategy and business model, (ii) Governance and organisation, (iii) Impacts, risks and opportunities (iv) policies, actions plans and resources, are defined below.
- 12 The specific water and marine resources-related Disclosure Requirements hereafter (Disclosure Requirements 1 to 5) shall be read as complementary to the relevant cross-cutting standards (ESRS 2, ESRS 3, ESRS 4) and they are to be reported upon by the undertaking under the related cross-cutting standards. The information to be covered by Disclosure Requirements 1 to 5 are those that due to their importance to the undertaking are prioritised and monitored directly by the undertaking's highest governing bodies.
- 13 With regards to the water and marine-resources related Disclosure Requirements in ESRS 2 Strategy and business model, this topical standard includes one specific Disclosure Requirement. Disclosure Requirement 1 covers Resilience of the strategy and business model principal water and marine resources-related physical and transition risks.
- 14 With regards to the water and marine-resources related Disclosure Requirements in ESRS 3 Governance and organisation, this topical standard includes two specific disclosure Requirements. Disclosure Requirement 2 covers Internal water and marine resources-related pricing schemes and Disclosure Requirement 3 covers Roles and responsibilities of governance bodies.
- 15 With regards to the water and marine-resources related Disclosure Requirements in ESRS 4 on Impacts, risks and opportunities, this topical standard includes two specific Disclosure Requirements. Disclosure Requirement 4 covers Processes to identify material water and marine resources impacts, risks and opportunities and Disclosure Requirement 5 covers Material water and marine-resources impacts, risks and opportunities.

Specific Water and marine resources-related disclosures for the implementation of ESRS 2 Strategy and business model

[Disclosure requirement 1] – Resilience of the Strategy and Business Model to principal water and marine resources-related physical and transition risks

- 16 The undertaking shall disclose an assessment of the resilience of the current business model(s) and strategy to water and marine resources-related physical and transition risks in light of a range of water and marine resources-related scenarios.**
- 17 The principle to be followed under this Disclosure Requirement is to provide credibility to the resilience assessment made by the undertaking and an understanding of how the physical and transition risks of water and marine resources may impact the undertaking's businesses, strategies and financial performance over time through scenarios analysis.
- 18 The disclosure required by paragraph [16] shall at least include:
- (a) whether the business model(s) has been verified by using a range of water and marine resources scenarios;
 - (b) an explanation on the choice of specific scenarios;
 - (c) key assumptions made;
 - (d) the time horizon over which the analysis has been conducted.
- 19 The disclosure required under paragraph [16] shall cover the short-, medium and long-term strategic implications resulting from the scenario analysis as well as the plans to ensure that the value chain strategy is compatible with global and EU objectives of ensuring the good quality status of water bodies and marine resources. It shall include:
- (a) how conclusions are drawn from the assessment of water and marine resources-related scenarios and an explanation of the processes by which these outputs are validated;
 - (b) how processes for identifying, assessing and managing impacts on water and marine resources and on related risks are integrated into the overall risk management, management system and strategy definition;
 - (c) how the undertaking is working with suppliers to manage and mitigate risks for, and negative impacts on, water and marine resources;
 - (d) the key barriers or challenges to avoiding water and marine resources-related risks to the undertaking's own operations, as well as in other parts of its value chain;
 - (e) by reference to Disclosure Requirements 15 and 16 of this standard, an assessment demonstrating how the undertaking's financial position and financial performance supports the resilience of its strategy and business model over the short, medium and long term.

Specific water and marine resources-related disclosures for the implementation of ESRS 3 Governance and organisation

[Disclosure requirement 2] – Internal water and marine resources-related pricing schemes

- 20 The undertaking shall disclose a description of the internal water and marine resources pricing schemes applied to support its decision making.**
- 21 The principle to be followed under this Disclosure Requirement is to provide an understanding of how water and marine resources-related dependencies, impacts, risks and opportunities are integrated in an undertaking's strategic and operational decision-making processes, as water and marine resources carbon prices can influence the reduction of an undertaking's pressures on water and marine resources and support the assessment, anticipation and management of water and marine resources-related transition risks and opportunities.
- 22 The information required under paragraph [20] shall include:
- (a) a description of whether and how the undertaking applies internal water and marine resources pricing schemes (type of internal water and marine resources pricing scheme);
 - (b) the water and marine resources prices applied according to the type of scheme;

- (c) the current year covered by these schemes.

[Disclosure requirement 3] – Roles and responsibilities of governance bodies

- 23 The undertaking shall disclose a description of how it engages in activities that could either directly or indirectly influence public policy on water and marine resources.**
- 24 The principle to be followed under this disclosure requirement is to provide an understanding of how the undertaking has worked with policymakers to develop or advocate for policy changes specifically designed to contribute to water and marine resources issues over the reporting period.
- 25 The disclosure required under paragraph [23] shall include inter alia direct engagement with policy makers, trade associations, funding research organisations and a description of the processes the undertaking has in place to ensure that all of its direct and indirect activities seeking to influence policy are consistent with its water and marine resources policies, commitments and targets.

Specific water and marine resources-related disclosures for the implementation of ESRS 4 Impacts, Risks and Opportunities

[Disclosure requirement 4] - Processes to identify material water and marine resources impacts, risks and opportunities

- 26 The undertaking shall disclose how it has identified and assessed the state of water bodies and marine resources that are directly and indirectly impacted by its own operations.**
- 27 The principle to be followed under this disclosure requirement is to provide an understanding of how the undertaking identifies and assesses the state of water bodies and marine resources that are directly and indirectly impacted by its own operations.
- 28 The disclosure required by paragraph [26] shall cover:
- (a) how the undertaking has identified and assessed the state of water bodies and marine resources that are impacted;
 - (b) the process for identifying and assessing the adverse and positive dependencies and impacts on the state of water bodies and marine resources including:
 - (i) a description of how the geographical context of water and marine resources related impacts are taken into account (including location, local cycle of water, time frame, scope of assessment, tools and methodologies used);
 - (ii) a description of how the process covers the undertaking's own operations as well as the rest of its value chain (supply chain, products and services, business partners).

[Disclosure requirement 5] - Material water and marine-resources impacts, physical and transition risks and opportunities

- 29 The undertaking shall disclose its principal water and marine resources risks and opportunities by categories within its operations and along its value chain.**
- 30 The principle to be followed under this Disclosure Requirement is to provide an understanding of how the undertaking's business model causes, and will cause, impacts on water and marine resources, and what risks and opportunities are associated with these impacts.
- 31 The disclosure required by paragraph [29] shall cover:
- (a) physical risks, transition risks (regulatory, market, financial), other risks including reputational, financing and supply chain;

- (b) the undertaking's principal water and marine resources opportunities by categories within the operations and along the value chain: transition opportunities (regulatory, market, financial), other opportunities including reputational, financing and supply chain;
- (c) the nature of significant direct and indirect dependencies on water and marine resources in own operations;
- (d) the nature of significant direct and indirect impacts on water and marine resources in own operations;
- (e) a description of the undertaking's knowledge of its suppliers' water and marine resources-related dependencies and impacts.
- (f) principal opportunities which may arise from the impacts and risks identified by the undertaking.

Policies, targets, action plans and resources

[Disclosure requirement 6] – Policies implemented to manage water and marine resources

- 32 The undertaking shall disclose separately its policies regarding water and regarding marine resources.**
- 33 The principle to be followed under this disclosure requirement is to provide an understanding of:
- 34 the undertaking's commitments to reduce water withdrawals, consumption and discharges;
- 35 how and where water is withdrawn, consumed, and discharged, and how the water-related impacts caused or contributed to are considered, how risks are mitigated and how dependencies are tackled, and how the needs of other users of the same water resource as the undertaking are considered;
- 36 how and where marine resources are sourced, and how the marine resources-related impacts caused or contributed to are considered, how risks are mitigated, how dependencies are tackled and how the needs of other users of marine resources as the undertaking are considered;
- 37 how the quality of receiving bodies of water is taken into account and how facilities with no local effluent quality standards, set by competent authorities, are taken into account;
- 38 how these policies relate to EU and international reference frameworks for water and marine resources.
- 39 The disclosure required by paragraph [32] shall include its policies:
- (a) related to operations and sourcing;
 - (b) for setting minimum effluent quality standards;
 - (c) for screening and engaging with suppliers;
 - (d) for reducing the water and marine resources impact of its products and services.

[Disclosure requirement 7] – Measurable targets for water and marine resources

- 40 The undertaking shall describe separately (i) the measurable outcome-oriented target set to meet:**
- (a) **the water-related policy's objectives related to the management of its material impacts, dependencies, risks and opportunities and (ii) the overall progress against the defined targets;**
 - (b) **the WASH-related policy's objectives related to the management of its material impacts, dependencies, risks and opportunities and (ii) the overall progress against the defined targets;**

- (c) **the marine resources-related policy's objectives related to the management of its material impacts, dependencies, risks and opportunities and (ii) the overall progress against the defined targets.**
- 41 The principle to be followed under this Disclosure Requirement is to translate policy objectives into quantifiable outcomes to be achieved.
- 42 The disclosure required by paragraph [40 (a)] shall include, where applicable:
- (a) targets on own operations:
 - (i) total water withdrawals in thousands of m³;
 - (ii) total water consumption in thousands m³;
 - (iii) total water discharges in thousands m³;
 - (iv) targets for discharges, for each priority substance of concern, in tons;
 - (v) percentage of the facilities which have a certified water management system (or an environmental management system which covers water management);
 - (b) targets related to suppliers including the percentage of suppliers which have obtained water management certification (or an environmental management certification which covers water management);
 - (c) targets related to products and services which have obtained an official label or certification for sustainable water-related characteristics, or which covers sustainable water-related characteristics (as a percentage of total sales of the undertaking).
- 43 The disclosure required by paragraph [40 (b)] shall include the following targets:
- (a) percentage of employees who have access to WASH in company facilities;
 - (b) percentage of suppliers which have access to WASH for their employees as a condition in their contract.
- 44 The disclosure required by paragraph [40 (c)] shall include, where applicable:
- (a) targets on own operations:
 - (i) in line with ESRS E5 on circular economy, reduction of waste (in tons) and reduction in the use of plastics, including micro-plastics (in tons);
 - (ii) in line with the European Pollutant Release and Transfer Register E-PRTR and ESRS E2 on pollution, reduction to emissions to air, emissions, effluents or other entries to water and pollutants to soil;
 - (iii) in line with ESRS E1 on climate change, GHG emissions reduction targets;
 - (iv) reduction in the quantity of substances not covered by E-PRTR, and covered by one of three regional sea conventions to which the EU is a contractor to (Helsinki-HELCOM convention, OSPAR convention, Barcelona-UNEP-MAP convention);
 - (v) nature and quantity of commodities of marine origin (such as gravels, oil, seafood, energy, etc.);
 - (b) targets related to suppliers, including the percentage of suppliers for which commitment to sustainable seafood production is a condition in their contract;
 - (c) targets related to products and services which obtained an official label or certification for sustainable marine related characteristics, or which covers sustainable marine-related characteristics.
- 45 The information required under paragraph [40] shall include:
- (a) an explanation how the targets contribute to the SDGs 6 and 14, and the EU water (and marine resources) framework for 2030, or any other European or global convention or policy in relation to water (and marine resources);
 - (b) a description of how the targets respect known critical loads and allocate responsibility for respecting these critical loads to the organisational level;

- (c) a presentation preferably in 5-years periods including a set dates in 2030;
- (d) a description of whether they are absolute and/or intensity-based and in which unit they are measured;
- (e) the scope of the target, including the geographical scope: a description of the geographies covered by the target and, if applicable, an explanation of why some relevant geographies identified were not included;
- (f) a description of whether the targets are informed by expectations in authoritative intergovernmental instruments and, where relevant, by scientific consensus;
- (g) a description of whether targets are mandatory (based on legislation) or voluntary. If they are mandatory, the undertaking shall list the relevant legislation.
- (h) If other targets are set, an explanation of what they intend to achieve and how they are embedded in the undertaking's water and marine resources-related policies
- (i) If the undertaking benefits from exemptions or permits to the EU framework directives on water and marine resources, granted by member states, the undertaking shall specify what targets listed will enable the undertaking to waive these exemptions/permits away.

[Disclosure requirement 8] – Water and marine resources action plans

- 46 The undertaking shall describe its actions and actions plans and allocation of resources to meet its policy objectives and targets.**
- 47 The principle to be followed under this Disclosure Requirement is to provide an understanding of (i) the stand-alone actions and action plans comprising closely interrelated management measures being undertaken in the framework of the policy and (ii) the related allocation of resources, and to understand how stand-alone actions and action plans are related to targets.
- 48 The disclosure required by paragraph [46] shall cover action plans and resources related to own operations, supply chain, products and services, WASH and marine resources.
- 49 For each action plan or stand-alone action, the undertaking shall include the description of:
- (a) an explanation whether the action is intended to be a one-time initiative or a systematic practice;
 - (b) a brief assessment whether key actions may induce significant adverse sustainability impacts;
 - (c) a description if the action is individual or collective and for a collective action, the undertaking shall explain its role;
 - (d) whether the success of the action depends on similar or supporting actions by other undertakings, and to what degree.

Performance measurement

[Disclosure requirement 9] – Water performance for operations

- 50 The undertaking shall provide information on its water performance for operations.**
- 51 The principle to be followed under this Disclosure Requirement is to provide an understanding of how the undertaking is managing to meet its targets in terms of absolute numbers.
- 52 The disclosure required by paragraph [50] shall include:
- (a) total water withdrawals in thousands of m³;
 - (b) total water consumption in thousands m³;
 - (c) total water discharges in thousands m³;

- (d) percentage of the facilities which have a certified water management system (or an environmental management system which covers water management).
- 53 The undertaking may provide information on its water performance for operations.
- 54 In addition, where relevant, the undertaking may also include as information requested under paragraph 50:
- (a) total water recycled or reused in thousands m³;
 - (b) total water stored in thousands m³.

[Disclosure requirement 10] – Water intensity

- 55 The undertaking shall provide information on its water intensity.**
- 56 The principle to be followed under this Disclosure Requirement is to provide an understanding of how the undertaking is managing to decouple sales from the withdrawal, consumption and discharge of water.
- 57 The disclosure required by paragraph [55] shall include:
- (a) total water withdrawals in m³ per monetary unit of sales;
 - (b) total water consumption in m³ per monetary unit of sales;
 - (c) total water discharges in m³ per monetary unit of sales.

[Disclosure requirement 11] – Water performance, supply chain

- 58 The undertaking shall provide information on its water supply chain performance.**
- 59 The principle to be followed under this Disclosure Requirement is to provide an understanding of how the undertaking is managing to meet its water supply chain targets.
- 60 The disclosure required by paragraph [58] shall include the percentage of suppliers which have compliance to water management standards as a condition in their contract.
- 61 In addition, where relevant, the undertaking may also include as information requested under paragraph 58:
- (a) the percentage of suppliers which are incentivized for improved water performances;
 - (b) the percentage of suppliers which are assessed by the undertaking against their own water commitments;
 - (c) the percentage of suppliers with which have obtained a water management certification (or an environmental management certification which covers water management);
 - (d) the percentage of suppliers with which the undertaking has conducted collaborative water management-related projects.

[Disclosure requirement 12] – Water performance, products and services

- 62 The undertaking shall provide information on water-related products and services.**
- 63 The principle to be followed under this Disclosure Requirement is to provide an understanding of how the undertaking is managing to meet its water-related products and services targets.
- 64 The disclosure required by paragraph [62] shall include the percentage of products and services which have obtained an official label or certification for sustainable water-related characteristics, or which covers sustainable water-related characteristics (as a percentage of total sales of the undertaking).
- 65 In addition, where relevant, the undertaking may also include as information requested under paragraph 62:

- (a) the percentage of products and services which enable customers to reduce water withdrawals, consumptions, and discharges (as a percentage of total sales of the undertaking);
- (b) the percentage of products and services the design of which has included a reduction of water consumption (as a percentage of total sales of the undertaking);
- (c) the percentage of customers with which the undertaking has conducted collaborative water-related innovation and research projects.

[Disclosure requirement 13] – Water supply, Access, Sanitation and Hygiene (WASH)

66 The undertaking shall provide information on safely managed WASH services.

67 The principle to be followed under this Disclosure Requirement is to provide an understanding of how the undertaking is managing to meet its targets in terms of safely managed water sanitation and hygiene targets (WASH) services.

68 The disclosure required by paragraph [66] shall include:

- (a) the percentage of employees who have access to safely managed WASH services in company facilities;
- (b) the percentage of suppliers which have access to safely managed WASH services for their employees as a condition in their contract.

69 In addition, where relevant, the undertaking may also include as information requested under paragraph 66:

- (a) the percentage of suppliers which are incentivised for improved access to safely managed WASH services;
- (b) percentage of suppliers which are assessed by the undertaking against their own WASH commitments;
- (c) percentage of suppliers with which the undertaking has conducted collaborative WASH-related projects;
- (d) products and services which contribute to access to safely managed WASH services, (as a percentage of total sales);
- (e) a description of water rights of local and indigenous communities.

[Disclosure requirement 14] – Marine resources

70 The undertaking shall provide information on marine resources.

71 The principle to be followed under this Disclosure Requirement is to provide an understanding of how the undertaking is managing to meet its marine resources related targets.

72 The disclosure required by paragraph [70] shall include:

- (a) its waste and reduction of waste (in tons) in line with ESRS E5;
- (b) its use of plastics, including micro-plastics (in tons) along with its reduction;
- (c) its emissions to air, effluents or other entries to water and pollutants to soil and reduction, covered by E-PRTR, in line with ESRS E2;
- (d) its GHG emissions and reductions in line with ESRS E1;
- (e) the quantity and reduction of substances not covered by E-PRTR, and covered by one of three regional sea conventions to which the EU is a contractor to (Helsinki-HELCOM convention, OSPAR convention, Barcelona-UNEP-MAP convention);
- (f) the nature and quantity of commodities of marine origin (such as gravels, oil, seafood, energy);
- (g) its percentage of suppliers for which commitment to sustainable seafood production is a condition in their contract;

- (h) its product and services which obtained an official label or certification for sustainable marine related characteristics, or which covers sustainable marine-related characteristics.
- 73 The undertaking may provide additional information on marine resources:
- (a) regarding own operations:
 - (i) the level and reduction of noise in marine areas where the undertaking has operations;
 - (ii) light energy / light pollution and reduction in marine areas where the undertaking has operations;
 - (b) the percentage of suppliers which are incentivised for achieving commitment to SDG 14-4;
 - (c) the percentage of suppliers which are assessed by the undertaking against their own SDG 14-4 commitments;
 - (d) the percentage of suppliers with which the undertaking has conducted collaborative SDG 14-4 related projects;
 - (e) products and services which contribute to compliance with SDG 14-4. (as a percentage of total sales).

[Taxonomy Regulation for water and marine resources]

- 1 The undertaking shall disclose information required by Article 8 of the Regulation (EU) 2020/852 (Taxonomy Regulation) in conjunction with the Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 and in conjunction with upcoming technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to the sustainable use and protection of water and marine resources.
- 2 The Taxonomy Regulation in its Article 8(2) requires undertakings to disclose information on the proportion of the turnover, capital expenditure ('CapEx') and operating expenditure ('OpEx') associated with economic activities that qualify as environmentally sustainable.
- 3 The information to be disclosed under the upcoming water and marine resources-related provisions of the Taxonomy regulation shall be complementary to the information disclosed under the provisions of this standard as it provides an understanding of the undertaking's own substantial contribution in favour of the sustainable use and protection of water and marine resources.

[Disclosure requirement 15] – Financial exposure to water and marine resources-related physical risks

- 74 The undertaking shall disclose its financial exposure to physical risks.**
- 75 The principle to be followed under this Disclosure Requirement is to provide an understanding of how principal water and marine-resources-related physical risks may affect the undertaking's financial position, performance and development over the short, medium and long term, considering that those potential future financial effects of water and marine resources physical risks may not meet at the reporting date the recognition criteria set for financial statements.
 - 76 The disclosure required by paragraph [74] shall provide information on how its principal water and marine resources-related physical risks may affect its future performance, position and development in terms of:
 - (a) amounts (monetary unit) of assets exposed to physical risks;
 - (b) share (%) of turnover from its business activities exposed to physical risks.
 - 77 The undertaking shall disclose a reconciliation of these assets and share of turnover to the most relevant amounts presented in the financial statements.

[Disclosure requirement 16] – Financial exposure to water and marine resources-related transition risks

78 The undertaking shall disclose its financial exposure to transition risks.

79 The principle to be followed under this Disclosure Requirement is to provide an understanding of how principal water and marine-resources-related transition risks may affect the undertaking's financial position, performance and development over the short, medium and long term, considering that those potential future financial effects of climate-related transition risks may not meet at the reporting date the recognition criteria set for financial statements.

80 The disclosure required by paragraph 78 shall provide information on how its principal climate-related transition risks may affect its:

- (a) future financial position in terms of:
 - (i) assets (monetary unit) exposed to transition risks over the short, medium, and long-term;
 - (ii) liabilities (monetary unit) that may have to be recognised over the short, medium, and long-term;
- (b) future financial performance in terms of share (%) of turnover from its business activities exposed to transition risks.

81 The undertaking shall disclose a reconciliation of these assets and turnover to the most relevant amount presented in the financial statements.

[Optional Disclosure requirement 17] – Financial opportunities related to the sustainable use of water and marine resources other than the Taxonomy Regulation

82 The undertaking may disclose its financial opportunities that relate to the sustainable use of water and marine resources and that complement the Taxonomy Regulation related ones.

83 The principle to be followed under this Disclosure Requirement is to provide information allowing for an overall understanding of the financial opportunities related to the sustainable use of water and marine resources, complementing the information requested under the Taxonomy Regulation.

84 If the undertaking discloses the information according to paragraph 82, it shall include an assessment of the market size of related products and services over the short-, medium-, and long-term, explaining how these are defined, how financial amounts are estimated and which critical assumptions are made.

Application provisions

85 In order to ease the first-time application of this standard, the application of the following aspects of the two Disclosure Requirements listed below may be deferred by one year:

- (a) Disclosure Requirement 15 on Financial exposure to physical risks: the undertaking may elect not to apply this Disclosure Requirement;
- (b) Disclosure Requirement 16 on Financial exposure to transition risks: the undertaking may elect not to apply this Disclosure Requirement.

Appendix A: Defined terms

This appendix is integral part of the [draft] ESRS E3.

Area with water stress	Regions where the percentage of total water withdrawn is high (40-80%) or extremely high (greater than 80%) in the World Resources Institute's (WRI) Water Risk Atlas tool 'Aquaduct. More guidance on defining water scarcity and using the water exploitation index can be found here. (Preamble to the annex of the SFDR RTS by the ESA). See also water scarcity
Baseline water stress	The ratio of total annual water withdrawals to total available annual renewable supply. See also water scarcity
Blue Economy	All the sources of financial and non-financial value that humanity derives from marine environments. It includes all economic activities related to oceans, seas and coasts.
Capital expenditure (water-related CAPEX)	Represents the money invested by a company to acquire or upgrade its fixed assets, such as buildings and equipment, related to water management or water security in any way. Examples are stormwater drain rehabilitation, pollution control devices, and pipelines, or new machinery used to manufacture new low-water use products. Fixed assets are those that are used repeatedly in production processes for more than a year.
Contextual issue	External influences relevant to the organization's water security and water-related risks.
Dependencies	Dependencies are activities in the value chain, or economic, social and natural resources, which the undertaking depends on for its operations, or for the sale, use and disposal of its products and services. Should these activities not occur, or these resources not be available, the undertaking's position as a going concern would be at risk.
Discharges to groundwater	Water, which is being held in, and can be recovered from an underground formation. Discharge to groundwater, by human activity or natural activity, refers to a destination beneath the soil surface, such as a water bearing layer of rock (aquifer). Examples of discharges to groundwater include disposal of sewage, trade effluent and surface water run-off from urban areas, through such methods as spreading basins, soakaways, swales or injection wells.
Critical load	This concept refers to the carrying capacity of an eco-system, which is its ability to bear environmental load without significant damage. The threshold beyond which significant and irreversible damage is incurred is the critical load. A critical load can be considered as the maximum load that a given system can tolerate before failing.
Effluent quality standards	Concentrations of pollutants expressed in terms of parts per million for waste-water discharged through outfall pipes from publicly owned sewage treatment plants or industrial plants. Each pollutant, such as biochemical oxygen demand from organic matter or suspended solids, has its own individual standard.
Freshwater (surface water, including rainwater, water	Water that is naturally occurring water on the Earth's surface in ice sheets, ice caps, glaciers, icebergs, bogs, ponds, lakes, rivers and streams, and has a low concentration of dissolved solids. This surface water source includes water of a quality generally acceptable for, or requiring minimal treatment to be acceptable for, domestic, municipal or agricultural uses (at least <10,000 mg/l TDS, though a range of additional quality properties may

from wetlands, rivers and lakes)	also be considered). 'High quality' fresh water sources considered acceptable for potable use are typically characterized as having concentrations of dissolved solids less than 1,000 mg/l.
Good quality freshwater	Any water used for your the organization's activities that must be of a quality requiring only minimal treatment to be acceptable for domestic, municipal or agricultural uses or safe for freshwater ecosystems. A company is considered dependent on this if it is not possible to use a lower quality water instead. Water quality can refer to physical, chemical, biological, and organoleptic properties of water. 'High quality' fresh water sources, of potable standard, are typically characterized as having concentrations of dissolved solids less than 1,000 mg/l.
Groundwater (non-renewable)	Water which is being held in, and can be recovered from, an underground formation. Non-renewable groundwater has a negligible rate of natural recharge on the human time-scale (more than 50 years), and is generally located at deeper depths than renewable groundwater. This is sometimes referred to as 'fossil' water.
Groundwater (renewable)	Water which is being held in, and can be recovered from, an underground formation. Renewable groundwater sources can be replenished within 50 years and are usually located at shallow depths.
Indirect impacts on water and marine resources use	Includes impacts linked to all water and marine resources use that takes place anywhere within your value chain outside your direct operations and direct control. This includes water use upstream of your direct operations, use such as by your suppliers, and downstream, for example water needed for the use of your products.
Internal water / marine resources price	A metric reflecting the economic value of water / marine resources to an organization in monetary terms - beyond the market price paid to water utilities or other direct costs of supply. This value may account for internal and/or external costs associated with water / marine resources use as well as benefits to the company derived from water / marine resources (e.g. regulatory costs, water-related / marine resource-related capital expenditure, river basin water scarcity impacts, services provided by water / marine ecosystems, social benefits, link to share price). This may be current and/or forward looking, and reflect various levels of time-scales, uncertainty, and geographies. An internal water / marine resources price may be used in strategic, operational or financial planning.
Marine	Of, or relating to the sea
Marine protected area authorities	Any organization with public responsibility for managing and/or regulating access to any protected area in the marine realm which aims to conserve nature and maintain healthy oceans.
Maritime	Naval matters.
Maritime spatial planning (MSP) authorities	Any organization with public responsibility to analyse and organise human activities in marine areas to achieve ecological, economic and social objectives, as defined in the European Directive on Maritime Spatial Planning.
Potential water pollutants (to water or marine resources)	Physical (including thermal), biological, or chemical agents (organic, inorganic substances or heavy metals) that have the direct or indirect potential to negatively modify/contaminate water bodies and/or water ecosystems or affect human health.

Water treatment (primary)	Primary treatment involves the physical removal of suspended solids and floating material, typically by sedimentation. A preliminary treatment may often be applied involving the physical removal of large debris, large particles, oils, and grease, typically through screens and grit chambers.
Produced water	Water which enters the organization's boundary as a result of the extraction, processing, or use of any raw material, so that it must be managed by the organization. This water should not be counted as recycled water when put to use within a single cycle of a business process. Examples of produced water include moisture derived from vegetation such as in sugar cane crushing and the water content in crude oil.
Water intensity	A metric providing the relationship between a volumetric aspect of water and a unit of activity (products, sales, etc.) created.
Recycled/reused water	Water and wastewater (treated or untreated) that has been used more than once before being discharged from the organization's boundary, so that water demand is reduced. This may be in the same process (recycled), or used in a different process within the same facility or another of the organization's facilities (reused).
River basin management authorities	Any organization with public responsibility for managing and/or regulating any aspect of water for an entire river basin. This can include national, regional, or municipal bodies.
River basins	Area having a common outlet for its surface runoff.
Safely managed WASH services	The universal provision of safely managed water, sanitation, and hygiene services has dedicated targets within the Sustainable Development Goals (SDG 6.1 and 6.2). As a minimum, this disclosure refers to a company's tracking of its provision of drinking water for all workers, available when needed and from sources compliant with faecal and chemical standards, as well as sanitation facilities where excreta are safely disposed in situ or transported and treated offsite.
Shared water and marine resources	The resources provided by oceans, aquifers, and lake and river basins that provide users with tangible benefits, but nobody in particular has exclusive claims to.
Substantial transformative change	Substantial transformative change is a change that will reshape an undertaking's strategy structure and processes, resulting in a shift in work culture. It can be opposed to incremental change which usually occurs via a series of small steps, not resulting in a reshaping of an undertaking's strategy, structure and processes but in marginal improvements.
Third party destinations	This includes municipal wastewater plants, public or private utilities, and other organizations involved in the transport, treatment, disposal or further use of wastewater.
Third party sources	This includes water provided by municipal water suppliers, public or private utilities, and wastewater from any other organization.
Total water use	The sum of water used for all activities in direct operations in the reporting year. This volume can be calculated as the sum of water drawn into the organization's boundary (water withdrawals put into storage should be subtracted where this is more than 5% of withdrawals), plus water taken from storage for use prior to discharge, plus water that is recycled/reused within your operations.
Transformative	See substantial transformative change.

Wastewater	Water which is of no further immediate value to the purpose for which it was used or in the pursuit of which it was produced because of its quality, quantity, or time of occurrence. Wastewater from one user can be a potential supply to a user elsewhere. Cooling water is not considered to be wastewater.
Water / marine resources related risk for businesses	The ways in which water-related / marine resources related challenges potentially undermine business viability. It is commonly categorized into three interrelated types: Physical. Having too little water, too much water, water that is unfit for use, or inaccessible, commodities that are inaccessible or unfit for use. Rwater Regulatory. Changing, ineffective, or poorly implemented public water / marine resources-related policy and/or regulations. Reputational. Stakeholder perceptions that a company does not conduct business in a sustainable or responsible fashion with respect to water. Water / Marine resources risk for businesses is also sometimes divided into two categories that shed light on the source of that risk and therefore what types of mitigation responses will be most appropriate. Risk due to company operations, products, and services. A measure of the severity and likelihood of water / marine resources-related challenges derived from how a company or organization, and the suppliers from which it sources goods, operate and how its products and services affect communities and ecosystems. Risk due to basin conditions for water. A measure of the severity and likelihood of water-related challenges derived from the basin context in which a company or organization and/or its suppliers from which it sources goods operate, which cannot be addressed through changes in its operations or its suppliers and requires engagement outside the fence.
Water availability	The natural runoff (through groundwater and rivers) minus the flow of water that is required to sustain freshwater and estuarine ecosystems and the human livelihoods and well-being that depend on these ecosystems. Water availability typically varies within the year and also from year to year. Water availability might be reduced by decreases in both the water quantity and quality of water resources.
Water balance	An account of the volumes of water flowing into and leaving an organization across its boundary. When the two volumes are equal, the net water balance will be zero.
Water body	1) Also 'waters'. Landscape features comprising any body of water, standing or flowing, including the water column, littoral zones and bed, such as the sea, lakes, river or stream, etc. 2) Any mass of water having definite hydrological, physical, chemical and biological characteristics and which can be employed for one or several purposes.
Water consumption	The amount of water drawn into the boundaries of the organization (or facility) and not discharged back to the water environment or a third party over the course of the reporting period.
Water discharge	The sum of effluents and other water leaving the boundaries of the organization and released to surface water, groundwater, or third parties over the course of the reporting period.
Water efficiency	Doing more and better with less by obtaining more value with the available resources, by reducing the resource consumption and reducing the pollution and environmental impact of water use for the production of goods and services at every stage of the value chain and of water service provision.

Water intensity	A metric providing the relationship between a volumetric aspect of water and a unit of production, financial metric or any other unit.
Water / marine resources policy	A statement of an organization's water-related / marine resources related commitments, and the actions that will achieve them that applies to all its activities.
Water quality	Refers to the physical, chemical, biological and organoleptic (taste-related) properties of water (also see definition for 'Good quality freshwater').
Water rights	A group of rights designed to protect the use and enjoyment of water that travels in streams, rivers, lakes, and ponds, gathers on the surface of the earth, or collects underground. Water rights generally emerge from a person's ownership of the land bordering the banks of a watercourse or from a person's actual use of a watercourse.
Water scarcity	Refers to the volumetric abundance, or lack thereof, of freshwater resources. Scarcity is human driven; it is a function of the volume of human water consumption relative to the volume of water resources in a given area. As such, an arid region with very little water, but no human water consumption would not be considered scarce, but rather 'arid.' Water scarcity is a physical, objective reality that can be measured consistently across regions and over time. Water scarcity reflects the physical abundance of freshwater rather than whether that water is suitable for use. For instance, a region may have abundant water resources (and thus not be considered water scarce), but have such severe pollution that those supplies are unfit for human or ecological uses. See also: water stress
Water stress	The ability, or lack thereof, to meet human and ecological demand for fresh water. Compared to scarcity, 'water stress' is more inclusive, considering physical scarcity, water quality, and the accessibility of water. See also water scarcity
Water treatment (secondary)	Secondary treatment involves the degradation of organic matter and reduction of solids through biological treatment. The removal of nutrients (nitrogen and/or phosphorus) can also be achieved at this level of treatment using a combination of chemical and biological treatments. Secondary treatment follows primary treatment.
Water treatment (tertiary)	Tertiary treatment involves the additional treatment needed to remove suspended, colloidal and dissolved constituents (nutrients, heavy metals, inorganic and other contaminants) remaining after secondary treatment through a number of processes including granular media filtration, biological nitrification-denitrification, biological phosphorus removal, chlorination, etc. Tertiary treatment follows secondary treatment.
Water withdrawal	The sum of all water drawn into the boundaries of the organization from all sources for any use over the course of the reporting period.
Water-/ Marine resources-related risk	The possibility of an organization experiencing a water-related, or marine resources-related, challenge, e.g., water scarcity, water stress, flooding, infrastructure decay, drought, unavailability of commodities of marine origin, etc..
Withdrawals from groundwater (non-renewable)	Water which is being held in, and can be recovered from, an underground formation. Non-renewable groundwater has a negligible rate of natural recharge on the human time-scale (more than 50 years), and is generally

	located at deeper depths than renewable groundwater. This is sometimes referred to as 'fossil' water.
Withdrawals from groundwater (renewable)	Water which is being held in, and can be recovered from, an underground formation. Renewable groundwater sources can be replenished within 50 years and are usually located at shallow depths.

WORKING PAPER

Appendix B: Application guidance

This appendix is an integral part of the proposed [draft] ESRS Water and Marine Resources. It describes the application of the requirements set for in paragraphs [11 to 85] and has the same authority as the other parts of the [draft] ESRS Standard. What is described as an optional disclosure (indicated by the term ‘may’), in this ESRS on water and marine resources, is nevertheless considered as material for sector-agnostic disclosure requirements but may be considered for mandatory disclosure as part of step 2 of the development and revision of this standard.

Specific water and marine resources-related disclosures for the implementation of ESRS 2 Strategy and business model

[Disclosure requirement 1] – Resilience of the Strategy and Business Model to principal water and marine resources-related physical and transition risks

- AG 1. The disclosure required by paragraph [16] shall cover an assessment of the resilience of the current business model and strategy to water and marine resources-related risks in light of a range of water and marine resources scenarios as to provide credibility to the assessment.
- AG 2. When computing information on water and marine resources scenario, the undertaking shall consider exploring and developing how the physical and transition risks of water and marine resources may impact its businesses, strategies and financial performance, position and development over time.
- AG 3. The assessment detailed in paragraph [AG1] shall at least include:
- (a) whether the business model has been verified by using a range of water and marine resources scenarios;
 - (b) if scenarios specific to water and marine resources, or other scenarios with a modelling of water and marine resources related consequences have been conducted;
 - (c) why the specific scenarios were chosen;
 - (d) key assumptions taken;
 - (e) the time horizon over which the analysis has been conducted.
- AG 4. When disclosing information under paragraph [AG1], the undertaking shall cover:
- (a) the short-, medium and long-term strategic implications resulting from the scenario analysis;
 - (b) cover the plans to ensure that the value chain strategy is compatible with global and EU objectives of ensuring the good quality status of water bodies and marine resources.
- AG 5. In case of an undertaking pursuing several business models, the undertaking should particularly highlight its business models generating impacts on water/marine resources and/or being affected by water/marine resources-related issues.

Specific water and marine resources-related disclosures for the implementation of ESRS 3 Governance and organisation

[Disclosure requirement 2] – Internal water and marine resources-related pricing schemes

- AG 6. When disclosing information under paragraph [20], the undertaking shall describe whether internal water and marine resources pricing schemes are implemented in the undertaking (List: Yes/No) and the types of internal water and marine resources pricing schemes that are applied including:

- (a) shadow prices for:
 - (i) capEx decision making;
 - (ii) R&D investment decision making;
- (b) internal water and marine resources fee or fund affecting the internal results of the business units or operating segments;
- (c) other schemes to be specified.

AG 7. When disclosing information on schemes under paragraph AG6. (c), the undertaking shall provide a narrative explanation of how the scheme works including at least:

- (a) the precise perimeter of application (activities, geographies, entities, etc.);
- (b) the price per m³ of water;
- (c) the annual volume of thousands of m³ of water covered in relation to the total volumes of the undertaking.

AG 8. Where the undertaking has not fully implemented internal water and marine resources pricing incentives, it shall disclose whether such incentives are planned for the future or planned to be expanded.

Presentation of information

AG 9. The quantitative information may be presented using the following table format:

Internal water pricing incentives/marine resources pricing incentives	Yes / No	Volume at stake (thousands of m ³ of water)	Prices applied (€/m ³)	Perimeter description
CapEx shadow price				
R&D investment shadow price				
Internal water and marine resources fee/fund				
Other				

AG 10. The undertaking should provide separate tables for water and marine resources

Connectivity to Financial Statements

AG 11. The undertaking shall make a reference to the description of the internal pricing schemes in the financial statements where relevant.

AG 12. If such link cannot be made because the financial statements are silent on internal water and marine resources pricing schemes, the undertaking shall include a reference to water expenditures and the related line item in the financial statement for the financial data points related to the current period as follows:

- (a) the undertaking shall include a cross-reference to the related line item in the financial statement;
- (b) if the financial information cannot be directly cross-referenced to a line item in the financial statement, the undertaking shall provide a quantitative reconciliation table between each information required by paragraph [20] (current year) and the financial

statements. The undertaking may use the format of the table for reconciliation shown below:

Amount disclosed in the sustainability statement as per [AG8] (current period)	
Other	
Total (as reported in the financial statements) current period	

[Disclosure requirement 3] – Roles and responsibilities of governance bodies

AG 13. The disclosure required by paragraph [23] shall cover a description of:

- (a) how the undertaking has worked with policymakers to develop or advocate for policy changes specifically designed to contribute to water and marine resources issues over the reporting period. If the undertaking has worked with policy makers, it shall describe the result of this engagement with policy makers and advocates in terms of:
 - (i) specific institutional, industry, or regulatory reforms;
 - (ii) the advance of relevant policies (e.g. policies for better local water management);
 - (iii) support in name and/or signed petitions;
 - (iv) the provision of active staff time or financial support;
 - (v) public communication of the positions the undertaking advocates for and the methods that it uses for advocacy related to water and marine resources;
- (b) the processes the undertaking has in place to ensure that all of its direct and indirect activities seeking to influence policy are consistent with its water and marine resources policies, commitments and targets;
- (c) the undertaking's rationale and strategy for prioritising engagements with stakeholders, including employees, investors, local communities, NGOs, other water and marine resources commodity users/ producers at a local level, regulators, suppliers, customers, marine protected area authorities, maritime spatial planning authorities, river basin management authorities, other to be specified;
- (d) the engagement with stakeholders regarding water and marine resources-related risks, opportunities, dependencies, and impacts, including engagement with upstream and downstream partners to promote good quality status of water bodies and involvement in multi-stakeholder initiatives or partnerships aimed at improving the understanding of water and marine resources, and/or at addressing dependencies and impacts to water and marine resources;
- (e) the collaboration with water and marine resources organisations or experts to understand emerging trends and good water management practices.

AG 14. When disclosing information under paragraph AG13. (c), the undertaking shall consider its engagement with local communities, in light of their perspective and concerns in the organisation's water and marine resources use and management.

Specific water and marine resources-related disclosures for the implementation of ESRS 4 Impacts, Risks and Opportunities

[Disclosure requirement 4] - Processes to identify material water and marine resources impacts, risks and opportunities

AG 15. The disclosure required by paragraph [26] shall cover:

- (a) how the undertaking has identified and assessed the state of water bodies and marine resources that are directly and indirectly impacted by its own operations;
- (b) how the undertaking has identified and assessed the state of water bodies and marine resources that are impacted along its value chain (upstream and downstream of the undertaking's operations);
- (c) the process for identifying and assessing the adverse and positive dependencies and impacts on the state of water bodies and marine resources, in particular by explaining how the geographical contextual issues of water and marine resources-related impacts are taken into account (including location, local cycle of water, time frame, scope of assessment, tools and methodologies used);

AG 16. When disclosing information under this Disclosure Requirement, the undertaking shall consider:

- (a) water quality (chemical, physical and ecological);
- (b) water quantity (scarcity, floods);
- (c) pressure on marine resources.

AG 17. The disclosures required by paragraphs [AG15] shall include a description of:

- (a) the process for conducting consultations with local communities on stress assessment or sustainability assessment of shared water and marine resources;
- (b) the processes for identifying and assessing water-related short-, medium- and long-term physical risks linked to water bodies and marine resources, while:
 - (i) explaining how the process covers the undertaking's own operations as well as the rest of its value chain (supply chain, products and services, business partners);
 - (ii) including a definition of the considered time horizons, scenario analysis, assessment of size and scale of the risks and opportunities and how principal physical risks are selected;
- (c) the process for identifying and assessing water and marine resources -related short, medium- and long-term transition risks and opportunities;
- (d) a description of regulatory, market risks and financial risks.

[Disclosure requirement 5] - Material water and marine-resources impacts, risks and opportunities

AG 18. The disclosure required by paragraph [29] shall cover:

- (a) the undertaking's principal water and marine resource- related risks by categories within operations and along the rest of the value chain: physical risks, transition risks (regulatory, market, financial), other risks including reputational, financing and supply chain;
- (b) the undertaking's principal water and marine resources opportunities by categories within operations and along the rest of the value chain: transition opportunities (regulatory, market, financial), other opportunities including reputational, financing and supply chain;
- (c) the nature of significant direct and indirect dependencies on water and marine resources within the undertaking's operations;
- (d) the nature of significant direct and indirect impacts on water and marine resources within the undertaking's operations;
- (e) the undertaking's knowledge of its suppliers' water and marine resources-related dependencies and impacts.

AG 19. When disclosing information under paragraph [17], the undertaking shall consider:

- (a) the water and marine resources-related impacts of its suppliers' products and services;

- (b) the share of procurement spend for which the undertaking has assessed water and marine resources-related impact;
- (c) the share of procurement spend covered by sustainability certifications or label; list of certifications/labels, data collection process, methodologies and quality of information.
- (d) the share of suppliers requested to report on their water and marine resources impacts and dependencies;
- (e) its knowledge of its products' and services' water and marine resources related dependencies and impacts.

AG 20. When disclosing information under paragraph AG19, the undertaking may include but is not limited to water and marine resources-related impact of products and services, share of Turnover for which the undertaking has an assessment of water and marine resources related impacts, share of Turnover made of products and services which have sustainability certifications or labels, list of certifications or labels, data collection process, methodologies and quality of information.

AG 21. The undertaking shall provide a breakdown of the location of the undertaking's facilities according to the ecological status of the areas where they are located and explain the tools, methodologies and definitions employed:

Where are the undertaking's facilities located?	In areas where a good quality status of water (freshwater or coastal waters) has not been reached	In areas where a good quality status of water has been reached (freshwater or coastal waters)
In areas considered as under water scarcity	Absolute number of facilities (and percentage of the total)	Absolute number of facilities (and percentage of the total)
In areas considered as subject to a risk of floods	Absolute number of facilities (and percentage of the total)	Absolute number of facilities (and percentage of the total)
In other areas	Absolute number of facilities (and percentage of the total)	Absolute number of facilities (and percentage of the total)

AG 22. When disclosing information under paragraph AG 21., the undertaking shall consider point 19 of the preamble to the annex of the RTS of the Sustainable Finance Disclosure Regulation (SFDR) where 'areas of high water stress' are defined as regions where the percentage of total water withdrawn is high (40-80%) or extremely high (greater than 80%) in line with the World Resources Institute's (WRI) Water Risk Atlas tool 'Aquaduct'. More guidance on defining water scarcity and using the water exploitation index can be found under the European Commission's Environment home page².

AG 23. The criteria for defining good quality status of water have to follow the guidance documents provided for implementation of the water framework directive. The list of guidance documents can be accessed under the European Commission's Environment home page^{3 4 5 6 7}.

AG 24. The disclosure required by paragraph [AG18] shall cover the direct, indirect and cumulative impacts that the current and planned evolution of the business model and

² [About - Water Scarcity & Droughts - Environment - European Commission \(europa.eu\)](#)

³ [Guide - Water Framework Directive - Environment - European Commission \(europa.eu\)](#)

⁴ [Ecological Status of Surface Waters - River basin - Environment - European Commission \(europa.eu\)](#)

⁵ [Chemicals - Water pollution - Environment - European Commission \(europa.eu\)](#)

⁶ [Flood mapping: a core component of flood risk management - Environment - European Commission \(europa.eu\)](#)

⁷ [Resources | cices.eu](#) for the identification of water and marine resources related dependencies, the undertaking can rely on the common international classification of ecosystem services for integrated environmental and economic accounting available, hosted for the European Environment Agency

strategy have on water and marine resources in the undertaking's own operations and value chain.

- AG 25. By cumulative impact one must consider not just the accumulated impact of the undertaking, but also the context in which the undertaking's impact are part of the total cumulated impacts of a number of entities and other water users which share the same water resource.
- AG 26. The undertaking shall list and describe the derogations to the EU legal framework, which have been granted by member states and provide information on the scope of this derogation including, but not limited to, the related percentage of sites, countries, EU legal texts and nature of the exemptions (withdrawals, discharges, types of discharges, volume of exemption for withdrawal and/or discharges, in absolute number, and in percentage of what would be the legal limit).

Policies, targets, action plans and resources

[Disclosure requirement 6] – Policies implemented to manage water and marine resources

- AG 27. Policies shall cover the value chain (suppliers, operations, products and services).
- AG 28. When disclosing information required under paragraph [32] related to water, the undertaking shall describe how its water-related policies aim at reducing the impacts of water withdrawals, consumption and discharges, in absolute value and intensity, depending on given specific geographical water contextual issues.
- AG 29. The geographical context includes such elements as the quantitative status, the ecological and the chemical status of the bodies of water, as well as the needs of other users.
- AG 30. The undertaking shall describe:
- (a) which levers (such as water recycling, water reuse, efficiency gains, process and product design, screening of suppliers, etc.) it has selected for its water withdrawal policies;
 - (b) which levers (such as process and product design, screening of suppliers, etc.) it has selected for its water consumption policies;
 - (c) which levers (such as process and product design, such as water treatment technologies, etc.) it has selected for its discharge policies.
- AG 31. In case no effluent quality standards have been set by the competent authorities for some of the undertaking's sites, the undertaking shall explain the processes by which it sets minimal requirements, taking into account science-based assessment of the site's local water contextual issues.
- AG 32. The undertaking shall describe how withdrawal, consumption and discharge policies include provisions to evaluate the needs of, and consult, other users who depend on the same bodies of water as the undertaking, for their livelihood and/or activities.
- AG 33. When disclosing information required under paragraph [32] related to marine resources, the undertaking shall consider how the marine-resources policies primarily aim at reducing the impact of using marine resources for its activities, products and services, and the amount as well as volume of substances taken from, and discharged into, the marine environment, in absolute value and intensity.
- AG 34. The undertaking shall describe:
- (a) which levers (such as process and product design, screening of suppliers etc.) it has selected to reduce the volume of substances taken from, and discharged into, the marine environment, and its impact;
 - (b) how its marine resources-related policies include provisions to evaluate the needs of, and consult, other users who depend on marine resources, or the use of marine areas, for their livelihood and/or activities.

[Disclosure requirement 7] – Measurable targets for water and marine resources

AG 35. When disclosing information under paragraph [40 a)], the undertaking may consider other targets, including the following:

- (a) targets on own operations:
 - (i) total water recycled or reused in thousands m³;
 - (ii) total water stored in thousands m³;
- (b) targets related to suppliers:
 - (i) percentage of suppliers which have compliance to water management standards as a condition in their contract;
 - (ii) percentage of suppliers which are incentivized for improved water performances;
 - (iii) percentage of suppliers which are assessed by the undertaking against their own water commitments;
 - (iv) percentage of suppliers with which the undertaking has conducted collaborative water management-related projects;
- (c) targets related to products and services:
 - (i) which enable customers to reduce water withdrawals, consumptions, and discharges (as a percentage of total sales of the undertaking)
 - (ii) the design of which has included a reduction of water consumption (as a percentage of total sales of the undertaking)
 - (iii) if applicable, percentage of customers with which the undertaking has conducted collaborative water-related innovation and research projects

AG 36. When disclosing information under paragraph [40 b)], the undertaking may consider other targets, including the following:

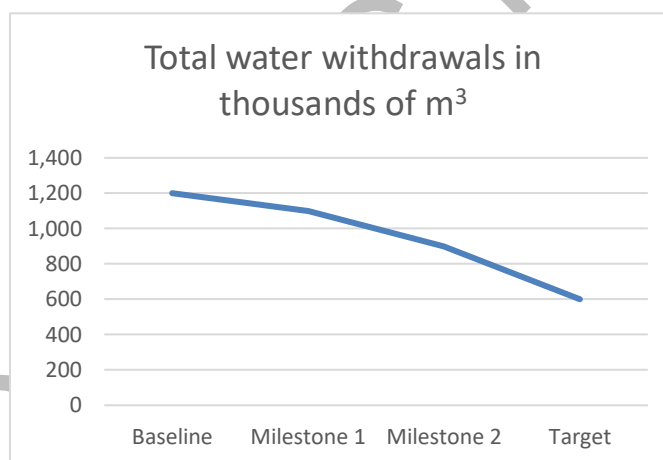
- (a) percentage of suppliers which are incentivized for improved access to WASH;
- (b) percentage of suppliers which are assessed by the undertaking against their own WASH commitments;
- (c) percentage of suppliers with which the undertaking has conducted collaborative WASH-related projects;
- (d) products and services which contribute to access to WASH, (as a percentage of total sales);
- (e) water rights of local and indigenous communities.

AG 37. When disclosing information under paragraph [40 c)], the undertaking may consider other targets, including the following:

- (a) targets on own operations:
 - (i) reduction in the level of noise in marine areas where the undertaking has operations;
 - (ii) reduction in light energy/light pollution in marine areas where the undertaking has operations;
- (b) targets on suppliers:
 - (i) percentage of suppliers which are incentivized for achieving commitment to SDG 14-4;
 - (ii) percentage of suppliers which are assessed by the undertaking against their own SDG 14-4 commitments;
 - (iii) percentage of suppliers with which the undertaking has conducted collaborative SDG 14-4 related projects;

- (c) targets on products and services which contribute to compliance with SDG 14-4. (as a percentage of total sales).
- AG 38. To foster comparability and acknowledge past progress already achieved, the undertaking may disclose early reductions in targets by providing a past reliable base year value and a comparable target methodology (perimeter of activities, absolute or intensity target, etc.) based on rigorous targets monitoring.
- AG 39. When considering a baseline year for setting targets, the undertaking shall choose a recent base year that is representative of the undertaking's typical profile. The base year shall be chosen within the 3 years preceding the date of setting the first targets. The reference may also be an average of these three years if this allows a more faithful representation and if this is duly specified.
- AG 40. The base year should not be changed unless significant perimeter changes occur that trigger recalculation of base year data. The undertaking shall set base years in relation to the target years by following 5-year periods between targets years. For instance, the base year would be 2025 when the target year is 2030; the base year should then be 2030 when the target year is 2035, etc.
- AG 41. The targets shall be set in absolute value or alternatively in intensity value depending on sector specificities. They may also be set on both absolute and intensity values.
- AG 42. The targets may be presented in a table or as a graph, as illustrated below:

Type of target	Baseline	Milestones ...		Target
Total water withdrawals in thousands of m ³				



- AG 43. Withdrawals shall include withdrawal of water from polluted soils and aquifers, withdrawn and treated for remediation purposes.
- AG 44. Discharges shall include discharges to groundwater such as reinjection to aquifers, or water returning to a groundwater source via a soakaway or a swale.
- AG 45. When disclosing information on water discharges, the priority substances of concern, for which discharges will be treated, shall be described, including,
- how they are defined and any international standard, authoritative list, or criteria used;
 - the approach for setting discharge limits for priority substances of concern;
- AG 46. The undertaking shall consider the following references for priority substances of concern as defined in Article 2(30) of Directive 2000/60/EC of the European Parliament and of the Council and direct nitrates, direct phosphate emissions, direct pesticides emissions as referred to in that Directive, Council Directive of 12 December 1991 concerning the protection of waters against pollution caused by nitrates from agricultural sources (91/676/EEC), Council Directive 91/271/EEC of 21 May 1991 concerning urban waste-

water treatment and Directive 2010/75/EU of the European Parliament and of the Council.

- AG 47. When disclosing information required under paragraph [44 a) i.], the undertaking shall disclose the total weight of waste generated, excluding effluent (unless required by national legislation to be reported under total waste), and a breakdown by composition of the waste in accordance with GRI 306. The undertaking shall provide information on contextual issues necessary to understand the data and how the data has been compiled.
- AG 48. When disclosing information required under paragraph [44 a) iv.], the undertaking shall consider the Helsinki-HELCOM convention, the OSPAR convention, the Barcelona-UNEP-MAP convention.
- AG 49. When disclosing information required under paragraph [AG 36 (e)], the undertaking shall consider the need for an informed and willing consent of local and indigenous communities, the need for appropriate consultations and the need to respect the decisions of these communities.

[Disclosure requirement 8] – Water and marine resources action plans

- AG 50. The undertaking shall describe the actions contributing to system-wide change, notably to alter the drivers of water pollution and scarcity and marine resources degradation, e.g. through technological, economic, institutional, and social factors and changes in underlying values and behaviours.
- AG 51. Actions undertaken in the framework of a policy may be closely interrelated in a single action plan or presented on a standalone basis. In both cases, the undertaking shall disclose separately all such actions and action plans.
- AG 52. If the undertaking has not yet defined specific actions because it is in a process of devising a policy, the latter shall be reported instead.
- AG 53. Information on resources needed and allocated may be disclosed at the level of the entire action plan.
- AG 54. When disclosing information required under paragraph [46], the undertaking shall specify:
- (a) if a given action plan is carried out only by the undertaking, using the undertaking's resources, at the level of the undertaking's operations;
 - (b) if the undertaking is leading an action plan which involves the contribution of other parties (competitors, suppliers, retailers, other business partners, local communities and authorities, government agencies...);
 - (c) if the undertaking is taking part in a wider action plan, of which it is a member. In such a case it shall then provide additional information on the project, its sponsors and other participants.
- AG 55. Where the action plan requires major capital expenditures the undertaking shall report such information, in particular if it implies the adoption of new technologies, R&D, refurbishment or replacement of industrial facilities. Where the effectiveness of the action plan does not depend on specific capital expenditures, the undertaking shall provide explanatory information instead.
- AG 56. The information on resources allocation may be presented in the form of a table and broken down between capital expenditures and operating expenditures, and across the relevant time horizons, at minimum for the current reporting year resources, and the planned allocation of resources over specific time horizons (5 years). The undertaking may follow the presentation here after:

Corresponding target	Name of action plan / actions	Dedicated resources						
		R&D	Past CAPEX	Past OPEX	Current CAPEX	Current OPEX	Future CAPEX	Future OPEX

		Current year	Previous periods		Current year		Next five years	
Total water withdrawals in thousands of m ³								

Connectivity to financial statements

AG 57. For R&D expense (current year), Capex (current year), and Opex (current year), the undertaking shall include a reference to the related line item in the financial statement as follows:

- the undertaking shall include a cross-reference to the related line item in the financial statement;
- If the financial information can't be directly cross-referenced to a line item in the financial statement, the undertaking shall provide a quantitative reconciliation table between the information (current year) required in [AG56] and financial statements. The undertaking may use the format of the table for reconciliation shown below:

Amount disclosed in the sustainability statement as per par. AG 20 (R&D expense / opex / capex) current period	
Other R&D expense / opex / capex current period	
Total R&D expense / opex / capex (as reported in the financial statements) current period	

Performance measurement

[Disclosure requirement 9] – Water performance for operations

Presentation of information

AG 58. When disclosing information required under paragraph [50], the undertaking may present the information following the table design below:

	Current year	Target % achieved	Comparative
Performance disclosure			

AG 59. When disclosing information required under paragraph [52 (a)], for water withdrawals, the undertaking shall provide a break down per geographical area but also per water source – surface water, groundwater, seawater, produced water, third party water. Withdrawals shall also include withdrawals of water from polluted soils and aquifer, withdrawn and treated for remediation purposes.

AG 60. When disclosing information required under paragraph [52 (b)], for water consumption, the undertaking shall provide a breakdown per geographical area as well as per business/product/service line.

AG 61. When disclosing information required under paragraph [52 (c)], for water discharges, the undertaking shall provide a breakdown per geographical area and where relevant other breakdown may be considered:

- per business/product/service line;

- (b) per type of treatment and priority substance of concern,
- (c) per quality of water discharged;
- (d) per destination – surface water bodies, groundwater bodies, land, and oceans.

AG 62. When disclosing information required under paragraph [52 (d)], for water discharges, the undertaking shall disclose the number of incidents of non-compliance with discharge limits.

AG 63. When disclosing information required under paragraph [54 (a)] for water reused or recycled, the undertaking shall provide a breakdown per geographical area and explain what percentage of the water is internal to the undertaking and what percentage from third parties.

[Disclosure requirement 10] – Water intensity

Presentation of information

AG 64. When disclosing information required under paragraph [55], the undertaking may present the information following the table design below:

	Current year	Comparative period
Total water withdrawals in m ³ per monetary unit of turnover		

Connectivity with financial reporting

AG 65. For turnover, the reconciliation to the most relevant amount presented in the financial statements shall be carried out by including a cross-reference to the related line item in the financial statements.

[Disclosure requirement 11] – Water supply chain performance

AG 66. When disclosing information required under paragraphs [58], the undertaking may:

- (a) present the information following the table design below:

	Current year	Target % achieved	Comparative
Performance disclosure			

- (b) provide the list of suppliers with the corresponding labels or certifications for each.

[Disclosure requirement 12] – Water products and services

AG 67. When disclosing information required under paragraphs [62], the undertaking

- (a) may present the information following the table design below:

	Current year	Target % achieved	Comparative

Performance disclosure			
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- (b) shall provide the list of products and services with the corresponding labels or certifications for each.

[Disclosure requirement 13] – Water supply, Access, Sanitation and Hygiene (WASH)

- AG 68. When disclosing information required under paragraph [66], the undertaking may present the information following the table design below:

	Current year	Target % achieved	Comparative
Performance disclosure			

- AG 69. When disclosing information on water rights of local and indigenous communities under paragraph 69 (e), the undertaking shall consider the need for an informed and willing consent of local and indigenous communities, the need for appropriate consultations and the need to respect the decisions of these communities.

[Disclosure requirement 14] – Marine resources

- AG 70. When disclosing information required under paragraph [70], the undertaking may present the information following the table design below:

	Current year	Target % achieved	Comparative
Performance disclosure			

- AG 71. When disclosing information under paragraph [72 (a)], when reporting on this performance, in accordance with GRI 306, the undertaking shall disclose the total weight of waste generated, excluding effluent (unless required by national legislation to be reported under total waste), and a breakdown by composition of the waste. The undertaking shall provide information on contextual issues necessary to understand the data and how the data has been compiled.
- AG 72. When disclosing information under paragraph 72 (c) disclosure shall be in line with the reporting requirements according to the requirements of the European Pollutant Release and Transfer Register (E-PRTR). Pollutants to be reported shall be those that meet or exceed the thresholds the E-PRTR, whether they occur within the EU or outside).
- AG 73. When disclosing information under paragraph [72 (e).], the undertaking shall consider the Helsinki-HELCOM convention, the OSPAR convention, the Barcelona-UNEP-MAP convention
- AG 74. When disclosing information under paragraph [72 (h)], the undertaking shall provide the list of products and services with the corresponding labels or certifications.
- AG 75. When disclosing information under paragraph [73 (a) (i)], the undertaking shall provide a breakdown for (i) noise above water and underwater and (ii) for continuous noise and impulsive noise.

[Disclosure requirement 15] – Financial exposure to physical risks

- AG 76. Principal water and marine resources-related physical risks may affect the financial position (owned assets) and performance (potential future increase/decrease in

revenues and costs due to business interruptions, increased supply prices, etc. resulting in potential margins erosions) of the undertaking.

Calculation rules

AG 77. When disclosing the information required under paragraph 76 (a) and (b), the undertaking shall explain whether and how it has conducted a vulnerability assessment of the assets and activities to determine effects on future financial performance and position. The process to be followed by the undertaking shall:

- (a) start from the outcome of the physical risk identification and assessment process. The detailed vulnerability assessment calculation rules and methodology may be based on free definitions as they depend on the undertaking's industry and organisation specific water and marine resources management. On the contrary, the description of the methodologies and definitions used by the undertaking, including at least the scope of application, the methodology assumptions and limitations and the critical parameters used, shall be disclosed both for the net assets and the share of turnover from business activities exposed to physical risks;
- (b) assess the amount (monetary unit) of assets exposed to physical risks as a range of net assets value, resulting from the sum of owned assets considered at risk following the vulnerability assessment;
- (c) assess the share of business activities exposed to physical risks as a list of business activities, possibly by operating segment, with their percentage of total revenues, the vulnerability factors (location, hazards, events) and when possible the magnitude of the potential financial effects in terms of margin erosion over the short-, medium- and long-term.

AG 78. The disclosures shall not include amounts that are already accounted for in the financial statements.

AG 79. The amount (monetary unit) of assets exposed to physical risks may be presented as a range of net assets value.

AG 80. The undertaking may use the following table.

Physical risks	Potential financial impact	N	Estimated range in future years	Comments Eg: related business activities; vulnerability factor (location, hazards, events)
Acute - Increased severity of extreme weather events such as cyclones and floods	Reduced revenue from decreased production capacity (e.g., transport difficulties, supply chain interruptions)			
	Reduced revenue and higher costs from negative impacts on workforce (e.g., health, safety, absenteeism)			
	Write-offs and early retirement of existing assets (e.g., damage to property and assets in 'high-risk' locations)			
Chronic - Changes in precipitation patterns	Increased operating costs (e.g., inadequate water supply for hydroelectric plants or to cool nuclear and fossil fuel plants)			

- and extreme variability in weather patterns - Changes in water availability for operations - Changes in availability of some marine resources	Increased capital costs (e.g., damage to facilities)			
	Reduced revenues from lower sales/output			
	Increased insurance premiums and potential for reduced availability of insurance on assets in 'high-risk' locations			

Connectivity with financial reporting

AG 81. For the net assets, the reconciliation to the most relevant amount presented in the financial statements shall be structured as follows:

- the undertaking shall include a cross-reference to the related line item in the financial statement.
- if it can't be directly cross-referenced to a line item in the financial statement, the undertaking may provide a quantitative reconciliation table between [the net current assets value as required in 'Financial exposure to physical risks' and financial statements. The undertaking may use the format of the table for reconciliation shown below:

Net current assets value used to calculate the current assets exposed to physical risks ('Financial exposure to physical risks')	
Net current assets value (other)	
Net current assets value (Financial statements)	

AG 82. For the financial datapoints (current year) related to the share of revenues from business activities exposed to physical risks, the undertaking shall include a reference to the related line item in the financial statement as follows:

- the undertaking shall include a cross-reference to the related line item in the financial statement.
- if it cannot be directly cross-referenced to a line item in the financial statement, the undertaking may provide a quantitative reconciliation table between [the financial datapoints related to the share of business activities exposed to physical risks as required in 'Financial exposure to physical risks' and financial statements. The undertaking may use the format of the table for reconciliation shown below:

Turnover / OpEx / R&D / investments / write off / impairments (current year) related to 'share of business activities exposed to physical risks', ('Financial exposure to physical risks')	
Turnover / OpEx / R&D/ investments / write off / impairments (current year) (other)	
Turnover / OpEx / R&D / investments / write off / impairments (current year) (Financial statements)	

AG 83. The undertaking shall include a statement of consistency illustrating the consistency of data and of assumptions made in sustainability reporting to assess the financial exposure

to physical risks with the corresponding data and assumptions used for the financial statements (e.g. impairment of assets, useful life of assets, estimates and provisions).

- AG 84. A reference to the relevant paragraphs of the financial statements shall be included in the statement of consistency. If the assumptions are not consistent, the statement of consistency should state that fact and explain the reason. (e.g., the full financial implications of climate-related risks are still under assessment or are not deemed material).
- AG 85. The undertaking may consider areas such as climate-related indicators of impairment of assets, impacts of climate-related matters on useful life of assets, assessment of provisions to reflect new environmental laws and climate-related commitments by the entity, etc.

[Disclosure requirement 16] – Financial exposure to transition risks

- AG 86. Currently no commonly agreed methodology exists to assess or measure how water and marine resources-related transition risks and opportunities may affect the future financial position and performance of the undertaking, especially as these risks and opportunities may be closely interlinked with other environmental topics such as climate change of biodiversity loss, the disclosure required by paragraph 78 remains largely based on the exercise of judgement. In this context, the undertaking shall disclose an estimation of the potential effects of its principal transition risks in relation to (i) the potential future financial position in terms of assets and liabilities and (ii) the potential future financial performance in terms of revenues and costs and explain the methodologies applied and critical assumptions made.

Calculation rules

- AG 87. When disclosing the information required under paragraph 80 (a) (i) concerning the potential future effects on assets, the undertaking shall at least include an estimation of the amount of potentially stranded assets (in monetary unit). Stranded assets are understood as currently owned or operated assets of the undertaking with significant potential to have their lifetime shortened due to water and marine resources related transition (such as restrictions over water rights, changes in fishing regulations, or restrictions in the rights of use of coastal zones). The amount may be expressed as a range of net asset value based on different transition scenarios.
- AG 88. The disclosure of financial exposure shall be completed by a description of the methodologies and definitions used by the undertaking, including at least, the scope of application, the methodology assumptions and limitations, the scenario analyses that were conducted and the critical parameters used.
- AG 89. When disclosing the information required under paragraph 80 (b) concerning the potential future financial performance, the undertaking shall include a description of how it may be affected by water and marine resources-related transition risks in terms of the turnover related to its business activities. Even if no detailed calculation rules are generally agreed-upon, there is a market convergence on existing methodologies to consider the following steps:
- (a) screening of the activities to identify on the one side significantly harmful activities with regards to water and marine resources that are unable by nature to transition and on the other side those considered as significantly harmful to water and marine resources but that have options available to transition to activities which are less impactful to water and marine resources. This screening shall be science based;
 - (b) mapping of the activities through the lens of transition risk events taking into consideration their likelihood, magnitude and duration according to selected scenario analyses. This mapping shall be carried out by using the following events (not comprehensive) list: increased external pricing of rights to access water and marine resources due to policy changes; increased costs due to regulation or substitution of existing products and services (shifting toward less water intensive solutions, finding substitutes to materials originating from the oceans, shifting to alternative energies for sea transport, etc.) ; loss of revenues due to technological innovation; increase of operating costs due to a shift of market demand for certain commodities, product or

services ; loss due to litigation, loss of revenue due to shift in customer preferences or change in community perception of the company, etc.

AG 90. The business activities exposed to transition risks resulting in margin erosion shall be disclosed as an estimated share of revenues from business activities (or operating segment) and shall be completed by a description of the methodologies and definitions used by the undertaking, including at least the scope of application, the methodology assumptions and limitations, if and how scenario analyses were applied and critical parameters used.

AG 91. The undertaking may use the table below to present the information required under paragraph 80 (b):

Transition risks	Potential financial impact	N	Estimated range in future years	Comment
Policy and legal				
- Increased pricing of rights to water and marine resources	Increased operating costs (e.g., higher compliance costs, increased insurance premiums)			
- Enhanced reporting obligations	Write-offs, asset impairment, and early retirement of existing assets due to policy changes			
- Mandates on and regulation of existing products and services	Increased costs and/or reduced demand for products and services resulting from fines and judgments			
- Exposure to litigation				
Technology				
- Substitution of existing products and services with less water intensive products and services	Write-offs and early retirement of existing assets			
	Reduced demand for products and services			
- Unsuccessful investment in new technologies	R&D expenditures in new and alternative technologies			
- Costs to transition to less water intensive technology	Capital investments in technology development			
	Costs to adopt/deploy new practices and processes			
Market				
- Changing customer behaviour	Reduced demand for goods and services due to shift in consumer preferences			
- Uncertainty in market signals				
- Increased cost of raw materials	Increased production costs due to changing input prices (e.g., energy, water) and output			

	requirements (e.g., waste treatment)			
	Abrupt and unexpected shifts in the cost of water and marine resources			
	Change in revenue mix and sources, resulting in decreased revenues			
	Re-pricing of assets (e.g., fossil fuel reserves, water rights valuations, ...)			
Reputation				
- Shifts in consumer preferences - Stigmatization of sector - Increased stakeholder concern or - negative stakeholder feedback	Reduced revenue from decreased demand for goods/services			
	Reduced revenue from decreased production capacity (e.g., delayed planning approvals, supply chain interruptions)			
	Reduced revenue from negative impacts on workforce management and planning (e.g., employee attraction and retention)			
	Reduction in capital availability			

Connectivity with financial reporting

AG 92. For the net stranded assets, the reconciliation to the most relevant amount presented in the financial statements shall be structured as follows:

- The undertaking should include a cross-reference to the related line item in the financial statement.
- If it can't be directly cross-referenced to a line item in the financial statement, the undertaking should provide a quantitative reconciliation table between [the net current assets value as required in 'Financial exposure to transition risks' and financial statements. The undertaking may use the format of the table for reconciliation shown below:

Net current assets value used to calculate the current assets exposed to transition risks ('Financial exposure to transition risks')	
Net current assets value (other)	
Net current assets value (Financial statements)	

AG 93. For the liabilities, the undertaking shall make a reference to the description of the emission trading schemes in the financial statements.

AG 94. If such reference cannot be made, under circumstances where financial statements are silent on emission trading schemes, the reconciliation to the most relevant amount presented in the financial statements shall be structured as follows:

- (a) The undertaking shall include a cross-reference to the related line item in the financial statement.
- (b) If the financial information cannot be directly cross-referenced to a line item in the financial statement, the undertaking shall provide a quantitative reconciliation table between the information related to the emission trading schemes and the financial statements. The undertaking may use the format of the table for reconciliation shown below:

Liabilities related to the regulatory emission trading schemes ('Financial exposure to transition risks')	
Liabilities related to the regulatory emission trading schemes (other)	
Liabilities related to the regulatory emission trading schemes (Financial statements)	

AG 95. For the financial datapoints (current year) related to the share of revenues from business activities exposed to transition risks, the undertaking shall include a reference to the related line item in the financial statement as follows:

- (a) The undertaking shall include a cross-reference to the related line item in the financial statement;
- (b) If it can't be directly cross-referenced to a line item in the financial statement, the undertaking may provide a quantitative reconciliation table between [the financial datapoints related to the share of business activities exposed to risks as required in Disclosure Requirement 16 'Financial exposure to transition risks'] and the financial statements.
- (c) The undertaking may use the format of the table for reconciliation shown below:

Turnover / OpEx / R&D/ investments / write off / impairments (current year) related to 'share of business activities exposed to physical risks', ('Financial exposure to transition risks')	
Turnover / OpEx / R&D/ investments / write off / impairments (current year) (other)	
Turnover / OpEx / R&D / investments / write off / impairments (current year) (Financial statements)	

AG 96. The undertaking shall include a statement of consistency illustrating the consistency of data and of assumptions made in sustainability reporting to assess the financial exposure to physical risks with the corresponding data and assumptions used for the financial statements (e.g. impairment of assets, useful life of assets, estimates and provisions).

AG 97. A reference to the relevant paragraphs of the financial statements shall be included in the statement of consistency. If the assumptions are not consistent, the statement of consistency shall state that fact and explain the reason. (e.g., the full financial implications of climate-related risks are still under assessment or are not deemed material).

- AG 98. The undertaking may consider areas such as water and marine resources-related indicators of impairment of assets, impacts of water and marine resources-related matters on useful life of assets, assessment of provisions to reflect new environmental laws as well as water and marine resources-related commitments by the entity, etc.

WORKING PAPER

Appendix C: Digitisation guidance

This appendix is an integral part of ESRS E3 Resource Use and Circular Economy. It describes the instructions for the digital tagging.

To be further developed

WORKING PAPER

Basis for conclusions

Context

BC1. This [draft] Basis for conclusions accompanies but is not part of [draft] ESRS E3 Water and marine resources. It summarises the considerations and references of the [EFRAG Sustainability Standards Board (the 'Board')] in developing the contents of the [draft] standard. [Individual Board members may be giving greater weight to some factors than to others.]

Approach to drafting the standard

BC2. The approach which led to drafting this proposal, was divided into five phases.

BC3. Phase 1 (top-down approach):

- (a) Treaties, conventions, international frameworks, EU directives and other documents which contained clearly enunciated policy goals for water and marine resources, were identified. An initial collection of documents leads provided during informal expert consultations, research on the internet and on the EAA's search engines were used to make sure the list was as comprehensive as possible. An emphasis was made on documents that either had an international (global) perspective and/or an EU one. Documents that concerned specifically other geographical zones with no global outreach were left aside.
- (b) These documents were analysed, the policy goals were listed and then clustered so that similar policy goals emanating from different sources would be formulated as the same policy goal. Whenever relevant, any indicators related to these goals that might be adaptable to a corporate level were identified.
- (c) These goals are listed below, in a subsequent section of this document.
- (d) The same documents were reviewed in order to identify other aspects which could be important, in terms of materiality and relevancy, for the disclosures. These other materiality and relevancy issues are also listed below, for the reader's consideration.

BC4. Phase 2 (bottom-up approach):

- (a) Recommended corporate disclosures (KPIs) were identified and described based on existing global frameworks such as GRI, CEO water mandate, CDSB, etc). The appendix to the basis for conclusions provides an overview of that work.

BC5. Phase 3 (assessment and clustering of possible KPIs):

- (a) A specific spreadsheet with a tab for each of the sections of the standard template (strategy and business model, impacts, risks & opportunities, governance...) was created.
- (b) Each of the disclosures in the KPI database was analysed and coded according to its topic (water, marine resources, environmental, social) and to its tab strategy and business model, impacts, risks & opportunities, governance...). Once that was done, each KPI was assessed for its relevance and quality, its time focus (retrospective or forward looking) and its materiality (financial, impact or double), was reviewed. Groups of similar KPIs were identified. For example: water consumption as a KPI is suggested in many sources which were grouped under one "water consumption" heading.

BC6. Phase 4 (identification of items):

- (a) Considering the list of existing KPIs for each section of the standard, a list of KPIs for each section was created. Finally, proposed disclosures were verified for consistency with:
 - (i) the requirement of the draft CSRD;
 - (ii) the existing NFRD and its 2017 and 2019 implementation guidelines;

(iii) the global and EU related water goals identified in phase 1.

BC7. Phase 5 (consultation with experts):

(a) Work in progress was submitted, either informally to external experts, without sharing our files, or to observers (GRI, taxonomy groups, DG Environment, EEA...) who had access to documents. In total 14 different experts were consulted.

BC8. These different phases provided us with the following elements as a rationale for choosing disclosure requests:

BC9. Water is a local impact. The EU's approach to managing the quality and availability of water, and associated risks, is based on a river basin approach / body of water approach / catchment approach. This should be reflected in the disclosures.

BC10. Water issues can be summed up as either water quantity issues (too little water available, or too much – floods) or water quality issues (chemical, physical and ecological status). There are legal references or international references which enable to define these notions, upon which disclosures can be based.

BC11. Water withdrawals, water consumption, water storage, water use and water discharge are the key concepts used to quantify inflows and outflows of water and understand water balance.

BC12. Pressures on marine resources originate from issues related to the management of waste, pollution, the circular economy, biodiversity, freshwater, habitat conservation which are also covered by other standards.

BC13. The whole value chain (including supply chain, operations, products and services sold and used) is considered material.

BC14. Undertakings should provide information which can be a basis for inter-firm comparison, beyond open ended narrative based disclosures.

The status of water and marine resources

BC15. According to the European Environment Agency's State Of the Environment Report for 2020, in a context of increasing pressures on the environment, the world population is projected to reach 10 billion by 2050, with water demand set to increase by 55%; The ability of nature to maintain clean water is likely to be disrupted and since Europe depends on resources extracted in the rest of the world, many impacts associated with European production and consumption occur outside of Europe. According to the report, for the past 10-15 years, trends and developments in the quality of water ecosystems and wetland has been mixed and so are outlooks to 2030. The process of meeting policy objectives and targets is largely not on track. The same assessment applies to pollution pressures and links to human health. If water quality has improved, the EU has by far not achieved a good ecological and chemical status for all water bodies by 2020. Only 40% of bodies of water have achieved good ecological quality status and 38% good chemical quality status, and modest progress has been made on reducing emissions of pollutants to water. Wetlands are widely degraded and so are 80 to 90% of floodplains. Point source pollution has been reduced but 18% of reported water surface bodies and 14% of reported groundwater bodies are under the significant pressure of point sources. Nitrogen surpluses have been reduced but diffuse pollution and hydromorphological changes are affecting the state of freshwater. Despite these trends, the quality of drinking water and bathing water remains high across Europe (95% of bathing waters). Also EU water abstraction has decreased by 19% between 1994 and 2015, and 89% of bodies of water have achieved good quantitative status. However, overall, addressing the impact of some sectors has not been successful, as illustrated by agriculture's continued impacts on biodiversity, pollution of water and soil, and the energy sector's continued impact through hydromorphological changes.

BC16. As regards marine environments at a global level, 40% of marine environments are now severely altered. If the trends for creating marine protected areas has been good for the past 10-15 years, the outlook to 2030 is more mixed. However the prospect of meeting policy targets for creating protected marine areas is on track. Protected marine areas are only one part of the agenda and the state of marine ecosystems and biodiversity has

known mixed evolutions. The outlook to 2030 points to deteriorating trends, with a process of meeting policy targets largely off track. Targeted efforts on individual species has been met with success, but many marine species, or marine species groups, still have declining population or have not reached good conservation status. Climate change, legacy hazardous substances, heavy metals, marine litter and invasive species are expected to continue to impact marine ecosystems. A similar analysis can be made for pressures and impacts on marine habitats with 65% of protected seabed habitats considered to be in unfavourable conservation status, and only 55% of coastal areas having reached good ecological quality of water status. There are however sharp differences between different European regions. Also 19% of the EU coastline is affected by permanent alterations and 25% of the area of the coastal strip (up to 12 miles) is subject to seabed habitat loss (due to construction of wind farms, oil & gas installations, ports and also exploitation of fish, shellfish and minerals). Non indigenous species; marine litter, eutrophication and fishing practices such as trawling have been identified as key drivers of these deteriorating trends. In some areas, such as the North-East Atlantic Oceans and the Baltic Sea, fishing pressure has decreased, and has led to signs of recovery of fish stocks. In other areas most fish stocks are overexploited such as in the Mediterranean sea (93,9%) and the Black sea (85,7%). Overall, across 397 stocks reported on by the State of the Environment Report, most of them were still overexploited, with the abundance of sensitive species decreasing by 69% in heavily trawled areas.

Global and EU Water Goals

- BC17. The global and EU policy goals that were identified for water are the following.
- BC18. Achieve universal and equitable access to safe and affordable drinking water for all (SDG 6, EU Drinking Water Directive)
- BC19. Achieve access to adequate and equitable sanitation and hygiene for all and end open defecation, paying special attention to the needs of women and girls and those in vulnerable situations (SDG 6)
- BC20. Improve water quality by:
- (a) substantially contributing to zero pollution ambition for a toxic free environment;
 - (b) keeping well below set concentration thresholds of certain chemical substances that pose a significant risk to the environment or to human health in waters or biota in the EU, including cadmium, lead, mercury and nickel, and their compounds; benzene, polycyclic aromatic hydrocarbons (PAH) and several pesticides. (33 substances are identified as priority substances plus recently identified substances of concern);
 - (c) halving the proportion of untreated wastewater;
 - (d) preventing direct and indirect discharges from polluting groundwater by percolation through soil
- (SDG 6, EU Water Directive, EU Action Plan – towards zero pollution, EU Bathing water directive, EU Urban Wastewater Treatment Directive, EU Groundwater directive).
- BC21. Improve water quality by:
- (a) substantially increasing water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater by reducing water leakages across the network and improve water efficiency;
 - (b) substantially increasing water recycling;
 - (c) keeping water abstraction levels to below 20% of available renewable freshwater resources;
 - (d) significantly reducing water stress
- (SDG 6, roadmap to a resource efficient Europe, EU Drinking Water Directive, EU 7th Action Plan).

- BC22. Protect and restore water-related ecosystems, including mountains, forests, wetlands, rivers, aquifers and lakes (and contribute to the restoration of at least 25 000 km of free-flowing rivers) (EU Water directive, EU Biodiversity Strategy).
- BC23. Expand international cooperation and capacity-building support to developing countries in water- and sanitation-related activities and programmes, including water (SDG 6).
- BC24. Support and strengthen the participation of local communities in improving water and sanitation management (SDG 6).
- BC25. Assess and manage flood risks, aiming to reduce the adverse consequences for human health, environment and cultural heritage (EU Floods directive).

Global and EU goals for Marine Resources

- BC26. Prevent and significantly reduce marine pollution of all kinds, in particular from land-based activities, including marine debris and nutrient pollution by:
 - (a) continuously reducing discharges, emissions and losses of hazardous substances;
 - (b) moving towards the target of their cessation within one generation (25 years) with the ultimate aim of concentrations in the environment near background values for naturally occurring substances and close to zero concentrations for man-made synthetic substances(SDG 14, EU Marine Strategy Framework Directive, Esbjerg declaration).
- BC27. Sustainably manage and protect marine and coastal ecosystems to avoid significant adverse impacts by:
 - (a) protecting and restoring marine ecosystems and the services they provide;
 - (b) reducing - including underwater - noise at a level that does not adversely affect the marine environment;
 - (c) keeping the level of non-indigenous introduced species below a level that adversely affects the ecosystems;
 - (d) keeping populations of all commercially exploited fish and shellfish within safe biological limits
 - (e) eliminating by-catch of species or reducing it to a level that allows species recovery and conservation;
 - (f) substantially reducing any negative impacts on sensitive species and habitats, including on the seabed, through fishing and extraction activities(SDG 14, EU Marine Strategy Framework Directive, EU Biodiversity Strategy; EU Common Fishery Policy).
- BC28. Minimize and address the impacts of ocean acidification, including through enhanced scientific cooperation at all levels (SDG 14).
- BC29. Effectively regulate harvesting and end overfishing, illegal, unreported and unregulated fishing and destructive fishing practices and implement science-based management plans, in order to restore fish stocks in the shortest time feasible, at least to levels that can produce maximum sustainable yield as determined by their biological characteristics (SDG 14).
- BC30. Conserve at least 10 per cent of coastal and marine areas, consistent with national and international law and based on the best available scientific information (SDG 14)
- BC31. Prohibit certain forms of fisheries subsidies which contribute to overcapacity and overfishing, eliminate subsidies that contribute to illegal, unreported and unregulated fishing and refrain from introducing new such subsidies, recognizing that appropriate and effective special and differential treatment for developing and least developed countries should be an integral part of the World Trade Organization fisheries subsidies negotiation (SDG 14)

- BC32. Increase the economic benefits to Small Island developing States and least developed countries from the sustainable use of marine resources, including through sustainable management of fisheries, aquaculture and tourism (SDG 14)
- BC33. Increase scientific knowledge, develop research capacity and transfer marine technology in order to:
- (a) improve ocean health;
 - (b) enhance the contribution of marine biodiversity to the development of developing countries, in particular small island developing States and least developed countries by:
 - (i) setting up international funds for research;
 - (ii) collecting, managing and sharing data(SDG 14, UNGC Ocean Stewardship 2030).
- BC33. Provide access for small-scale artisanal fishers to marine resources and markets (SDG 14)
- BC34. Enhance the conservation and sustainable use of oceans and their resources by implementing international law as reflected by UNCLOS and EU Marine Strategy Framework Directive, which provide the legal framework for the conservation and sustainable use of oceans and their resources.

Objective of the [draft] standard

- BC35. This Standard sets out the requirements for compilation and disclosure of information related to water and marine resources. The objective is to ensure that all stakeholders of the undertaking obtain information that enables them to understand:
- (a) to what extent the undertaking is contributing to the European Green Deal's ambitions for fresh air, clean water, a healthy soil and biodiversity as well as to ensuring the sustainability of the blue economy and fisheries sectors, to the EU water framework directive, to the EU marine strategy framework, the SDGs 6 and 14, and respect of global environmental limits (e.g. the biosphere integrity, ocean acidification, freshwater use, and biogeochemical flows planetary boundaries) in line with the vision for 2050 of "living well within the ecological limits of our planet" set out in the 7th Environmental Action Programme, and in the proposal for a decision of the European Parliament and the Council on the 8th Environmental Action Programme.
 - (b) the impacts of the undertaking on water and marine resources and its past, current and future measures to protect it, also with reference to reduction of water withdrawals, water consumption, water use, water discharges in water bodies and in the oceans; habitat degradation and the intensity of pressure on marine resources;
 - (c) the nature, type and extent of risks, opportunities and dependencies arising from the entity's actions on water and marine resources;
 - (d) the water/marine resources-related risks and dependencies, in relation with the undertaking's activities, and their consequences for the undertaking's financial situation and performance over the short-, medium- and long-term;
 - (e) the plans and capacity of the undertaking to adapt its business model and operations in line with the transition to a sustainable economy as well as with the preservation and restoration of water and marine resources globally.

Specific water/marine resources disclosures on strategy

Business Strategy, water and marine resources

Why disclose on Business strategy and Water / Marine resources?

EU legislation and recommendations

- BC36. The Non-Financial Reporting Directive¹ ('NFRD') requires that undertakings disclose information about their business strategy and the resilience of the business model and strategy to risks related to sustainability matters.
- BC37. In the European Commission's proposal for a Corporate Sustainability Reporting Directive ('CSRD'), Article 19a (2) asks undertakings to report on the business model and strategy, including:
- (a) "the resilience of the undertaking's business model and strategy to risks related to sustainability matters";
 - (b) "the opportunities for the undertaking related to sustainability matters";
 - (c) "the plans of the undertaking to ensure that its business model and strategy are compatible with the transition to a sustainable economy and with the limiting of global warming to 1.5 °C in line with the Paris Agreement";
 - (d) "how the undertaking's business model and strategy take account of the interests of the undertaking's stakeholders and of the impacts of the undertaking on sustainability matters";
 - (e) how the undertaking's strategy has been implemented with regard to sustainability matters."

Global reporting frameworks

- BC38. The CDSB Application guidance for water related disclosures suggests disclosing about major trends with reference to drivers of change under (e.g. water-related strategies or business developments) and/or outside (e.g. regulatory changes) the control of the organisation and the likely effect of future water-related impacts, risks, and opportunities as well as of water strategy on company performance and resilience, taking account of regulatory and market trends and environmental changes.
- BC39. The SASB Standards recommend that companies disclose the entity's strategic approach regarding actual and potential impacts of topic-related risks and opportunities on the organisation's businesses, strategy, and financial planning, over the short-, medium-, and long-term. Each industry specific SASB Standard includes water-related risks and opportunities that are likely to be material in a given industry.
- BC40. The Integrated Reporting (IR) Framework recommends reporting on the company's short-, medium- and long-term strategic objectives, the strategies it has in place, or intends to implement, to achieve those strategic objectives, the resource allocation plans it has to implement its strategy and how it will measure achievements and target outcomes for the short-, medium- and long-term. The IR framework defines a company's business model as its system of transforming inputs, through its business activities, into outputs and outcomes that aims to fulfil the organization's strategic purposes and create value over the short-, medium- and long-term.
- BC41. GRI 2 "general disclosures" requests the report of a statement from the highest governance body or most senior executive on the relevance of sustainability to the organisation, and on its strategy for addressing sustainability.
- BC42. The CDP water questionnaire includes questions about the integration of water-related issues into aspects of long-term strategic business plans as well as other strategic decisions, such as stakeholder engagement along the value chain or scenario analyses regarding water impacts.

- BC43. The CEO Water Mandate suggests that endorsers measure and reduce their water use and wastewater discharge and develop strategies for eliminating their impacts on communities and ecosystems.
- BC44. The EU Taxonomy Regulation establishes the overarching framework that allows to classify economic activities as environmentally sustainable. Article 8 of the Taxonomy Regulation and the related Delegated Act require undertakings under the scope of the NFRD/CSRD to report a share of turnover, capital expenditures and operating expenditures from taxonomy eligible, and taxonomy aligned activities, which – when monitored over time – could be considered as a measure of how an undertaking progresses in the transition to an economy that can be deemed sustainable regarding water issues.

Users' needs

- BC45. Stakeholders need to understand how the undertaking defines its strategy and business model in a manner that:
- (a) reduces its total impact on water and marine resources;
 - (b) is consistent with global and EU policy objectives for water and marine resources;
 - (c) is resilient to the potential impacts of water and marine resource related risks;
 - (d) can take opportunities into account which will rise from satisfying the needs of stakeholders.

Conclusions

- BC46. The effects of climate change, excessive water withdrawals and pollution are expected to have a substantial impact on water bodies and marine resources all over the world. A transition to an economy which can operate well under the expected conditions is required. In order to be able to create value over the mid- and long-term, undertakings need to ensure that their business model and strategy are compatible with the transition ahead. Therefore it is important that undertakings create transparency on how water-(and marine resources) related risks and opportunities can affect their business models and strategies, how resilient the current business model of an undertaking is towards water-(and marine resources) related risks (financial materiality perspective) and how it causes and drives adverse or positive impacts (impact materiality perspective). In addition, undertakings should report on the transition plans they have in place.
- BC47. Some sectors face higher challenges related to the transition to a water-resilient economy than others. Also, the materialisation of physical water risks greatly differs among entities depending, among others, on the type of their activities and business relationships and the location of their assets. Despite entity-specific differences, all undertakings will face the need to assess how water-related issues can affect them, to test their current business models and practices against transition risks and physical threats and to develop plans of how to be part of the transition ahead and should make transparent where they stand in these regards. The same logic should apply to marine resources.
- BC48. Limiting such information to an undertaking's own operations might disguise principal water-related impacts, risks and opportunities that are linked to its broader business context. Hence, reporting should take into account the whole value chain of an undertaking. The same logic should apply to marine resources.

Choice of specific disclosures

Resilience of the Strategy and Business Model

- BC49. **The [draft] standard includes the following Disclosure Requirement 1: “The undertaking shall disclose an assessment of the resilience of the current business model(s) and strategy to water and marine resources-related physical and transition risks in light of a range of water and marine resources-related scenarios.”**

- BC50. Resilience is generally understood as the ability of a system and its component parts to anticipate, absorb, accommodate, or recover from the effects of a hazardous event in a timely and efficient manner, including through ensuring the preservation, restoration, or improvement of its essential basic structures and functions.⁸ When describing the resilience of the strategy and business model(s) towards climate-related risks, an undertaking *should* therefore reflect on how the materialisation of its principal transition and physical risks could affect the way it creates value and the mechanisms with which the strategy and business model(s) can absorb or recover from these effects.
- BC51. To appropriately incorporate the potential effects of water and marine resources in their strategic decision making, organisations should consider how water/marine resources risks and opportunities may evolve over time and what their potential business implications are under different conditions. For this purpose, it is to be observed that water/marine resources scenario analysis is a highly useful approach. At the same time for many undertakings it is a new concept. It brings along methodological and operational challenges. However all undertakings should report how business model resilience has been assessed and if a range of water/marine resources scenarios was used to inform the assessment. If so, undertakings should explain scenarios, assumptions and modelling parameters used.

Water/Marine resources-related Governance

Why disclose on water/marine resources-related Governance?

EU legislation and recommendations

- BC52. Article 19a lit. (c) of the CSRD-proposal⁹ requires entities to disclose “a description of the role of the administrative, management and supervisory bodies with regards to sustainability factors”.
- BC53. Annex IV of the EMAS Regulation¹⁰ states that the environmental statement shall contain “a brief description of the governance structure supporting the environmental management system of the organisation”.

Global reporting frameworks

- BC54. GRI 2 “general disclosures” requires a whole range of governance disclosures, including governance structure and composition, nomination and selection of the highest governance body, chair of the highest governance body, role of the highest governance body in overseeing the management of impacts, delegation of responsibility for managing impacts, role of the highest governance body in sustainability reporting, conflicts of interest, communication of critical concerns, collective knowledge of the highest governance body, evaluation of the performance of the highest governance body, remuneration policies, process to determine remuneration, annual total compensation ratio (disclosures 2-9 until 2-21).
- BC55. The CDP water questionnaire includes questions on the governance structure and mechanism of the organisation as regards water security. It considers board level oversight, a public water policy and a process for aligning external policy with it to be good practices and an indication of the importance of water related issues to the organisation.
- BC56. In the CDP water questionnaire monitoring the engagement with public policy makers is listed as one the oversight activities at corporate level. The questionnaire also includes a question on whether an organization engages in activities that could influence public policy making.

⁸ IPCC, “Fifth Assessment Report (AR5) Climate Change: Impacts, Adaptation, and Vulnerability”, 2014. Available [here](#).

⁹ Proposal for a directive of the European Parliament and of the Council amending Directive 2013/34/EU, Directive 2004/109/EC, Directive 2006/43/EC and Regulation (EU) No 537/2014, as regards corporate sustainability reporting. Available [here](#).

¹⁰ The Revised Annexes of the EMAS Regulation, 2018. Available [here](#).

- BC57. The CDP water questionnaire also includes a question on whether the organisations uses an internal price for water.
- BC58. The CDSB Framework¹¹ recommends undertakings to describe the governance of environmental policies, strategy and information.
- BC59. The CDSB application guidance requests an identification of the persons or committees responsible for water policies, strategy and information, as well as explanations if the governance mechanisms for water strategy, governance and disclosures differ from other material concerns.
- BC60. The SASB Standards¹² suggest that companies should disclose the entity's governance around the risks and opportunities related to the topic, including board oversight of and management's role in assessing and managing such risks and opportunities.
- BC61. The UN Global Compact's CEO Water Mandate notes that Governance Reporting should provide insights into which body in the company has ultimate oversight on water management and water accountability. It also emphasizes that, increasingly, companies are encouraging good governance by tying executive compensation to sustainability targets such as water efficiency.
- BC62. The IR Framework¹³ highlights that an integrated report should answer the following question: How does the organisation's governance structure support its ability to create value in the short-, medium- and long-term? Thus, an integrated report provides insight about how such matters as the following are linked to its ability to create value.

Users' needs

- BC63. The objective is that stakeholders understand the governance of the undertaking, including:
- board organisation, oversight process and responsibilities for water and marine resources;
 - board member qualifications;
 - responsibilities devolved to management for water and marine resources and how they are supervised;
 - management qualifications;
 - incentives and related metrics used for water and marine resources;
 - how the undertaking's policy on water and marine resources is aligned with public policy;
 - how the undertaking engages with policy makers and for what purpose.

Conclusion

- BC64. The cross-cutting standard which covers governance requires disclosure of the role played by the board and on the responsibilities devolved to management, as well as metrics incorporated into remuneration policies.
- BC65. The specific disclosures on water/marine resources-related governance should thus focus on the following topics: internal pricing schemes and engagement likely to have a direct or indirect influence on public policy.

¹¹ CDSB, "CDSB Framework for reporting environment & climate change information Advancing and aligning disclosure of environmental information in mainstream reports", December 2019. Available [here](#).

¹² SASB Standards. Available [here](#).

¹³ IR Framework, January 2021. Available [here](#).

Choice of specific disclosures

Internal water and marine resources-related pricing schemes

- BC66. **The [draft] standard includes the following Disclosure Requirement 2: “The undertaking shall disclose a description of the internal water and marine resources pricing schemes applied to support its decision making.”**
- BC67. This disclosure aims to provide an understanding of how water and marine resources-related impacts, risks and opportunities are integrated in an undertaking’s strategic and operational decision-making processes, as internal water / marine resources prices influence the reduction of an undertaking’s impact and support the assessment, anticipation and management of water / marine resources-related transition risks and opportunities. Companies should disclose how internal water / marine resources pricing schemes are used to systematically assess water / marine-resources-related transition risks and opportunities and incentivise the reductions of water and marine resources-related impacts in their operations and in the value chain and describe which internal price levels are used, how they are selected and which water / marine resources volumes they are applied to.
- BC68. With regards to the assessment of potential financial impacts of transition risks, internal prices can be used in different contexts, such as informing investment decisions (R&D, assets, acquisitions, etc.), liabilities valuation (monetised water withdrawals / discharges or quotas to be purchased) or financial scenarios (impairment tests, fair value measurement, growth scenarios, etc.). A reconciliation between the internal prices used in these various contexts, and comments on the assumptions made is useful to understand the consistency of undertaking’s practices.

Roles and responsibilities of governance bodies

- BC69. **The [draft] standard includes the following Disclosure Requirement 3: “The undertaking shall disclose a description of how it engages in activities that could either directly or indirectly influence public policy on water and marine resources.”**
- BC70. This disclosure relies on the CEO water disclosure guidelines which identify participation in global initiatives as a basic reporting practice and consumer, public engagement and awareness building, as well as public advocacy and place based collective action as advanced reporting practice.
- BC71. The CEO water disclosure guidelines consider that reporting on participation to global initiatives allow to demonstrate action through such participations, with a description of how involvement has shaped company water strategies and performance.
- BC72. The CEO water disclosure guidelines consider that more advanced reporting practices cover the following items:
- (a) aspects of sustainability being addressed;
 - (b) medium of forum which the undertaking is using as a platform;
 - (c) the level and nature of the undertaking’s engagements;
 - (d) explicit explanations regarding how the company’s inputs and recommendations in the formulation of government policy and regulation help advance the water-sustainability agenda.

Water / Marine resources-related impacts, risks and opportunities

Why disclose impacts on water-related risks and opportunities?

EU legislation and recommendations

- BC73. Article 19a (1) of the CSRD-proposal¹⁴ requires undertakings to include in the management report information “necessary to understand the undertaking’s impacts on sustainability matters, and information necessary to understand how sustainability matters affect the undertaking’s development, performance and position” (concept of double materiality). In this regard, Article 19a (2) lit. (e) (ii) CSRD-proposal requires a description of the “principal actual or potential adverse impacts connected with the undertaking’s value chain, including its own operations, its products and services, its business relationships and its supply chain” (impact materiality). Article 19a (2) lit. (f) CSRD-proposal requires “a description of the principal risks to the undertaking related to sustainability matters, including the undertaking’s principal dependencies on such matters, and how the undertaking manages those risks” and Article 19a (2) lit. (a) (ii) refers to “the opportunities for the undertaking related to sustainability matters” (financial materiality¹⁵).
- BC74. Already under Article 19a (1) lit. (d) NFRD entities under its scope are required to report on the principal risks related to sustainability matters and how the undertaking manages those risks. In its preliminary statement, the Sustainable Finance Disclosure Regulation (‘SFDR’)¹⁶ notes that end investors benefit from rules which allow for informed decisions but that disclosures to end-investors on the integration of sustainability risks in investment decision-making and in advisory processes, are insufficiently developed.
- BC75. Annex IV of Regulation (EC) No. 1221/2009 (Eco-Management and Audit Scheme - EMAS)¹⁷ requires organisations that participate in EMAS to disclose in their environmental statements “a description of all the significant direct and indirect environmental aspects which result in significant environmental impacts of the organisation, a brief description of the approach used to determine their significance and an explanation of the nature of the impacts as related to these aspects.”

Global reporting frameworks

- BC76. GRI 3 “material topics” provides guidance on understanding the organisation’s context, on identifying its actual and potential impacts, assessing their significance, and prioritizing the most significant ones for reporting. It requires a description of the process followed to identify these topics, and a disclosure of material topics (actual and potential, negative and positive impacts on the economy, environment, and people), of actions taken to address them and of the effectiveness of these actions (disclosures 3-1, 3-2, 3-3).
- BC77. The CDP water questionnaire includes questions on current and future water related risks and opportunities so as to provide companies and data users with insights on such issues.
- BC78. The CDSB application guidance requests an explanation of the material water-related dependencies and impacts of the organisation with additional consideration of links to natural capital.

¹⁴ Proposal for a directive of the European Parliament and of the Council amending Directive 2013/34/EU, Directive 2004/109/EC, Directive 2006/43/EC and Regulation (EU) No 537/2014, as regards corporate sustainability reporting. Available [here](#).

¹⁵ As conceptualised in the PTF-NFRS final report “Proposals for a relevant and dynamic EU sustainability reporting standard-setting”, pp. 74-82, March 2021. Available [here](#).

¹⁶ Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector. Available [here](#).

¹⁷ The Revised Annexes of the EMAS Regulation, 2018. Available [here](#).

- BC79. The CDSB Application guidance also highlights the importance to inform investors about possible reduced revenue and/or increased costs due to interruption of operations or supply chain as a consequence of water-related issues and other water risk-related costs, such as increased insurance premiums, reduced productivity or early write offs.
- BC80. The SASB Standards¹⁸ suggest that companies should disclose the entity's process to identify, assess, and manage topic-related risks, and how these risks are integrated into the entity's overall risk management process. Each industry specific SASB Standard includes water related risks and opportunities that are likely to be material in a given industry.
- BC81. The UN Global Compact's CEO Water Mandate provides guidelines so that companies can disclose their impact on water availability, water quality and access to water services, including WASH.
- BC82. The IR Framework¹⁹ highlights that an integrated report should answer the following question: what are the specific risks and opportunities that affect the organisation's ability to create value over the short-, medium- and long-term, and how is the organisation dealing with them? Thus, an integrated report should identify the key risks and opportunities that are specific to the organisation, including those that relate to the organisation's effects on, and the continued availability, quality and affordability of, relevant capitals in the short-, medium- and long-term.
- BC83. The IRIS+ system proposes a generally accepted framework and set of metrics for measuring and managing impact, for the impact investing community. It proposes a social and environmental risk performance assessment to indicate whether the organisation assessed social and environmental risks during the reporting period.

Users' needs

- BC84. The objective is that stakeholders understand:
- (a) what impacts are caused, and will be caused, to water and marine resources by the undertaking, over the value chain (supply chain, operations, products and services), and what are, will be, the financial costs;
 - (b) how the state of water and marine-resources has impacted and will impact the undertaking's value chain and what are, will be, the financial costs. What are and will be the consequences of these physical and financial impacts in term of risks and opportunities;
 - (c) how impacts, risks, opportunities and dependencies are assessed and how they serve as an input to the elaboration of the undertaking's strategy and business model.

Conclusion

- BC85. Due to their activities and business relationships currently most if not all undertakings contribute – to varying extents – to water/marine resources-related impacts. In addition water/marine resources-related issues will increasingly affect the operations of undertakings and their ability to create value, may it be through physical hazards induced by water availability, floods or pollution and pressure on marine resources, as well as through policy and market responses in the EU and beyond, to apply the EU water framework directive and the EU marine strategy framework directive. On the other hand, the transition to ensuring a good quality of water and a good state of marine resources can also bring along opportunities, e.g. for undertakings offering products and services that contribute to policy objectives.
- BC86. There is a need among the public in general, and among investors, credit institutions and other stakeholders, who rely on an undertaking's ability to create value over the short-, medium- and long term, to understand the principal impacts, risks, opportunities and

¹⁸ SASB Standards. Available [here](#).

¹⁹ IR Framework, January 2021. Available [here](#).

dependencies as such, but also the processes the undertaking has implemented to identify, assess and manage them.

- BC87. With the global reporting frameworks, notably the recommendations of the CEO water mandate as well as of the GRI, the CDSB, CDP water, SASB, there are already generally accepted reporting approaches for this information upon which to rely.
- BC88. In summary, reporting on water/marine resources-related impacts, as well as on related risks and opportunities, covering the whole value chain is material for all undertakings.
- BC89. The identification, assessment and management of the adverse impacts on water/marine resources reflect a part of an undertaking's water/marine resources-related due diligence process. Since due diligence as such is a cross-cutting concept, it is reflected in different sections of this document. Information on the management of adverse impacts on water/marine resources are further underpinned in sections "water/marine resources Governance" and "water/marine resources". Actions to mitigate these adverse impacts are addressed in section "water/marine resources Targets" and "water/marine resources Actions & Resources".

Choice of specific disclosures

Identification of material water and marine resources impacts, risks and opportunities

- BC90. **The [draft] standard includes the following Disclosure Requirement 4: "The undertaking shall disclose how it has identified and assessed the state of water bodies and marine resources that are directly and indirectly impacted by its own operations"**
- BC91. The disclosure aims to provide transparency on the approach an undertaking takes to identify and assess the water / marine resources-related impacts, risks and opportunities it needs to address, including those that are prioritised by the undertaking and monitored directly by the undertaking's highest governing bodies.
- BC92. The undertaking should follow a systematic approach by first identifying a wide range of conceivable water / marine resources-related impacts, risks and opportunities that are subsequently assessed with defined criteria in order to determine the principal impacts, risks and opportunities. Reporting on the identification and assessment process will increase the reliability and credibility of the disclosed principal impacts, risks and opportunities. Furthermore, water / marine resources-related impacts, risks and opportunities for most sectors do not only occur in an undertaking's own operations, but also in the value chain. For this reason, an undertaking should provide transparency to which degree the identification and assessment process includes value chain considerations.

Material water and marine-resources impacts, risks and opportunities

- BC93. **The [draft] standard includes the following Disclosure Requirement 5: "The undertaking shall disclose its principal water and marine resources risks by categories within its operations and along the rest of the value chain."**
- BC94. The disclosure relates to the outcome of the identification and assessment processes of water / marine resources impacts, risks and opportunities from Disclosure Requirement 4 and suggests to list those that the undertaking has determined to be material. Stakeholders, in addition, need to understand the water marine-resources-related impacts, risks and opportunities that due to their importance to the undertaking are prioritised and monitored directly by the undertaking's highest governing bodies.
- BC95. The financial effects related to principal water / marine resources-related risks and opportunities are addressed under the Disclosure Requirements 15 and 16.

Specific water/marine resources disclosures on policies, targets, action plans and resources

Water-related Policies

EU legislation and recommendations

- BC96. In the European Commission's proposal for a Corporate Sustainability Reporting Directive ('CSRD'), articles 5 and 6 of Directive 2014/95 amending EU directive 2013/34/EU stipulates that undertakings subject to this directive should give a fair and comprehensive view of their policies, outcomes and risks, at least for environmental matters, social and employee related matters, respect for human rights, anti-corruption and bribery matters.
- BC97. Annex II of the EMAS Regulation²⁰ states that among other duties top management has to take accountability for the effectiveness of the environmental management system, ensure that the environmental policy and environmental objectives are established and that the requirements of the EMS are integrated into the organisation's business processes.

Global reporting frameworks

- BC98. The GRI standard on water and effluents (2018) requires the organisation to report on how it manages water and effluents using disclosure 3-3 in *GRI 3: Material Topics 2021* and a description of any minimum standards for the quality of effluent discharges and how these standards were determined.
- BC99. The CDP Water questionnaire includes questions on the water policy of organisations, on its scope and content, on the adoption of internal and/or voluntary sustainability standards. The CEO water mandate emphasizes that effective implementation of corporate water strategies relies on management systems, including those related to water policies. Thus, water-related policies should be disclosed and feedback from key stakeholders is needed to receive impact on the efficacy of such policies.
- BC100. The Alliance for water stewardship lists a number of policies that should exist in order for an organisation to identify impacts, risks and opportunities, measure performance, identify best practices, consult stakeholders.
- BC101. The UNGC Communication on Progress asks undertakings to disclose if they have a water policy and whether it is public, or whether it plans to develop one within the next two years.

Users' needs

- BC102. The objective is that stakeholders understand the content of the documents which describe how the undertaking :
- (a) commits to reducing water withdrawal, consumption and discharges;
 - (b) commits to reducing stress on marine resources;
 - (c) withdraws and manages water on its facilities;
 - (d) discharges water from its facilities;
 - (e) engages with suppliers as regards water/marine resources-related -related issues;

²⁰ The Revised Annexes of the EMAS Regulation, 2018. Available [here](#).

- (f) designs its products and services as regards water/marine resources-related issues;
- (g) measures and monitors water/marine resources performance; and
- (h) how the content of these documents is implemented.

Conclusion

- BC103. It is to be observed that there are different interpretations of the term “policies”. It can be either understood as formal commitments by an undertaking’s leadership (e.g. GRI, ISO 14001/EMAS) or as overarching topic-specific implementation plans (e.g. PTF-NFRS, or TCFD’s understanding of “transition plans”) including different elements (e.g. commitments, targets, action plans and performance metrics and monitoring). However, it is to be noted that the structure inherent to the ESRS already covers most elements of a policy in separate reporting areas.²¹
- BC104. As a consequence, this document considers that the ‘Policies’ reporting area should focus on describing policy commitments related to water/marine resources. However, policy commitments should be disclosed so as to facilitate a continuity of understanding between a given policy, and the targets, actions, resource allocations and outcomes to which it can lead.
- BC105. It is to be noted that an undertaking’s strategic transition plan, making reference to policy commitments, key actions and investments reporting on transition and relevant metrics, should be reported on a high-level under the reporting area “strategy and business model”.

Choice of specific disclosures

Policies implemented to manage water and marine resources

- BC106. **The [draft] standard includes the following Disclosure Requirement 6: “The undertaking shall disclose separately its policies regarding water and marine resources”**
- BC107. Undertakings should create transparency on all policy commitments in place regarding water and marine resources (e.g. stand-alone policy documents, codes of conduct, commitments to water and marine resources-related initiatives or alike). Stakeholders need to understand the undertaking’s ability (i) to mitigate its negative impacts on water and marine resources throughout the value chain and (ii) to monitor and manage its physical and transition risks and opportunities.

Water and Marine resources-related targets

Why disclose on water-related Targets?

EU legislation and recommendations

- BC108. Article 19a (2) lit. (b) CSRD-proposal requires “a description of the targets related to sustainability matters set by the undertaking and of the progress the undertaking has made towards achieving those targets”²².

²¹ This analysis may be challenged by the cross-cutting reference standards currently under development.

²² Proposal for a directive of the European Parliament and of the Council amending Directive 2013/34/EU, Directive 2004/109/EC, Directive 2006/43/EC and Regulation (EU) No 537/2014, as regards corporate sustainability reporting. Available [here](#).

- BC109. The European EMAS Regulation²³ requires organisations that participate in EMAS to report on the “environmental objectives and targets in relation to the significant environmental aspects and impacts”.

Global reporting frameworks

- BC110. GRI 3: “material topics” includes a requirement to report targets used to evaluate progress.
- BC111. The CDP Water questionnaire asks undertakings to disclose information regarding their approach to setting and monitoring water-related targets and/or goals, to provide details about of goals and targets as well as progress made and in case no goals/ targets have been set, to state, why this is the case and if there are plans to develop them in the future. Among the questions asked, the following aspects have been identified:
- BC112. Watershed remediation and habitat restoration, ecosystem preservation. Including: motivation; description; progress.
- BC113. Absolute reduction of water withdrawals, reduction in consumptive volumes and reduction in wastewater, including: Motivation; Description of target; Quantitative unit of measurement; Baseline year; Target year; Proportion of target achieved; % value.
- BC114. Reduction in wastewater and water pollution prevention, including: motivation; description of target; quantitative unit of measurement; baseline year; target year; proportion of target achieved; % value.
- BC115. Educating customers to help them minimize product impacts and engagement with public policy makers to advance sustainable water policies and management, including: motivation; description; progress.
- BC116. Current access to fully-functioning WASH services for all employees.
- BC117. The CDSB Application guidance requires undertakings to set out the contextual, science-based and time bound targets, timelines, and indicators for delivery of water policy and strategy with methods and baselines, as well as to explain progress and/or the development of policies.
- BC118. The CEO Water mandate suggests endorsers set targets for their operations related to water conservation and waste-water treatment, framed in a corporate cleaner production and consumption strategy. It also suggests disclosures on the proportion of facilities with fully functioning WASH services for all workers, and the proportion of suppliers with improved WASH services implemented.
- BC119. The Alliance for Water Stewardship asks for reporting the status of progress towards meeting water quality and water balance targets set in the water stewardship plan, as well as evidence that indirect water use targets set in the water stewardship plan, as applicable, have been met.
- BC120. The UNGC Communication on Progress asks undertakings to disclose their approach to setting and monitoring water-related targets and/or goals as well as information on the kind of time-bound targets to monitor impact on water the undertaking has set.
- BC121. The SPOTT indicator framework suggests disclosing the undertaking’s progress towards its commitment on water quality and water use.

Users’ needs

- BC122. The objective is that stakeholders understand:
- (a) the process by which strategy is translated into goals and measurable targets;
 - (b) how these goals and targets are also connected to global and EU policy goals;
 - (c) how targets are monitored;

²³ Commission Regulation (EU) 2018/2066 of 19 December 2018 amending Annex IV to Regulation (EC) No 1221/2009 of the European Parliament and of the Council on the voluntary participation by organisations in a Community eco-management and audit scheme (EMAS). Available [here](#).

- (d) what aspects of water and marine resources are covered by targets.

Conclusion

- BC123. In order to ensure a sound understanding of the undertaking's targets related to water/marine resources and to be able to assess those targets' contribution to the achievement of targets set out in EU-regulation and global frameworks, specific targets in different areas of water/marine resources management shall be disclosed.
- BC124. It is thus considered that all undertakings should report their detailed targets regarding the absolute reduction of water withdrawals, the absolute reduction of water consumption, reuse and recycling of water, the absolute reduction of discharges and water pollution and on habitat restoration and ecosystem conservation, as well as access to water access, sanitation and hygiene (WASH), and the absolute reduction of stress on marine resources.

Choice of specific disclosures

Measurable targets for water and marine resources

- BC125. **The [draft] standard includes the following Disclosure Requirement 7: “The undertaking shall describe separately (i) the measurable outcome-oriented target set to meet:**
- a) **the water-related policy’s objectives related to the management of its material impacts, dependencies, risks and opportunities and (ii) the overall progress against the defined targets;**
 - b) **the WASH-related policy’s objectives related to the management of its material impacts, dependencies, risks and opportunities and (ii) the overall progress against the defined targets;**
 - c) **the marine resources-related policy’s objectives related to the management of its material impacts, dependencies, risks and opportunities and (ii) the overall progress against the defined targets.”**
- BC126. This disclosure requirement relies on multiple levels. First it distinguishes water-related policies, then WASH related policies, then marine resources-related policies. For each of these levels disclosures cover the whole value chain: the undertaking's own operations, its suppliers, its products and services. Finally even if all disclosures are considered material, some have been made optional. These optional disclosures can be considered as potential future mandatory disclosures in a future revised version of this standard.

Water and marine resources-related Action Plans and Dedicated Resources

Why disclose on Actions and Resources?

EU legislation and recommendations

- BC127. Article 19a (2) lit. e) CSRD-proposal requires “a description of any actions taken and the results of these actions to prevent, mitigate or remediate actual, or potential adverse impacts”²⁴.

²⁴ Proposal for a directive of the European Parliament and of the Council amending Directive 2013/34/EU, Directive 2004/109/EC, Directive 2006/43/EC and Regulation (EU) No 537/2014, as regards corporate sustainability reporting. Available [here](#).

- BC128. Annex II of the EMAS Regulation²⁵ states that the organisation must plan actions to address issues that can affect its environmental management system, that respond to the needs and expectations of interested parties, and that correspond to identified risk and opportunities.

Global reporting frameworks

- BC129. GRI 3: “material topics” includes a requirement to describe actions taken to manage the topics identified as material and their related impacts
- BC130. The CDP Water questionnaire asks undertakings to disclose details about the engagement of the value chain regarding water issues, as well as the trend in their organization’s water-related capital expenditures (CAPEX) and operating expenditures (OPEX) for the reporting year, and the anticipated trend for the following reporting year.
- BC131. The CEO Water Mandate suggests disclosing information on actions taken regarding consumer/public engagement and awareness building, participation in global initiatives, place-based collective action or value chain prioritization, engagement, and improvement.
- BC132. The Alliance for Water Stewardship lists a number of possible action-related water disclosures, ranging from corrective actions taken or the introduction of processes to verify full legal and regulatory compliance to the implementation of action plans to mitigate or adapt to water risks associated with climate change projections. It also asks undertakings to report on their annual water-related costs and revenues.
- BC133. The joint publication of the WWF and the German Environment Agency, “Linking water risk and financial value”, suggest disclosures on various sources of costs related to water risks and associated actions, relating to financing, asset costs or reputational damage.
- BC134. The WBCSD’s “Right tools for the job” suggests disclosing on financing for water resource development and management (based on the WWF Water Risk Filter).

Users’ needs

- BC135. The objective is that stakeholders understand:
- (a) How actions and resources are linked to defined targets
 - (b) What topics are covered by actions, where, who are the parties involved, with what knowledge and over what time horizon.

Conclusion

- BC136. In order to ensure a sound understanding of the undertaking’s actions and resources allocated for water/marine resources and to be able to assess those actions’ contribution to the targets identified by the undertaking, specific actions taken, their corresponding target and the resources allocated to that action shall be disclosed.
- BC137. All undertakings should report information on water/marine resources action plans, key mitigating actions, water/marine resources-related supply chain engagement, certifications, product and service development, incentives, customer engagement.
- BC138. The presentation of actions and resources will follow the different tables as specified, including a base year and milestones / target years to foster comparability as far as possible.

²⁵ The Revised Annexes of the EMAS Regulation, 2018. Available [here](#).

Choice of specific indicators

Water and marine resources action plans

- BC139. **The [draft] standard includes the following Disclosure Requirement 8: “The undertaking shall describe its actions and actions plans and allocation of resources to meet its policy objectives and targets.”**
- BC140. Undertakings disclosing water and marine-resources action plans shall follow consistent rules to become more comparable. General information on action plans will be provided in the Basis for Conclusions of ESRS 5.
- BC141. **List of key actions:** For coherence and clarity, the description of key actions shall be linked to major risks and opportunities disclosed in the “Impacts, Risks and Opportunities” section, and to targets identified in the “targets” section.
- BC142. **Time horizon:** The period during which each key action is intended to be implemented is another precision that demonstrates that actions are embedded into the business planning.
- BC143. **Expected outcomes:** The expected outcomes aim at clarifying how the undertaking intends to achieve its targets. This disclosure demonstrates the modelling effort performed by the undertaking and the seriousness of the roadmap. The expected outcomes may depend on many external factors and this forward-looking information is rather indicative. But with expected outcomes, the target is no longer a top-down decision for communication purposes, it becomes a strategic plan embedded into the business planning and operations.
- BC144. **CapEx, R&D, OpEx and FTE:** The purpose of the disclosure requirement of the resources needed to implement action plans in line with policies and targets is to demonstrate that all these policies, targets and action plans are fully embedded into the business and financial planning of the undertaking. This should foster integrated thinking and reporting. Both CapEx and OpEx related to water and marine resources policies should be disclosed and reconciled with financial statements (KPIs and CapEx plan). CapEx are the most obvious and easy to identify ones. R&D expenditures are also already required under financial reporting standards. When it comes to OpEx, usual reporting systems are not structured to identify the ones relating to water and marine resources policies. The identification of FTE dedicated to water and marine resources policies for instance remains a difficult question due to the fact that some people managing water and marine resources are often part-time. A precise definition of OpEx related to water and marine resources policies is still not available and the disclosure of OpEx should remain indicative.

Water, WASH and marine resources-related Performance Measurement

Why disclose on water/marine resources-related Performance Measurement?

EU legislation and recommendations

- BC145. Article 19a (2) lit. (g) CSRD-proposal requires disclosure of all indicators relevant to the undertaking’s business model, strategy, dependencies and resilience, risks and opportunities, governance, policies, targets, actions ²⁶.
- BC146. Annex IV of the EMAS Regulation²⁷ states that “the organisation must provide a summary of the data available on the environmental performance of the organisation with respect

²⁶ Proposal for a directive of the European Parliament and of the Council amending Directive 2013/34/EU, Directive 2004/109/EC, Directive 2006/43/EC and Regulation (EU) No 537/2014, as regards corporate sustainability reporting. Available [here](#).

²⁷ The Revised Annexes of the EMAS Regulation, 2018. Available [here](#).

to its significant environmental aspects” and that “Where environmental objectives and targets exist, the respective data shall be reported”;

Global reporting frameworks

- BC147. The CDSB Framework application guidance for water related disclosures contains a list of water-related disclosure requirements pertaining to water withdrawals, consumption, discharges, water reuse, water recycling, modification of the characteristics of water, non-compliance, water impacts, both in aggregate and disaggregated form considering geographical areas, sources and destination of water, with historical data and contextualisation elements (baselines, targets and other criteria used to assess progress).
- BC148. The CDP water questionnaire includes questions on water withdrawals, consumption and discharges, on water intensity in water stressed or water scarcity areas, in aggregate and disaggregated form. It also provides for the disclosure of impact of the undertaking's engagement and measures of success.
- BC149. The GRI standard on water and effluents (2018) requires disclosure on water withdrawals, water discharges, water storage and water consumption, in aggregate and disaggregated form, including sources, destinations, type of water quality, areas under water stress, and any contextual information necessary to understand how the data has been compiled. GRI 303 also refers to GRI 3 “material topics” 3-3 e iii for guidance on reporting progress against goals and targets.
- BC150. The Alliance for Water Stewardship requires evidence of improvement in diverse areas such as benefits from applying this framework, proof of positive outcomes based on evidence provided by stakeholders on water governance, good quality status of water bodies, and achievement of identified best practices.
- BC151. The UNGC Communication on Progress asks undertakings to disclose their water withdrawals, consumption and discharges per origin and destination, with specific consideration of water stressed areas.
- BC152. The CEO water mandate requires that organisations disclose information on location specific data on water withdrawals, consumption and discharges, on water intensity in water stressed or water scarce areas, on the impacts of the organization on water availability, scarcity, and access to water.
- BC153. The Future Fit Benchmark requires that companies provide their water withdrawals, consumption and discharges, that discharges be assessed against safe water characteristics, and that the volume of water discharged with safe characteristics be disclosed.

Users' needs

- BC154. In order to gain a thorough and sound understanding of an undertaking's relationship to water/marine resources all stakeholders should have an understanding of water/marine resources-related metrics on:
- (a) their operations;
 - (b) their supply chains;
 - (c) their products and services;
 - (d) in such a way that an evaluation in terms of performance can be carried out by the users of the information (such as evolution over time, resource use efficiency, ability to meet targets, comparison with other companies ...).

Conclusion

- BC155. Global reporting frameworks already propose generally accepted performance-related disclosures which this standard can leverage on.
- BC156. More specifically stakeholders should have access not only to absolute or relative performance measures, but also to performance measures related to target achievement.

Choice of specific disclosures

Water performance for operations

- BC157. **The [draft] standard includes the following Disclosure Requirement 9: “The undertaking shall provide information on its water performance for operations**
- BC158. This disclosure is based on the CDSB, CDP, GRI 303, CEO water disclosure and CoP frameworks which require an undertaking to report on the material water flows related to operations, such as withdrawals, consumption and discharges.

Water intensity

- BC159. **The [draft] standard includes the following Disclosure Requirement 10: “The undertaking shall provide information on its water intensity.”**
- BC160. This disclosure is based on the SFDR-RTS and European Commission’s Guidelines on reporting climate-related information.

Water performance for the supply chain

- BC161. **The [draft] standard includes the following Disclosure Requirement 11: “The undertaking shall provide information on its water supply chain performance.”**
- BC162. This disclosure is based on the CDSB, CDP, GRI 303, CEO water disclosure and CoP frameworks which require an undertaking to report on the material water related aspects of its relations with suppliers.

Water performance for products and services

- BC163. **The [draft] standard includes the following Disclosure Requirement 12: “The undertaking shall provide information on water-related products and services”**
- BC164. This disclosure is based on the CDSB, CDP, GRI 303, CEO water disclosure and CoP frameworks which require an undertaking to report on the material water related aspects of its products and services.

Water Supply, Sanitation and Hygiene (WASH)

- BC165. **The [draft] standard includes the following Disclosure Requirement 13: “The undertaking shall provide information on WASH.”**
- BC166. This disclosure is based on the AWS International Stewardship Standard, in which WASH is identified as a core implementation level, and thus a subject of disclosure.

Marine resources

- BC167. **The [draft] standard includes the following Disclosure Requirement 14: “The undertaking shall provide information on marine resources**
- BC168. This disclosure is based on the SDG 14 and Ocean approved framework²⁸ of the *Fondation de la Mer* which considers that marine resources are a cross topic subject which relates to pollution, acidification and global changes of the marine environment, as well as exploitation of marine and coastal resources and cross-topic themes such as suppliers compliance, governance, exemplary practices, and advocacy.

²⁸ <https://oceanapproved.org/en/>

Financial Exposure to Transition and Physical Risks

Why disclose on financial exposure to transition and physical risks

EU legislation and recommendations

- BC169. The speed of transitions and of technical change required to meet the EU's objectives in terms of good quality of water and marine resources are part of wider systemic transition, the European Green Deal, which includes tackling climate change, biodiversity loss, pollution and putting a more circular economy into place. The geographical and economic scales that are currently required in the energy, land, urban, infrastructure and industrial systems are larger and have no documented historic precedent.
- BC170. While companies must align with the EU's objectives in terms of water and marine resources, they also need to mitigate the risks posed by the transition to a good quality of water and marine resources. Such transformations require anticipated planning and strong institutions as well as significant coordination and disruptive innovation across actors and scales of governance. Under the NFRD²⁹, the undertakings should provide adequate information in relation to matters that stand out as being most likely to bring about the materialisation of principal risks of severe impacts, along with those that have already materialised. This includes both the principal risks to the development, performance and position of the company, and the principal risks of a negative impact on resulting from the company's activities (double materiality principle).

Global reporting frameworks

- BC171. The OECD report on principles on water governance have identified that water crises are often water governance crises. In order to bridge the gaps, and address the challenges ahead, water governance needs to rest on trust and engagement, effectiveness in terms of clear responsibilities, appropriate scale of management, policy coherence and capacity of competent authorities. It also needs a proper infrastructure based on data and information, regulatory frameworks, innovative governance mechanisms as well as financing.
- BC172. According to the OECD report on principles on water governance, significant investment is required to renew and upgrade infrastructure, estimated at USD 6.7 trillion by 2050 just for water supply and sanitation, while including a wider range of water-related infrastructure could triple that bill by 2030. And this does not include the consequences of exposure to physical risk to which all organisations will be exposed.
- BC173. The CDSB Framework on application guidance for water related disclosures³⁰ introduces metrics related to potential business and financial impacts linked to physical risks, policy and legal risks, market risks, technological risks, reputational risks.
- BC174. CDSB's guidance, when valuing the risks or opportunities, states that readers should be "offered the assumptions and essential figures (e.g. present value of asset or revenue stream affected) as well as the uncertainties for the financial figures, especially if the size of the risk or opportunity varies largely over time.
- BC175. The CDP's water questionnaire requests companies to detail the water-related risks and response, along with their potential to have a substantive financial or strategic impact on their business. This includes the provision of a single figure or an estimated range for the inherent financial impact of the risks (before taking into consideration any controls they may have in place to mitigate the impacts).

²⁹ Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups. Available [here](#).

³⁰ CDSB framework. Application for water-related disclosures, August 2021.
https://www.cdsb.net/sites/default/files/cdsb_waterguidance_single170819_disclaimer.pdf

Users' needs (Physical Risks)

- BC176. Disclosing metrics to assess water and marine resources-related physical risks allows preparers and users to better understand, track and estimate potential financial exposure regarding such issues as impairment or stranding of assets, value of assets and liabilities, and changes in cost of business interruptions.
- BC177. In particular, indicators are needed in order to increase transparency in the methodology, so that the outcomes can be directly understood by all users, including but not limited to investors, insurance companies, financial institutions and decision makers.
- BC178. From the perspective of financial institutions, physical risks may impact their counterparties in the real economy (in terms of physical facilities, as well as financial results) and hence drive financial risks. In turn, it exposes the financial institutions to financial risks, which ought to be disclosed to the stakeholders.

Users' needs (Transition Risks)

- BC179. The undertaking should embed impact assessment of transition risks in its strategy and be able to measure its own transition risks in order to transform its business model. In this regard, it is crucial for a company to see if a business partner is exposed to many transition risks, potentially having an impact on its own transition risk. Thus, transition risk measurement is key to ensure the definition of a resilient business model for any company.
- BC180. Stakeholders and particularly investors and financial institutions should be provided with any information from non-financial companies that enables users to understand how transition risks are identified, assessed and managed. These disclosures should be completed by performance management indicators to illustrate the results of the deployed risk management framework.
- BC181. The EBA's report on management and supervision of ESG risks for credit institutions and investment firms³¹ states that it is essential to agree on common qualitative and quantitative indicators and methods to assess financial impact of ESG risks on activities of financial institutions. Commonly agreed methodologies are fundamental to support decision-making, to ensure a level playing field, and to enhance transparency, consumer protection and disclosures.
- BC182. Nevertheless, the EBA also lists a number of challenges to reach the integration of ESG risks into institutions management process, notably the following.
- (a) Level of uncertainty: The timing and effect of policies or of civil society behaviour are difficult to predict.
 - (b) Insufficient data: The scarcity of relevant, comparable, reliable and user-friendly data limits the understanding of the potential impacts of ESG risks on the financial performance of an institution. It remains challenging to translate the available ESG data into expectations for the financial performance of a counterparty.
 - (c) Methodological constraints: Most of the risk management models are based on the use of historical data (i.e. historical experience) to estimate current or future risks. ESG factors are frequently not reflected in these data. Other methodological constraints include translating ESG risks into financial risks, understanding their impact on the resilience of business models.
 - (d) Time-horizon mismatch between 'traditional' management tools and the timeframe for the materialisation of ESG risks: particularly, the full impact of environmental factors often develops over decades.
- BC183. The disclosure of stranded assets value and share is considered by the EBA as the starting point of the valuation of exposure of assets impacted by transition risks. The

³¹ EBA, "Report on Management and Supervision of ESG Risks for Credit Institutions and Investment Firms", 2018. Available [here](#).

estimation of stranded assets should be addressed in a forward-looking perspective with the following disclosure on scope and methodology according to the IEA:

- (a) scope: physical assets whose costs cannot be recovered with important stranding risks in the long-lived power generation plants;
- (b) methodology and especially the period considered over which foregone revenues are taken into account (this period must be longer than usual period considered in accounting standard for assets depletion);
- (c) key assumptions: future prices, underlying scientific scenario, policy framework facilitating the transition, etc.;
- (d) value: book value.

Conclusions

- BC186. The undertaking shall disclose qualitative information regarding the water and marine resources related risk, vulnerability and opportunities assessment, including the identification and assessment processes about their resilience to different scenarios, in the “Impacts, Risks and Opportunities” reporting area. If undertakings identify principal water and marine resources related risks, they shall then disclose the estimated financial effects in the “Performance Measures” section.
- BC187. No common methodology exists yet to disclose quantitative financial measurements of such risks and opportunities. Under these circumstances, the disclosure of the quantified financial effects of water and marine resources-related risks or opportunities is proposed without a requirement on the quantification methodology.
- BC188. Consequently, robust scenario analysis should be disclosed by undertakings in order to identify the most relevant impacts and vulnerabilities to hazards physical events along the value chain (see “Impacts, Risks and Opportunities” reporting area). This would allow to identify the relationship between the undertaking’s physical risks (mature methodologies exist) and its financial exposure. Thus, undertakings should disclose their amount of assets exposed to physical risks and share of turnover from its business activities exposed to physical risks.
- BC189. Concerning the disclosure of the financial exposure to transition risks, it is recognised that methodologies are highly dependent on the business model of the undertaking itself, on carbon pricing policies and mechanisms, on common definition of assets at risks, and on common definition of significantly harmful activities.
- BC190. Nevertheless, it is essential to require information comparable and proportionate to all undertakings covered by the draft CSRD, the required information relating to transition risks should then be based on a common state of play.
- BC191. Therefore, undertakings should disclose their future financial position in terms of assets exposed to transition risks, and of liabilities that may have to be recognised over the short, medium, and long-term. Moreover, undertakings should disclose their future financial performance in terms of share of turnover from their business activities exposed to transition risks, including the screening of their activities significantly harmful to water and marine resources and the mapping of the activities through the lens of transition risk events.

Choice of specific disclosures

Financial exposure to physical risks

- BC192. **The [draft] standard includes the following Disclosure Requirement 15: “The undertaking shall disclose its financial exposure to physical risks”.**
- BC193. As proposed in “Impacts, Risks and Opportunities” reporting area, the undertaking shall describe as a first step the processes for identifying and assessing principal water and marine resources-related physical risks and the results of such processes. The

undertaking shall then disclose as a second step their financial exposure to the previously identified physical risks because these physical risks may affect the financial position (owned assets) and performance (potential future increase/decrease in revenues and costs due to business interruptions, increased supply prices, etc. resulting in potential margins erosions) of the undertaking.

- BC194. Several methodologies and tools have already been developed and are used on the market worldwide. The approach is usually based on three steps: physical risks exposure (disclosed under “Impacts, Risks and Opportunities”), financial impact assessment (disclosed under “Financial Exposure to Physical Risks”) and action plans (disclosed under “Water / Marine Resources Action Plans and Resources”).
- BC195. The business activities are exposed to hazards impacting own assets and employees but also impacting the value chain (suppliers and customers) which indirectly may damage the undertaking's business activities and cash flows through for instance business disruption, increased supply prices or customers preference shift. The share of turnover of these business activities potentially affected by physical risks could only be an estimated range at this stage.
- BC196. The information required on financial exposure to physical risk shall reflect and be read in parallel with the following reporting areas: “Impacts, Risks and Opportunities” for the identification and assessment of physical risks, and “Action Plans and Resources” for the action plans to adapt to physical risks and the resources related to adaptation solutions.

Financial exposure to transition risks

- BC197. **The [draft] standard includes the following Disclosure Requirement 16: “The undertaking shall disclose its financial exposure to transition risks”.**
- BC198. As proposed in “Impacts, Risks and Opportunities” reporting area, the undertaking shall describe as a first step the processes for identifying and assessing principal water and marine resources-related transition risks and the results of such processes. The undertaking shall then disclose as a second step their financial exposure to the previously identified transition risks because these physical risks may affect the financial position (assets and liabilities) and performance (potential future increase/decrease in revenues and costs due to transition risk events such as increased external pricing of rights to water and marine resources, technological innovation, shift of market demand for certain commodities, etc. resulting in potential margins erosions) of the undertaking.
- BC199. Currently no commonly agreed methodology exists to assess or measure how water / marine resources-related transition risks and opportunities may affect the future financial position and performance of the undertaking.
- BC200. Therefore, the undertaking shall disclose their financial exposure to transition risks according to free methodology.
- BC201. The information required on financial exposure to transition risk shall reflect and be read in parallel with the following reporting areas: “Impacts, Risks and Opportunities” for the identification and assessment of transition risks, and “Water / Marine Resources Action Plans and Resources” for the action plans to mitigate transition risks and the resources related to mitigation solutions.

Basis for conclusions: Appendix: References to major initiatives

Performance measure/Target	Initiative
1. Business Strategy and Water	
1.1.1. Describe the actual effects of water/marine resources-related risks and opportunities on the business model and strategy, including reference to products and services, operations and supply chains.	Narrative. Based on TCFD / C2 working paper
1.1.2. Describe the potential future effects of water/marine resources-related risks and opportunities on the business model and strategy, including reference to products and services, operations and supply chains.	Narrative. Based on TCFD / C2 working paper
1.1.3. Describe how water/marine resources-related impacts, risks, and opportunities, as identified in the next section on impacts, risks and opportunities, serve as an input to management's strategy and decision making in order to achieve substantive transformative change.	Narrative. Based on TCFD /C2 working paper
1.1.4. Provide the percentage of the undertaking's revenue that was dependent on reported water/marine resources-related risks in the reporting year.	Quantitative. Based on CDP
1.1.5. Report the total financial cost of detrimental impacts for the undertaking, which are water/marine resources-related. These costs will include impaired assets, increased procurement costs, increased treatment costs, cost of personnel dedicated to remediating the impacts, other costs from service providers dedicated to remediating the impacts, CAPEX made necessary by the impacts	Quantitative. Based on CDP
1.2.1. Describe the resilience of the current business model(s) and strategy to water/marine resources-related risks.	Narrative. Based on TCFD / CDP / C2 working paper
1.2.2. Indicate if the resilience of the business model(s) has been verified by using a range of water/marine resources-related scenarios for transition risks?	Narrative. Based on TCFD / CDP / C2 working paper
1.2.3. If yes, describe the scenarios that have been considered. Explain whether they were part of a larger scenario analysis or if there were water/marine resources-related ones, why they were chosen, key assumptions taken and the time horizon over which the analysis has been conducted.	Narrative. Based on TCFD / CDP / C2 working paper
1.2.4. If yes, describe the short-, medium and long-term strategic implications resulting from the scenario analysis.	Narrative. Based on TCFD / C2 working paper
1.2.5. Describe the plans to ensure that the value chain strategy is compatible with global and EU objectives of ensuring the good quality status of water bodies and marine resources.	Narrative. Based on CDSB draft guidelines on biodiversity
1.3.1. Describe the direct, indirect and cumulative impacts which the current business model and strategy have on water/marine resources - limited to impacts from the undertaking's own operations. This includes water quality, water quantity, the water cycle, pressure on marine resources, taking into account and geographic location issues identified in the risks and opportunities section (2.1. to 2.4.).	Narrative. Based on NFRD 2019 Guidelines, GRI 3,C2 working paper

1.3.2. Describe the direct, indirect and cumulative impacts which the planned evolution of the business model and strategy will have on water/marine resources - limited to impacts from the undertaking's own operations. This includes water quality, water quantity, the water cycle, pressure on marine resources, taking into account geographic location issues identified in the risks and opportunities section (2.1. to 2.4.).	Narrative. Based on GRI 3, C2 working paper
1.3.3. Describe the direct, indirect and cumulative impacts which the current business model and strategy have on water/marine resources - limited to impacts from the undertaking's value chain other than operations. This covers supply chain as well as products & services. This includes water quality, water quantity, the water cycle, pressure on marine resources, taking into account geographic location issues identified in the risks and opportunities section (2.1. to 2.4.).	Narrative. Based on GRI 3, C2 working paper
1.3.4. Describe the direct, indirect and cumulative impacts which the planned evolution of the business model and strategy have on water/marine resources - limited to impacts from the undertaking's value chain other than operations. This covers supply chain as well as products & services. This includes water quality, water quantity, the water cycle, pressure on marine resources, taking into account geographic location issues identified in the risks and opportunities section (2.1. to 2.4.).	Narrative. Based on GRI 3, C2 working paper
2. Water/marine resources related impacts, risks and opportunities	
2.1.1. Explain how the undertaking has identified and assessed the state of water bodies and marine resources) that are directly and indirectly impacted by its own operations.	Narrative. Based on biodiversity basis for conclusion
2.1.2. Explain how the undertaking has identified and assessed the state of water bodies and marine resources) that are impacted along its value chain (upstream and downstream of the undertaking's operations).	Narrative. Based on biodiversity basis for conclusion
2.1.3. Describe the process for identifying and assessing the dependencies and impacts on the state of water bodies and marine resources). Explain how the geographical context of water (and marine resources) related impacts are taken into account (including location, local cycle of water, time frame, scope of assessment, tools and methodologies used). Explain how the process covers the undertaking's own operations as well as the rest of its value chain (supply chain, products and services). The following elements shall be taken into account. (Narrative) Water quality (chemical, physical and ecological) Water quantity (scarcity, floods) Pressure on marine resources	Narrative, Based on CDSB. 303-1-b in GRI 303: Water and Effluents 2018: "A description of the approach used to identify water-related impacts, including the scope of assessments, their timeframe, and any tools or methodologies used".
2.1.4. Describe the process for conducting consultations with local communities on stress assessment or sustainability assessment of shared water resources.	Narrative. Based on international water stewardship standard (AWS). GRI 303-1-c requests a description of how water-related impacts are addressed including how the organization works with stakeholders to steward water as a shared resource.

2.1.5. Describe the process for identifying and assessing water/marine resources-related short-, medium- and long-term transition risks and opportunities. Include regulatory risks, market risks and financial risks and opportunities. Explain how the process covers the undertaking's own operations as well as the rest of its value chain (supply chain, products and services). Include a definition of the considered time horizons, scenario analysis, how size and scale of the risks and opportunities are assessed and how principal transition risks and opportunities are selected.	Narrative. Based on IRIS+
2.1.6. Describe the processes for identifying and assessing water/marine resources-related short-, medium- and long-term physical risks linked to water bodies and marine resources). Explain how the process covers the undertaking's own operations as well as the rest of its value chain (supply chain, products and services). Include a definition of the considered time horizons, scenario analysis, how size and scale of the risks and opportunities are assessed and how principal physical risks are selected.	Narrative. Based on IRIS+
2.2.1. Describe the principal water/marine resources risks by categories within the undertaking's operations and along the rest of the value chain: transition risks (regulatory, market, financial), physical risks, other risks including reputational, financing and supply chain.	Narrative. Based on IRIS+
2.2.2. Describe the principal water/marine resources opportunities by categories within the undertaking's operations and along the rest of the value chain: transition opportunities (regulatory, market, financial), other opportunities including reputational, financing and supply chain.	Narrative. Based on IRIS+
2.2.3. Describe the nature of significant direct and indirect dependencies on water/marine resources within the undertaking's operations.	Narrative. Based on IRIS+
2.2.4. Describe the nature of significant direct and indirect impacts on water/marine resources within the undertaking's operations.	Narrative. Based on IRIS+ 303-1-a in GRI 303: Water and Effluents 2018, which requires a description of the water-related impacts.
2.2.5. Describe the knowledge of suppliers' water/marine resources related dependencies and impacts. <i>(This narrative may include but is not limited to water/marine resources-related impact of suppliers' products and services, % of procurement spend with an assessment of water/marine resources related impact, % of procurement spend covered by sustainability certifications/labels, data collection process, methodologies and quality of information.)</i>	Narrative. Based on IRIS+
2.2.6. . Indicate what proportion of tier I suppliers the undertaking requests to report on their water/marine resources impacts and dependencies?	Quantitative, based on UNGC, new COP work
2.2.7. Describe the knowledge of products' and services' water/marine resources related dependencies and impacts. <i>(This narrative may include but is not limited to water/marine resources-related impact of products and services, % of sales with an assessment of water/marine resources-related impacts, % of sales covered by products and services with sustainability</i>	Narrative. Based on IRIS+

certifications/labels, list of sustainability certifications/labels, data collection process, methodologies and quality of information.)	
2.3.1. Describe how conclusions are drawn from the assessment of water/marine resources-related impacts, risks and opportunities. Explain the processes by which these outputs are validated.	Narrative. Based on TCFD / CDP / C2 working paper
2.3.2. Describe how processes for identifying, assessing and managing impacts on water/marine resources and related risks and opportunities are integrated into the overall risk management, management system and strategy definition.	Narrative. Based on TCFD / CDP / C2 working paper
2.3.3. Describe how the undertaking is working with first-tier, and beyond first-tier, suppliers to manage and mitigate risks for, and negative impacts on, water/marine resources.	Narrative. Based on CDP
2.3.4. Describe the key barriers or challenges to avoiding water/marine resources-related risks to the undertaking's own operations, as well as in other parts of its value chain.	Narrative. Based on CDP Forest
2.3.5. Describe how water/marine resources-related direct and indirect dependencies and impacts, risks and opportunities are considered in major strategic decisions/capital allocations including research & development, acquisitions, divestiture, major capital expenditures and annual budgets.	Quantitative, based on UNGC, new COP work.
2.4.1 Provide a breakdown of the location of the undertaking's facilities according to the ecological status of the areas where they are located (explain the tools, methodologies and definitions employed).: see <i>table</i>	Based on CDP Water, Right tool for the job (WWF-CDSB)
2.4.2. If applicable list and describe the derogations to the EU legal framework, which have been granted by member states to the undertaking. Provide information on the scope of this derogation (the description of the scope includes, but is not limited to, the % of sites concerned, the countries concerned, the EU legal texts concerned, the nature of the exemptions (withdrawals, discharges, types of discharges, volume of exemption for withdrawal and/or discharges (in absolute number, and in percentage of what would be the legal limit.	Quantitative. Based on PTF expert input
2.4.3. Describe the knowledge of suppliers' geographical context. <i>For what percentage of suppliers is there data on location of their facilities and the ecological status of the areas where these facilities are located (water scarcity, risk of flood, water quality)? Provide detail on data collection process, methodologies and quality of information. (Quantitative and Narrative)</i> <i>What is the percentage of suppliers' facilities which are located in risk prone areas (water scarcity, floods, bad quality of water)? Provide detail on data collection process and quality of information. (Quantitative and Narrative)</i> <i>What percentage of the procurement spend do suppliers with facilities at risk represent? Provide detail on data collection process and quality of information. (Quantitative and Narrative)</i>	Narrative. Based on CDP Water, GRI
2.5.1. Describe the principal water related risks to the organisation with the potential to have a substantive financial or strategic effect.	Narrative. Based on TCFD / CDP / C2 working paper

2.5.2. Describe the principal water related opportunities for the organisation with the potential to have a substantive financial or strategic effect.	Narrative. Based on TCFD / CDP / C2 working paper
2.5.3. Based on the above, disclose the current and potential inherent financial effects (m€) (Quantitative/Financial) (specify definitions and quantification methodologies to assess the range of financial inherent effects), including for example the proportion (%) of assets exposed to physical risks (floodings etc.) and any other indicators deemed relevant, such as: <i>Impaired assets (including asset repairs)</i> <i>Write offs and early retirement of existing assets / closure of operations</i> <i>Reduced revenue and/or increased costs due to interruption of operations or supply chain as a consequence of floods or drought (e.g. low levels in water ways used for raw materials transportation), or damages to the water network;</i> <i>Reduced revenues due to interrupted, reduced, or damaged production due to the unavailability of adequate water (used as input to production, or for industrial cooling) also caused by other water users in the basin and increased costs due to higher use of water from the distribution network (e.g. rather than rainwater)</i> <i>Reduced productivity due to lower water availability and consequent rethinking of production processes or timing (e.g. agricultural production)</i> <i>Site disruption leading to impact on production /output including loss of licence to operate;</i>	Quantitative/ Financial, based on C2, WWF and CDSB
2.5.4. Disclose the potential costs of adaptation solutions that are put in place, or planned, to deal with the physical risks. (Quantitative/ Financial). <i>These costs should be tallied from the actions plans and resources that are presented in the “actions and resources” section, by presenting the cost of those actions which deal with adaptation to physical risks.</i>	Quantitative/ Financial. Based on C2 working paper
2.6.1. Describe the potential effects of developments in water-related policies, markets, technologies evolutions or reputation perception on future operating profits and costs of capital as well as in terms of social costs (e.g. closure of plants), beyond what is already recognised under financial reporting, in the short, medium and long term.	Narrative, based on WWF and CDSB
2.6.2. • Based on the identified principal transition risks, disclose the potential financial effects (m€) (specify definitions and quantification methodologies to assess the range of financial inherent effects). Examples include: • <i>Other water related permitting and compliance costs</i> • <i>Water related staffing costs</i> • <i>Water related fines and penalties</i> • <i>Water related litigation costs</i>	Quantitative/ Financial. based on WWF and CDSB

• <i>Brand damage</i> • <i>Water related insurance costs and increased insurance premiums</i> • <i>Increased water procurement and water treatment costs (if distinct from procurement)</i> • <i>Increased operating cost from water - other water dependent costs (agricultural commodities, chemicals,)</i> • <i>Upfront costs to adopt/deploy new practices and processes;</i>	
2.6.3. Disclose the potential costs of adaptation solutions that are put in place, or planned, to deal with transition risks. (Quantitative/ Financial). <i>These costs should be tallied from the actions plans and resources that are presented in the “actions and resources” section, by presenting the cost of those actions which deal with adaptation to transition risks.</i>	(Quantitative/ Financial)
3. Water-related Governance	
3.1.1. Specify if there is a board/highest governance body level oversight of water/marine resources related issues within the company.	Narrative. Based on CDP
3.1.2. Describe the governance structure and committees at board level responsible for water-related issues, including positions of people involved and processes for delegating authority from Board level to management and operation levels.	Narrative and/or graphical. Based on CDSB
3.1.3. Describe the Board oversight process covering water-related decisions, including: Frequency of reports on water and marine resources provided to board members by management Business plan strategy related to water/marine resources Water/marine resources related risks and management policies innovation/research and development priorities in relation to Water/marine resources CapEx/M&A decisions Performance objectives.	Narrative. Based on TCFD / CDP / C2 working paper
3.1.4. Describe, at board-level, what qualifications, skills, or experience makes the person or members of the board, or the responsible committee, best suited to overseeing the undertaking's water strategy.	Narrative, Based on CDSB
3.1.5. Describe how the board draws on external expert advice on general or specific water-related issues for capacity building and steering.	Narrative, Based on CDSB Link to Disclosure 2-17 in GRI 2: General Disclosures 2021: report measures taken to advance the collective knowledge, skills, and experience of the highest governance body on sustainable development.
3.1.6. Number of water-related decisions taken by the Board in the reporting year as shown in the minutes of the Board meetings, both absolute and as a percentage of the total number of decisions.	Quantitative. Based on C2 working paper

3.2.1. Does the organization assign water/marine resources-related responsibilities and authorities to senior executive positions or committees. If yes, describe the process and frequency by which senior managers or other employees report to the undertaking's highest governance body for the management of water/marine resources-related impacts, risks and opportunities. (Narrative) If yes, describe the associated organisational structure(s) and reporting lines	Narrative. Based on C2 working paper Link to 2-13-a in GRI 2: General Disclosures 2021: describe how the highest governance body delegates responsibility for managing the organization's impacts on the economy, environment, and people, including: i. whether it has appointed any senior executives with responsibility for the management of impacts; ii. whether it has delegated responsibility for the management of impacts to other employees;
3.2.2. Describe the role of management and operations levels relating to, e.g.: Water/marine resources-related business model and strategy Water/marine resources-related policies Assessment and/or management of water/marine resources related impacts, risks and opportunities, including geographical risks assessment requested in BC 87 Water/marine resources-related targets Compliance obligations for water, wastewater management and marine resources.	Narrative. Based on TCFD / CDP / C2 working paper
3.2.3. Describe, for the senior executives, what qualifications, skills, or experience makes the person/people, best suited to manage water/marine resources-related issues.	Narrative. Based on C2 working paper
3.2.4. Describe who is responsible to ensure compliance with water/marine resources-related regulatory environment.	Narrative. Based on CDSB draft biodiversity guidance
3.2.5. . Indicate how often water/marine resources-related performance and progress are communicated to senior management? <i>Specify if senior management receives yearly, quarterly or other updates.</i>	Quantitative. Based on CDSB draft biodiversity guidance
3.3.1. Describe how water/marine-resources-related remuneration is organized within the organization, including timing (link to short-medium and long term targets) and whether they are linked to the principal water/marine resources-related risks, opportunities and strategy, and a quantitative disclosure on remuneration incentives. <i>See table</i>	Narrative, Quantitative. Narrative. Based on CDSB.
3.3.2. Describe how internal water/marine-resources-related pricing schemes are implemented in the undertaking. as well as a quantitative disclosure of the volumes at stake and prices applied for water (and marine resources) pricing scheme used (e.g. CapEx shadow price, R&D Investment shadow price, internal water fee/fund affecting the profit and losses of the business units, others). <i>See table</i>	Narrative. Based on C2 working paper

3.4.1. Explain how the organization engages in activities that could either directly or indirectly influence public policy on water and marine resources (including direct engagement with policy makers, trade associations, funding research organizations, etc.)?	Narrative, based on CoP
3.4.2. Has the organization worked with policymakers to develop or advocate for policy changes specifically designed to contribute to water and marine resources issues over the reporting period? If yes, what has been the result of this engagement with policy makers and advocates in terms of: specific institutional, industry, or regulatory reforms the advance of relevant policies (e.g. policies for better local water management) support in name and/or signed petitions the provision of active staff time or financial support publicly communicating the positions that are advocated for and the methods that are used for advocacy related to water.	Narrative, based on COP
3.4.3. Describe the processes the organisation has in place to ensure that all of its direct and indirect activities seeking to influence policy are consistent with the organisation water/marine resources policy/water commitments and targets?	Narrative, based on CDP
3.5.1. Explain what is the undertaking's rationale and strategy for prioritizing engagements with stakeholders? Consider the list below. Employees Investors Local communities NGOs Other water/marine resources commodity users/ producers at a local level Regulators Suppliers Customers Marine Protected Area authorities Marine Spatial Planning authorities Other, specify	Narrative. Based on CDP
3.5.2. Describe the engagement with stakeholders regarding water/marine resources-related risks, opportunities, dependencies, and impacts, including engagement with upstream and downstream partners to promote good quality/quantity status of water bodies.	Narrative. Based on NFDR guidelines. Link to 303-1-c in GRI 303: Water and Effluents 2018, which requires a description of how the organization works with stakeholders to steward water as a shared resource, and how it engages with suppliers or customers with significant water-related impacts.

3.5.3. Describe the collaboration with water/marine resources organizations or experts to understand emerging trends and good water management practices.	Narrative. Based on EMAS and Biodiversity
3.5.4. Describe the engagement with local communities, consideration of their perspective and concerns in the organisation's water/marine resources use and management.	Narrative. Inspired from JNCC and CDP Forest
3.5.5. Describe the involvement in multi-stakeholder initiatives or partnerships aimed at improving the understanding of water/marine resources, and/or at addressing dependencies and impacts to water/marine resources.	Narrative. Based on UNGC new CoP
4. Water-related policies	
4.1.1. Describe the organisation water and marine resources-related operations and sourcing policies, on Commitments to reduce water withdrawals, consumption and discharges. How and where water is withdrawn, consumed, and discharged, and how the water-related impacts caused or contributed to are considered, including the need of local communities. Commitment to improve marine resources sourcing, how and where marine resources are sourced, and how the marine resources related impacts caused or contributed to are considered, including the needs of local communities How these policies relate to public goals and the local context. In order to provide contextual information on how transformative these commitments are, for the undertaking, detail their content, perimeter, percentage of the undertaking's facilities concerned, and how they are communicated to stakeholders, including business partners.	Narrative. Based on GRI 2 General Disclosures, GRI 303/ This disclosure is inspired by disclosure 303-1 in GRI 303: Water and Effluents. Such a type of policy is important, because it can help understand where water is withdrawn, consumed, and discharged, and what the water is used for in activities carried out by the organization and by entities upstream and downstream from the organization. This can provide context for the water-related impacts. Please note that Disclosure 303-1 does not refer to policy commitments.
4.1.2. Describe how these water and marine resources-related operations and sourcing policies are implemented, for the undertaking's own operations.	Narrative. Based on CoP questionnaire, GRI 2 "general disclosures" and C2 working paper
4.2.1. Describe the organisation's policy commitments to set minimum standards for the quality of effluent discharge. Include a description of how the quality of receiving bodies of water are taken into account and how facilities with no local discharge requirements are taken into account. In order to provide contextual information on how transformative these commitments are, for the undertaking, detail the content of these policies, their perimeter, the percentage of the undertaking's facilities concerned, and how they are communicated to stakeholders, including business partners.	Narrative. Based on GRI 2 "general disclosures", GRI 303 and C2 working paper
4.2.2. Describe how effluent quality standards are implemented, for the undertaking's own operations.	Narrative. Based on CoP questionnaire, GRI 2 "general disclosures" and C2 working paper
4.3.1. Describe the organisation's water and marine resources-related policy commitments for screening and engaging suppliers, detailing their content, perimeter and how they are communicated to stakeholders, including business partners. In order to provide contextual information on how transformative these commitments are, for the undertaking, detail their content, perimeter, percentage	Narrative. Based on CoP questionnaire, GRI 2 "general disclosures" and C2 working paper

of the facilities concerned, and how they are communicated to stakeholders, including business partners.	
4.3.2. Describe how the organisation's water and marine resources-related policy commitments for screening and engaging suppliers are implemented.	Narrative. Based on CoP questionnaire, GRI 2 "general disclosures" and C2 working paper
4.4.1. Describe the organisation's policies for reducing the water and marine resources impact of its products and services. In order to provide contextual information on how transformative these commitments are, for the undertaking, detail their content, perimeter (in percentage of sales for example) and how they are communicated to stakeholders, including business partners.	Narrative. Based on GRI 2 "general disclosures"
4.4.2. Describe how the water/marine resources policies for the water/marine resources impact of the undertaking's products and services are implemented.	Narrative. Based on CoP questionnaire, GRI 2 "general disclosures" and C2 working paper
4.5.1. Describe the organisation's policies for measuring and monitoring water withdrawals, storage, reuse/recycling, consumptions; discharges, direct, indirect and cumulative impacts across the value chain, including operations, supply chain, products and services. Detail their content, perimeter and how they are communicated to stakeholders, including business partners.	Narrative. Based on B Impact Assessment, SDG AM, GRI 2 "general disclosures" and C2 working paper
4.5.2. For water discharges describe the priority substances of concern for which discharges are treated, including, how they are defined and any international standard, authoritative list, or criteria used; the approach for setting discharge limits for priority substances of concern.	Narrative. 303-4-d in GRI 303: Water and Effluents can provide useful information:
4.5.3. Describe how the undertaking's policies for measuring and monitoring water withdrawals, storage, reuse/recycling, consumptions, discharges, direct, indirect and cumulative impacts across the value chain, including operations, supply chain, products and services are implemented. Detail their content, perimeter, percentage of facilities concerned, and how they are communicated to stakeholders, including business partners.	Based on GRI 2 "general disclosures" and C2 working paper
5. Water-related targets	
5.1.1. Describe the organisation's approach to setting and monitoring substantial and transformative water/marine resources related targets for the whole organization and the status of progress towards meeting those targets and/or goals. Targets must be quantifiable and include: A description of the context A time limit and milestones A explanation of how they align with global and EU policy goals for water and marine resources <i>Explain how the organisation's targets are connected with: the SDG 6 and 14, and the EU Water (and marine resources) framework for 2030, or any other European or global convention or policy in relation to water (and marine resources), and the EU taxonomy classification if applicable.</i> Reference to science based thresholds	Narrative, based on CDP Link to 303-1-d in GRI 303: Water and Effluents 2018: An explanation of the process for setting any water-related goals and targets that are part of the organization's approach to managing water and effluents, and how they relate to public policy and the local context of each area with water stress. Link to 3-3-e in GRI 3: Material Topics 2021: ii. goals, targets, and indicators used to evaluate progress;

A baseline. (Narrative)	iii. the effectiveness of the actions, including progress toward the goals and targets;
Describe the water targets in accordance with specifications set in 5.1.1. then present the organisation's targets. If the undertaking benefits from exemptions/permits to the EU framework directives on water and marine resources, granted by member states, list those exemptions/permits and the facilities which are concerned, then specify what targets listed in the table below will enable the undertaking to waive these exemptions/permits away. (Narrative)	Quantitative / Narrative, based on CEO Water Mandate and also on Based on PTF expert input.
1. Total water withdrawals in thousands of m ³ (1)	Quantitative. Based on CDSB, CDP, GRI 3, CEO water disclosure, CoP
Total water recycled or reused in thousands of m ³	Quantitative. Based on CDSB, CDP, GRI 3, CEO water disclosure, CoP
Total water stored in thousands of m ³ (if applicable)	Quantitative. Based on CDSB, CDP, GRI 3, CEO water disclosure, CoP
Total water consumption in thousands of m ³	Quantitative. Based on CDSB, CDP, GRI 3, CEO water disclosure, CoP
Total water discharges in thousands of m ³	Quantitative. Based on CDSB, CDP, GRI 3, CEO water disclosure, CoP
Targets for each priority substance of concern as defined in Article 2(30) of Directive 2000/60/EC of the European Parliament and of the Council and direct nitrates, direct phosphate emissions, direct pesticides emissions as referred to in that Directive, Council Directive of 12 December 1991 concerning the protection of waters against pollution caused by nitrates from agricultural sources (91/676/EEC), Council Directive 91/271/EEC of 21 May 1991 concerning urban waste-water treatment and Directive 2010/75/EU of the European Parliament and of the Council.	Quantitative. Based on CDSB, CDP, GRI 3, CEO water disclosure, CoP
Percentage of the facilities which have a certified water management system (or an environmental management system which covers water management)	Quantitative / Narrative, based on UNGC-COP draft questionnaire
Other (if applicable), describe	Quantitative. Based on CDSB, CDP, GRI 3, CEO water disclosure, CoP
Describe the water targets in accordance with specifications set in 5.1.1. then present the organisation's targets	Quantitative / Narrative, based on UNGC-COP draft questionnaire, GRI 3
Percentage of first tier suppliers for which the organisation has compliance to water management standards as a condition in their contract	Quantitative, based on UNGC-COP draft questionnaire, GRI 3
Percentage of first tier suppliers which are incentivized for improved water performances	Quantitative, based on UNGC-COP draft questionnaire, GRI 3
Percentage of first tier suppliers which are assessed by the undertaking against their own water commitments	Quantitative, based on UNGC-COP draft questionnaire, GRI 3
Percentage of first tier suppliers with which the organisation's have obtained a water management certification (or an environmental management certification which covers water management)	Quantitative, based on UNGC-COP draft questionnaire, GRI 3
Percentage of first tier suppliers with which the undertaking has conducted collaborative water management-related projects	Based on GRI 3

Other (if applicable), describe	
Describe water targets in accordance with specifications set in 5.1.1. then present the organisation's targets	Quantitative / Narrative, based on CEO Water Mandate, GRI 3
Products and services which enable customers to reduce water withdrawals, consumptions, and discharges (as a percentage of total sales of the undertaking)	Quantitative, based on CEO Water Mandate, GRI 3
Products and services the design of which has included a reduction of water consumption (as a percentage of total sales of the undertaking)	Quantitative, based on CEO Water Mandate, GRI 3
Products and services which have obtained an official label or certification for sustainable water-related characteristics, or which covers sustainable water-related characteristics (as a percentage of total sales of the undertaking)	Quantitative, based on CEO Water Mandate, GRI 3
If applicable percentage of customers with which the undertaking has conducted collaborative water-related innovation and research projects	Based on GRI 3
Other (if applicable), describe	
Describe the habitat and ecosystems targets in accordance with specifications set in 5.1.1., then present the organisation's targets.	Quantitative / Narrative, based on CEO Water Mandate, GRI 3
Habitat restoration and ecosystem conservation (including marine habitats and ecosystems if applicable).	Quantitative, based on CEO Water Mandate, GRI 3
Number of audited habitat restoration and ecosystem conservation (including marine habitats and ecosystems)	Based on GRI 3
Describe the WASH targets in accordance with specifications set in 5.1.1. then present the organisation's targets.	Quantitative / Narrative. Based on Water stewardship, GRI 3.
Percentage of employees who have access to WASH in company facilities	Quantitative / Developed by C3.
Percentage of first tier suppliers who have access to WASH for their employees as a standards as a condition in their contract	Quantitative. Based on Water stewardship, GRI 3.
Percentage of first tier suppliers which are incentivized for improved access to WASH	Quantitative. Based on Water stewardship, GRI 3.
Percentage of first tier suppliers which are assessed by the undertaking against their own WASH commitments	Quantitative. Based on Water stewardship, GRI 3.
Percentage of first tier suppliers with which the undertaking has conducted collaborative WASH-related projects	Quantitative. Based on Water stewardship, GRI 3.
Products and services which contribute to access to WASH, (as a percentage of total sales)	Quantitative. Based on Water stewardship, GRI 3.
If applicable, water rights of local and indigenous communities.	Quantitative. Based on Water stewardship, GRI 3.
Other (if applicable), describe	

Describe the marine resources targets in accordance with specifications set in 5.1.1. then present the organisation's targets (choose the ones applicable to the undertaking, explain the reason of the ones not applied)	Fondation de la mer, Ocean approved framework ; GRI 3
5.7.1.1. Reduction of waste (in tons)	Fondation de la mer, Ocean approved framework (Based on GRI 3)
Reduction in the use of plastics (in tons)	Fondation de la mer, Ocean approved framework (Based on global commitment, GRI 3)
Reduction in the quantity of pesticides used and discharged (in tons)	Fondation de la mer, Ocean approved framework (Based on IFOAM, GRI 3)
Reduction in the quantity of nitrates used and discharged (in tons)	Fondation de la mer, Ocean approved framework, GRI 3.
Reduction in the quantity of phosphates used and discharged (in tons)	Fondation de la mer, Ocean approved framework, GRI 3.
Reduction in the quantity of active pharmaceutical ingredients discharged (in tons)	Based on Fick et Al., 2009; GRI 3
Reduction in the quantity of heavy metals discharged (in tons)	Fondation de la mer, Ocean approved framework (Based on E-PRTR, GRI 3)
Reduction in the quantity of acidifying substances discharged (in tons)	Fondation de la mer, Ocean approved framework (Based on E-PRTR, GRI 3)
Reduction in the quantity of hydrocarbons used (in tons)	Fondation de la mer, Ocean approved framework (Based on IPIECA, GRI 3)
Reduction in the quantity of endocrine disruptors discharged (in tons)	Fondation de la mer, Ocean approved framework (Based on UNEP 5, GRI 3)
Reduction in the quantity of toxic substances discharged (in tons)	Fondation de la mer, Ocean approved framework, GRI 3
Reduction in the quantity of brines discharged (in tons)	Fondation de la mer, Ocean approved framework (Based on Science Based Targets, GRI 3)
Reduction in the quantity of CO ₂ and other GHGs emitted (in tons of CO ₂ e)	Fondation de la mer, Ocean approved framework (Based on Science Based Targets, GRI 3)
Reduction in the quantity of SO _x emitted (in tons)	Fondation de la mer, Ocean approved framework (Based on GRI 3)
Reduction in the quantity of NO _x emitted (in tons)	Fondation de la mer, Ocean approved framework (Based on GRI 3)
Reduction in the quantity of other substances not listed above, and covered by one of three regional sea conventions to which the EU is a contractor to (Helsinki-HELCOM convention, OSPAR convention, Barcelona-UNEP-MAP convention)	Based on PTF expert input

Reduction in the level of noise	Fondation de la mer, Ocean approved framework (Based on Joint Marine Life and Industry programme, GRI 3)
Reduction in light energy /light pollution	Based on PTF expert input
Quantity of materials (such as gravels) originating from protected or endangered maritime areas	Fondation de la mer, Ocean approved framework, GRI 3.
Percentage of first tier suppliers for which commitment to SDG 14 is a condition in their contract	Fondation de la mer, Ocean approved framework, and UNGC COP, GRI 3.
Percentage of first tier suppliers which are incentivized for achieving commitment to SDG 14	Fondation de la mer, Ocean approved framework, and UNGC COP, GRI 3.
Percentage of first tier suppliers which are assessed by the undertaking against their own SDG 14 commitments	Fondation de la mer, Ocean approved framework, and UNGC COP ; GRI 3.
Percentage of first tier suppliers with which the undertaking has conducted collaborative SDG 14-related projects	Fondation de la mer, Ocean approved framework, and UNGC COP, GRI 3.
Products and services which contribute to compliance with SDG 14. (as a percentage of total sales)	Fondation de la mer, Ocean approved framework, and UNGC COP, GRI 3.
Other (if applicable), describe	
6. Actions and Resources	
6.1. Report on key action plans and resources to achieve water, WASH and marine resources (if applicable) targets. Describe the major actions which are undertaken by the undertaking as part of its strategy to achieve its targets Describe the time horizon for completing these actions. The time horizon should be consistent with the milestones or the target years. Describe the expected outcomes of these actions (possible outcomes include not benefitting from exemptions to EU directives from member states). Quantify the resources dedicated to these actions, including: The R&D budget. The R&D budget should be presented at least for the current year when relevant. The CapEx (past, current and future). Past data could be presented in aggregate for the last three years when available to put in perspective the evolution over time. Future data should be presented for the next five years. The future CapEx should be consistent with the level of ambition of the target and the time horizon for these actions to be completed. Disclosure of OpEx related resources and in particular annual water/marine resources related full-time equivalent (FTE). The information systems related resources If applicable, reference should be made to which percentage of these R&D expenses, OpEx and CapEx are taxonomy eligible and taxonomy aligned.	Narrative. Based on GRI 3, C2 working paper

As regards operations describe the organisation's water action plans and resources in accordance with specifications set in 6.1. then present them for each of the following subjects. If the undertaking benefits from exemptions/permits to the EU framework directives on water and marine resources, granted by member states then specify what actions listed in the table below will enable the undertaking to waive these exemptions/permits away. (Narrative)	Quantitative / Narrative, based on CEO Water Mandate, GRI 3, and on PTF expert input.
Total water withdrawals in thousands of m ³ (1)	Quantitative. Based on CDSB, CDP, GRI 3, CEO water disclosure, CoP
Total water recycled or reused in thousands of m ³	Quantitative. Based on CDSB, CDP, GRI 3, CEO water disclosure, CoP
Total water stored in thousands of m ³ (if applicable)	Quantitative. Based on CDSB, CDP, GRI 3, CEO water disclosure, CoP
Total water consumption in thousands of m ³	Quantitative. Based on CDSB, CDP, GRI 3, CEO water disclosure, CoP
Total water discharges in thousands of m ³	Quantitative. Based on CDSB, CDP, GRI 3, CEO water disclosure, CoP
Targets for each priority substance of concern as defined in Article 2(30) of Directive 2000/60/EC of the European Parliament and of the Council and direct nitrates, direct phosphate emissions, direct pesticides emissions as referred to in that Directive, Council Directive of 12 December 1991 concerning the protection of waters against pollution caused by nitrates from agricultural sources (91/676/EEC), Council Directive 91/271/EEC of 21 May 1991 concerning urban waste-water treatment and Directive 2010/75/EU of the European Parliament and of the Council.	Quantitative. Based on SFRD
Percentage of the facilities which have a certified water management system (or an environmental management system which covers water management)	Based on GRI 3
Other (if applicable), describe	
As regards the supply chain describe the organisation's action plans and resources in accordance with specifications set in 6.1. then present them for each of the following subjects	Quantitative / Narrative, based on UNGC-COP draft questionnaire, GRI 3
Percentage of first tier suppliers who have compliance to water management standards as a condition in their contract	Quantitative, based on UNGC-COP draft questionnaire, GRI 3
Percentage of first tier suppliers which are incentivized for improved water performances	Quantitative, based on UNGC-COP draft questionnaire, GRI 3
Percentage of first tier suppliers which are assessed by the undertaking against their own water commitments	Quantitative, based on UNGC-COP draft questionnaire, GRI 3
Percentage of first tier suppliers which have obtained a water management certification (or an environmental management certification which covers water management)	Based on GRI 3
Percentage of first tier suppliers with which the undertaking has conducted collaborative water management-related projects	Quantitative, based on UNGC-COP draft questionnaire, GRI 3
Other (if applicable), describe	
As regards products and services describe the organisation's action plans and resources in accordance with specifications set in 6.1. then present them for each of the following subjects	Quantitative / Narrative, based on CEO Water Mandate, GRI 3

Products and services which enable customers to reduce water withdrawals, consumptions, and discharges (as a percentage of total sales of the undertaking)	Quantitative, based on CEO Water Mandate, GRI 3
Products and services the design of which has included a reduction of water consumption (as a percentage of total sales of the undertaking)	Quantitative, based on CEO Water Mandate, GRI 3
Products and services which have obtained an official label or certification for sustainable water-related characteristics, or which covers sustainable water-related characteristics (as a percentage of sales of the undertaking)	Based on GRI 3
If applicable percentage of customers with which the undertaking has conducted collaborative water-related innovation and research projects	Quantitative, based on CEO Water Mandate, GRI 3
Other (if applicable), describe	
As regards restoration of habitats and ecosystem conservation, describe the undertaking's action plans and resources in accordance with specifications set in 6.1. then present them for each of the following subjects	Quantitative / Narrative, based on CEO Water Mandate, GRI 3
Habitat restoration and ecosystem conservation (including marine habitats and ecosystems if applicable).	Quantitative, based on CEO Water Mandate, GRI 3
Number of audited habitat restoration and ecosystem conservation (including marine habitats and ecosystems)	Based on GRI 3
As regards WASH, describe the undertaking's action plans and resources in accordance with specifications set in 6.1. then present them for each of the following subjects	Quantitative / Narrative. Based on Water stewardship, GRI 3.
Percentage of employees who have access to WASH in company facilities	Quantitative / Developed by C3.
Percentage of first tier suppliers which have access to WASH for their employees as a condition in their contract	Quantitative. Based on Water stewardship, GRI 3.
Percentage of first tier suppliers which are incentivized for improved access to WASH	Quantitative. Based on Water stewardship, GRI 3.
Percentage of first tier suppliers which are assessed by the undertaking against their own WASH commitments	Quantitative. Based on Water stewardship, GRI 3.
Percentage of first tier suppliers with which the undertaking has conducted collaborative WASH-related projects	Quantitative. Based on Water stewardship, GRI 3.
Products and services which contribute to access to WASH, (as a percentage of total sales)	Quantitative. Based on Water stewardship, GRI 3.
If applicable, water rights of local and indigenous communities.	Quantitative. Based on Water stewardship, GRI 3.
Other (if applicable), describe	

As regards marine-resources, describe the undertaking's action plans and resources in accordance with specifications set in 6.1. then present them for each of the following subjects	Fondation de la mer, Ocean approved framework, GRI 3
Reduction of waste (in tons)	Fondation de la mer, Ocean approved framework (Based on GRI 3)
Reduction in the use of plastics, including micro-plastics (in tons)	Fondation de la mer, Ocean approved framework (Based on global commitment, GRI 3)
Reduction in the quantity of pesticides used and discharged (in tons)	Fondation de la mer, Ocean approved framework (Based on IFOAM, GRI 3)
Reduction in the quantity of nitrates used and discharged (in tons)	Fondation de la mer, Ocean approved framework, GRI 3.
Reduction in the quantity of phosphates used and discharged (in tons)	Fondation de la mer, Ocean approved framework. GRI 3
Reduction in the quantity of active pharmaceutical ingredients discharged (in tons)	Based on Fick et Al., 2009, GRI 3
Reduction in the quantity of heavy metals discharged (in tons)	Fondation de la mer, Ocean approved framework (Based on E-PRTR, GRI 3)
Reduction in the quantity of acidifying substances discharged (in tons)	Fondation de la mer, Ocean approved framework (Based on E-PRTR, GRI 3)
Reduction in the quantity of hydrocarbons used (in tons)	Fondation de la mer, Ocean approved framework (Based on IPIECA, GRI 3)
Reduction in the quantity of endocrine disruptors discharged (in tons)	Fondation de la mer, Ocean approved framework (Based on UNEP 5, GRI 3)
Reduction in the quantity of toxic substances discharged (in tons)	Fondation de la mer, Ocean approved framework, GRI 3.
Reduction in the quantity of brines discharged (in tons)	Fondation de la mer, Ocean approved framework (Based on Science Based Targets, GRI 3)
Reduction in the quantity of CO ₂ and other GHGs emitted (in tons of CO ₂ e)	Fondation de la mer, Ocean approved framework (Based on Science Based Targets, GRI 3)
Reduction in the quantity of SO _x emitted (in tons)	Fondation de la mer, Ocean approved framework (Based on GRI 3))
Reduction in the quantity of NO _x emitted (in tons)	Fondation de la mer, Ocean approved framework (Based on GRI 3)
Reduction in the quantity of other substances not listed above, and covered by one of three regional sea conventions to which the EU is a contractor to (Helsinki-HELCOM convention, OSPAR convention, Barcelona-UNEP-MAP convention)	Based on PTF expert input

Reduction in the level of noise	Fondation de la mer, Ocean approved framework (Based on Joint Marine Life and Industry programme, GRI 3)
Reduction in light energy /light pollution	Based on PTF expert input
Quantity of materials (such as gravels) originating from protected or endangered maritime areas	Fondation de la mer, Ocean approved framework, GRI 3.
Percentage of first tier suppliers for which commitment to SDG 14 is a condition in their contract	Fondation de la mer, Ocean approved framework, GRI 3, and UNGC COP.
Percentage of first tier suppliers which are incentivized for achieving commitment to SDG 14	Fondation de la mer, Ocean approved framework, GRI 3, and UNGC COP.
Percentage of first tier suppliers which are assessed by the undertaking against their own SDG 14 commitments	Fondation de la mer, Ocean approved framework, GRI 3, and UNGC COP.
Percentage of first tier suppliers with which the undertaking has conducted collaborative SDG 14-related projects	Fondation de la mer, Ocean approved framework, GRI 3, and UNGC COP.
Products and services which contribute to compliance with SDG 14. (as a percentage of total sales)	Fondation de la mer, Ocean approved framework, GRI 3, and UNGC COP.
Product and services which obtained an official label or certification for sustainable marine related characteristics, or which covers sustainable marine-related characteristics	Based on PTF expert input
Other (if applicable), describe	
7. Water, WASH, and marine resources-related performance measurement	
7.1.1. Total water withdrawals in m ³ per € of sales	Based on SFRD
7.1.2. Total water recycled or reused in m ³ per € of sales	Based on SFDR
7.1.3. Total water consumption in m ³ per € of sales	Based on SFDR
7.1.4. Total water discharges in m ³ per € of sales	Based on SFDR
As regards operations present the organisation's water performance, against its targets, using the following metrics	Quantitative / Narrative, based on CEO Water Mandate
Specify whether the data is based on measurements, on estimates based on samples and extrapolations, or on estimates based on life cycle inventory methods. If data is based on a combination of methods, provide details (policy section). If the undertaking benefits from exemptions/permits to the EU framework directives on water and marine resources, granted by member states then specify which data points listed in the table below have enabled the undertaking to waive these exemptions/permits away. (Narrative)	Based on PTF expert input
Total water withdrawals in thousands of m ³	Quantitative. Based on CDSB, CDP, GRI 303, CEO water disclosure, CoP
Total water recycled or reused in thousands of m ³	Quantitative. Based on CDSB, CDP, , CEO water disclosure, CoP

Total water stored in thousands of m ³ (if applicable)	Quantitative. Based on CDSB, CDP, GRI 303, CEO water disclosure, CoP
Total water consumption in thousands of m ³	Quantitative. Based on CDSB, CDP, GRI 303, CEO water disclosure, CoP
Total water discharges in thousands of m ³	Quantitative. Based on CDSB, CDP, GRI 303, CEO water disclosure, CoP
Targets for each priority substance of concern as defined in Article 2(30) of Directive 2000/60/EC of the European Parliament and of the Council and direct nitrates, direct phosphate emissions, direct pesticides emissions as referred to in that Directive, Council Directive of 12 December 1991 concerning the protection of waters against pollution caused by nitrates from agricultural sources (91/676/EEC), Council Directive 91/271/EEC of 21 May 1991 concerning urban waste-water treatment and Directive 2010/75/EU of the European Parliament and of the Council.	Quantitative. Based on SFRD
Percentage of the facilities which have a certified water management system (or an environmental management system which covers water management)	
Other (if applicable), describe	
For water withdrawals provide a break down per source (per type of area as presented in risk analysis, per geographical area (2.4.1.), but also per water source – surface water, groundwater, seawater, produced water, third party water).	Based on GRI 303-3
For water reused or recycled provide a breakdown per type of area as presented in risk analysis (2.4.1.), explain whether it is internal to the undertaking or from third-parties.	Based on GRI 303-5
For water consumed provide a break down per type of area as presented in risk analysis (2.4.1.) as well as per business/product/service line).	Based on GRI 303-4
For water discharges provide a break down per type of area as presented in risk analysis (2.4.1.), but also per type of treatment and priority substance of concern, per quality of water discharged, per destination – surface water bodies, groundwater bodies, land, and seawater).	Based on GRI 303-4
For water discharges disclose the number of incidents of non-compliance with discharge limits.	
As regards the supply chain present the organisation's water performance, against its targets, using the following metrics	Quantitative / Narrative, based on UNGC-COP draft questionnaire
Percentage of first tier suppliers for which have compliance to water management standards as a condition in their contract	Quantitative, based on UNGC-COP draft questionnaire
Percentage of first tier suppliers which are incentivized for improved water performances	Quantitative, based on UNGC-COP draft questionnaire
Percentage of first tier suppliers which are assessed by the undertaking against their own water commitments	Quantitative, based on UNGC-COP draft questionnaire
Percentage of first tier suppliers with which have obtained a water management certification (or an environmental management certification which covers water management)	

Percentage of first tier suppliers with which the undertaking has conducted collaborative water management-related projects	Quantitative, based on UNGC-COP draft questionnaire
Other (if applicable), describe	
As regards products and services present the organisation's water performance, against its targets, using the following metrics	Quantitative / Narrative, based on CEO Water Mandate
Products and services which enable customers to reduce water withdrawals, consumptions, and discharges (as a percentage of total sales of the undertaking)	Quantitative, based on CEO Water Mandate
Products and services the design of which has included a reduction of water consumption (as a percentage of total sales of the undertaking)	Quantitative, based on CEO Water Mandate
Products and services which have obtained an official label or certification for sustainable water-related characteristics, or which covers sustainable water-related characteristics (as a percentage of sales of the undertaking)	
If applicable percentage of customers with which the undertaking has conducted collaborative water-related innovation and research projects	Quantitative, based on CEO Water Mandate
Other (if applicable), describe	
As regards restoration of habitats and ecosystem conservation, present the organisation's performance, against its targets, using the following metrics	Quantitative / Narrative, based on CEO Water Mandate
Habitat restoration and ecosystem conservation (including marine habitats and ecosystems if applicable).	Quantitative, based on CEO Water Mandate
Number of audited habitat restoration and ecosystem conservation (including marine habitats and ecosystems)	
As regards WASH, present the organisation's performance, against its targets, using the following metrics	Quantitative / Narrative. Based on Water stewardship.
Percentage of employees who have access to WASH in company facilities	Quantitative / Developed by C3.
Percentage of first tier suppliers which have access to WASH for their employees as a condition in their contract	Quantitative. Based on Water stewardship.
Percentage of first tier suppliers which are incentivized for improved access to WASH	Quantitative. Based on Water stewardship.
Percentage of first tier suppliers which are assessed by the undertaking against their own WASH commitments	Quantitative. Based on Water stewardship.
Percentage of first tier suppliers with which the undertaking has conducted collaborative WASH-related projects	Quantitative. Based on Water stewardship.
Products and services which contribute to access to WASH, (as a percentage of total sales)	Quantitative. Based on Water stewardship.

If applicable, water rights of local and indigenous communities.	Quantitative. Based on Water stewardship.
Other (if applicable), describe	
As regards marine resources present the organisation's performance, against its targets, using the following metrics	Fondation de la mer, Ocean approved framework
Reduction of waste (in tons)	Fondation de la mer, Ocean approved framework (Based on GRI 306)
Reduction in the use of plastics, including micro-plastics (in tons)	Fondation de la mer, Ocean approved framework (Based on global commitment)
Reduction in the quantity of pesticides used and discharged (in tons)	Fondation de la mer, Ocean approved framework (Based on IFOAM)
Reduction in the quantity of nitrates used and discharged (in tons)	Fondation de la mer, Ocean approved framework.
Reduction in the quantity of phosphates used and discharged (in tons)	Fondation de la mer, Ocean approved framework.
Reduction in the quantity of active pharmaceutical ingredients discharged (in tons)	Based on Fick et Al., 2009
Reduction in the quantity of heavy metals discharged (in tons)	Fondation de la mer, Ocean approved framework (Based on E-PRTR)
Reduction in the quantity of acidifying substances discharged (in tons)	Fondation de la mer, Ocean approved framework (Based on E-PRTR)
Reduction in the quantity of hydrocarbons used (in tons)	Fondation de la mer, Ocean approved framework (Based on IPIECA)
Reduction in the quantity of endocrine disruptors discharged (in tons)	Fondation de la mer, Ocean approved framework (Based on UNEP 5)
Reduction in the quantity of toxic substances discharged (in tons)	Fondation de la mer, Ocean approved framework
Reduction in the quantity of brines discharged (in tons)	Fondation de la mer, Ocean approved framework (Based on Science Based Targets)
Reduction in the quantity of CO ₂ and other GHGs emitted (in tons of CO ₂ e)	Fondation de la mer, Ocean approved framework (Based on Science Based Targets, and GRI 305-1, 305-2, and 305-3)
Reduction in the quantity of SO _x emitted (in tons)	Fondation de la mer, Ocean approved framework (Based on GRI 305 7)
Reduction in the quantity of NO _x emitted (in tons)	Fondation de la mer, Ocean approved framework (Based on GRI 305 7)
Reduction in the quantity of other substances not listed above, and covered by one of three regional sea conventions to which the EU is	

a contractor to (Helsinki-HELCOM convention, OSPAR convention, Barcelona-UNEP-MAP convention)	
Reduction in the level of noise	Fondation de la mer, Ocean approved framework (Based on Joint Marine Life and Industry programme)
Reduction in light energy /light pollution	
Quantity of materials (such as gravels) originating from protected or endangered maritime areas	Fondation de la mer, Ocean approved framework.
Percentage of first tier suppliers for which commitment to SDG 14 is a condition in their contract	Fondation de la mer, Ocean approved framework, and UNGC COP.
Percentage of first tier suppliers which are incentivized for achieving commitment to SDG 14	Fondation de la mer, Ocean approved framework, and UNGC COP.
Percentage of first tier suppliers which are assessed by the undertaking against their own SDG 14 commitments	Fondation de la mer, Ocean approved framework, and UNGC COP.
Percentage of first tier suppliers with which the undertaking has conducted collaborative SDG 14-related projects	Fondation de la mer, Ocean approved framework, and UNGC COP.
Products and services which contribute to compliance with SDG 14. (as a percentage of total sales)	Fondation de la mer, Ocean approved framework, and UNGC COP.
Product and services which obtained an official label or certification for sustainable marine related characteristics, or which covers sustainable marine-related characteristics	
Other (if applicable), describe	