



# European Metals Updated Position Paper on the ESRS Revision

## 1. Introduction & Executive Summary

European Metals, the European non-ferrous metals association, welcomes the simplification exercise carried out by the European Commission and the European Financial Regulatory Advisory Group (EFRAG) towards the revision of the first set of the European Sustainability Reporting Standards (ESRS).

The European non-ferrous metals industry believes that an ambitious and rigorous revision of the ESRS is essential to achieve regulatory stability and to allow companies operating in the non-ferrous metals sector to dispose of simplified and more consistent reporting obligations. This is crucial to ensure a more responsible and resilient raw material value chain.

Based on the EFRAG technical advice and in view of the delegated act to be adopted by the Commission, we would like to share the following key recommendations for consideration.

- **Ensure alignment of sustainability reporting requirements with the existing EU environmental framework to avoid overlapping obligations.**
- **Reinstall the reference to the Environmental footprint method for materiality assessment to provide undertakings with a robust, science-based methodology for assessing environmental materiality on a life cycle basis.**
- **ESRS E2 (Pollution): Allow qualitative rather than quantitative reporting of Substances of Concern and Substances of Very High Concern.**
- **ESRS E2 (Pollution): Delete the newly introduced AR 3 under paragraph 14, as indirect discharges of wastewater to external treatment plants do not constitute pollution by the undertaking and should not be subject to disclosure.**
- **ESRS E4 (Biodiversity & Ecosystem): Clarify how much upstream the requirements are to be disclosed, recognising the difficulties in the availability of biodiversity data.**
- **Remove disclosure requirements on anticipated financial effects.**
- **Avoid the reintroduction of sector-specific standards.**



## 2. Detailed Key Recommendations

- **Ensure alignment of sustainability reporting requirements with the existing EU environmental framework to avoid overlapping obligations.**

Companies in the non-ferrous metals sector already report Environmental, Social and Governance (ESG) data under other pieces of legislation (i.e. EU Taxonomy Regulation, the Industrial Emissions Directive (IED), the European Pollutant Release and Transfer Register (E-PRTR) and others. In the same way, greenhouse gas emissions are already reported under the ETS. These data are reported on a calendar year basis to competent authorities and made publicly available on a database.

To ensure coherence, the ESRS mustn't introduce additional costly pollutant reporting obligations that would conflict with or duplicate those under the Industrial Emissions Directive (IED). Companies in the scope of the IED shall directly refer to quantities of pollutants as reported under Regulation (EU) 2024/1244 (Industrial Emissions Portal Regulation). This would ensure legal consistency, avoid regulatory overlap and reduce the reporting burden, while aligning with the existing framework. The IED and underlying BREF documents are the sector-specific legal framework governing pollutant emissions, including thresholds, frequency, and reporting validation. Data collected under the IED (e.g., pollutant releases to air, water, and land; off-site waste transfers) forms the basis for E-PRTR data reporting. The monitoring of all relevant sources of emissions, including measurement methodology, frequency, evaluation procedure and reporting, is defined in detail in the environmental permit of IED installations. There is no need for additional pollutants or requirements.

The ESRS should allow companies to **cross-reference these data in their sustainability reports**, which would reduce the need to replicate data points between different EU legislation. This should also be permitted even if their financial year differs from the calendar year because many companies have financial years that don't match the calendar year.

This approach ensures practical simplification in how companies can provide environmental and energy-related disclosures under the ESRS framework, and it mainly addresses alignment with existing reporting cycles, reducing unnecessary ESRS data points.

- **Materiality assessment: Re-install the reference to the Environmental footprint method for the materiality assessment**

The current CSRD delegated act expressly refers to the Environmental Footprint methods for the purpose of conducting the materiality assessment, stating that *"in order to assess*



*materiality, the undertaking may consider Commission Recommendation (EU) 2021/2279 on the use of the Environmental Footprint methods to measure and communicate the life cycle environmental performance of products and organisations.”*

The revised ESRS removes this explicit reference, creating an inconsistency with the CSRD delegated act and weakening the methodological clarity of the materiality assessment framework. **This reference should be reinstated in the revised ESRS in order to ensure alignment with the CSRD legal framework and provide undertakings with a robust, science-based methodology for assessing environmental materiality on a life cycle basis.**

Indeed, the Environmental Footprint (EF) methods are comprehensive approaches designed to measure the environmental impacts of products and organisations from a life cycle perspective. The EF estimates the impacts of the operations of the organisation, as well as direct and indirect impact contributions from upstream (resources production, processing and supply) and, where relevant, downstream processes (distribution, use and end-of-life).

The EF methods allow for identifying the most relevant Impact categories, life-cycle stages, processes and direct elementary flows (i.e the environmental contributions on which the companies and stakeholders should focus), in a robust and non-subjective way. In this context, it has great value using it for the materiality assessment.

- **ESRS E2 (Pollution): Allow qualitative rather than quantitative reporting of Substances of Concern and Substances of Very High Concern.**

Positively, the EFRAG draft revision states that SoCs will no longer need to be grouped by hazard class. However, it confirms that SVHC still have to be grouped by hazard class. In addition, the requirement to disclose the total weight of SoCs, and separately, the total weight of SVHC, remains.

Disclosing the total weight of SoCs and SVHCs, especially in mixtures, is a complex and burdensome process that doesn't help demonstrate a company's sustainable use of these substances. In addition, reporting SVHCs per hazard class can lead to double-counting. This can be extremely onerous and burdensome for companies since many SVHCs may have more than one hazard class, meaning that the reporting requirements should be fulfilled in multiple volumes. For example, cobalt carbonate (classified as an SVHC under the REACH regulation) presents six hazard classes, and it will need to be reported six times.

**ESRS should move to a more qualitative approach instead of a quantitative approach**, focusing on describing and explaining how SoCs and SVHC are managed, since purely reporting the total or proportion of those substances does not help show the sustainable use. The focus should be placed on risk management considerations rather than on presenting raw figures for quantities of Soc/SVHC without sufficient context.



Providing numbers alone, without explaining how these risks are managed across their use, might lead to misinterpretation and does not necessarily improve the quality of the disclosure.

A lot of non-ferrous metals or metal compounds, including those used in low-carbon applications, have classifiable hazards of some type. Risk management measures exist and are in place to control emissions and exposure, and hence avoid the occurrence of effects associated with these hazardous properties. The presence and use of such substances do not mean ‘harm’ per se.

In addition, the risk management of substances is controlled by compliance with the REACH Regulation (EC) 1907/2006, occupational safety and health (OSH) legislation, and/or sector-specific environmental/product legislation. This network of legislation helps to identify where exposure/emissions may occur and address those to ensure they do not pose an unacceptable risk to human health or the environment.

- **ESRS E2 (Pollution): Removal of AR 3 (paragraph 14) – Transfers of water pollutants to external treatment plants**

The revised ESRS introduces a new Application Requirement (AR 3) under paragraph 14, which stipulates that transfers of water pollutants to external treatment plants qualify as pollution within the undertaking’s downstream value chain and should be disclosed as entity-specific information where material.

**This requirement should be removed, as it is conceptually inconsistent with the definition and scope of pollution under ESRS E2 and conflicts with established environmental regulatory principles.**

Pollution, for the purposes of sustainability reporting, should exclusively refer to direct emissions or discharges to the environment that have the potential to adversely affect ecosystems, human health, or environmental quality. Indirect discharges of wastewater to external treatment plants do not meet this criterion. Such discharges are explicitly designed to undergo prior treatment using best available or relevant techniques, with the objective of reducing or eliminating pollutants before any release to the environment occurs.

Classifying indirect transfers to external treatment facilities as “pollution” blurs the distinction between managed effluents and actual environmental releases, undermining the risk-based and impact-oriented logic of ESRS E2. The environmental impact, if any, arises from the final treated discharge, which is regulated, monitored, and controlled by the operator of the treatment plant under applicable environmental permits, not by the reporting undertaking.

Including indirect wastewater transfers within pollution disclosures would misrepresent the actual environmental impact attributable to the undertaking and lead to potential



double-counting of emissions already addressed under wastewater treatment permits and regulatory reporting regimes.

Indirect water discharges to external treatment plants are already comprehensively regulated under EU environmental legislation and are subject to emission limits, monitoring and enforcement at the level of the treatment operator. As such, they cannot be considered pollution attributable to the undertaking and should not trigger disclosure obligations under ESRS E2.

For these reasons, the newly introduced AR 3 under paragraph 14 should be deleted. Pollution disclosures under ESRS E2 should be strictly limited to direct releases to air, water or soil that have the potential to affect the environment, thereby preserving conceptual coherence, proportionality, and alignment with environmental permitting frameworks.

- **ESRS E4 (Biodiversity & Ecosystem): Clarify how much upstream the requirements are to be disclosed, recognising the difficulties in the availability of biodiversity data.**

The disclosure requirements included in the ESRS E4 for biodiversity and ecosystem still require that companies provide information in relation to the material biodiversity impacts connected to the upstream value chain when reporting on their biodiversity-related policies, actions, and targets.

This can be particularly burdensome for reporting requirements on a site-specific level, and the reference to “near” is also open for interpretation. Covering site-specific upstream impacts might be challenging, especially in the absence of clear guidance on how much upstream reporting should go. This becomes even more difficult if companies have to identify data from each site, collecting data on hundreds or thousands of supplier sites. This would multiply data points and complicate consolidation, significantly increasing the workload on companies.

For the reasons above, site-specific disclosure requirements in E4-2 should be reduced to avoid divergent interpretations and reporting complexity.

In addition, the requirement to describe policies related to the traceability of products, components of raw materials, with material or potential impacts on biodiversity and ecosystems in the entire value chain is technically and operationally complex for companies operating in the non-ferrous metals industry.

Finally, data on biodiversity are not readily available, and traceability is challenging. For the above-mentioned reasons, the requirements on upstream should be clarified or removed.



- **Remove disclosure requirements on anticipated financial effects**

In spite of the reliefs included in the EFRAG draft, disclosure requirements on anticipated financial effects in their current form can lead to disclosing speculative financial information. Requiring companies to disclose speculative, future-facing information in regulated disclosures creates significant uncertainty, methodological inconsistency, and auditability challenges.

Such forward-looking estimates risk misleading stakeholders and diverting attention from robust, verifiable information. Financial implications are already appropriately addressed through existing risk disclosures, and we see risks in using such information, as well as a negative effect on data comparability.

In addition, we call on the Commission to remove the anticipated financial effects in sustainability disclosures, whether quantitative or qualitative. Estimating the financial impacts of sustainability-related risks or opportunities inherently relies on assumptions that are highly uncertain and often subjective. This makes it extremely difficult to establish robust and consistent methodologies across companies.

While transparency on financial implications is important, requiring forward-looking financial estimates within the ESRS framework goes beyond what can reasonably be assured or audited. In addition, since some companies are listed, it might be problematic to provide financial information towards the future, especially if listed outside Europe.

- **Avoid the reintroduction of sector-specific standards**

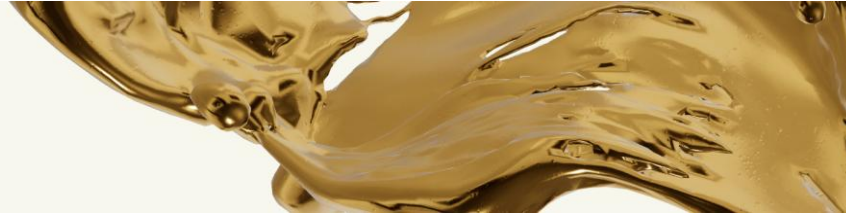
The Commission should avoid reintroducing sector-specific standards in the ESRS, as it is also confirmed by the final text of the Omnibus I. Reintroducing sector-specific standards in the ESRS, as mandatory or even as voluntary guidance, risks putting additional reporting burden on companies since competent authorities and auditors might consider the guidance as legally binding, expecting companies to comply with it. The result will be that reporting on these standards, even though voluntary, will be expected to avoid incurring allegations of incomplete disclosure and supervisory scrutiny.

This would duplicate and add new requirements to those already existing, potentially expanding the disclosure obligations.

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*European Metals is an umbrella association representing the interests of the combined non-ferrous metals industry towards EU policy makers. We bring together the companies and associations shaping Europe's non-ferrous metals ecosystem: from upstream mining and refining to downstream use and high-quality recycling. By connecting technical expertise with policy action, we ensure that the importance of the metals sector is recognised, valued, and that our sector's future is secured. For more information, visit our website: <https://european-metals.eu/>*