



EXPOSURE DRAFT

# ESRS E5

RESOURCE USE AND  
CIRCULAR ECONOMY



JULY 2025



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## **Revised structure and drafting conventions**

As compared to the ESRS Set 1 (Delegated Regulation (EU) 2023/2772 adopted by the European Commission in July 2023), the structure of the Standards has been revised and streamlined:

- All the ‘shall disclose / shall include / shall report / shall describe / shall explain’ are presented in the main body of the Standard. They have been counted as separate datapoints.
- Below the text of each Disclosure Requirement (‘DR’) in topical standards (or chapter for ESRS 1), boxed content presents the streamlined corresponding mandatory methodological guidance, which is still named ‘Application Requirements’ (‘ARs’). This includes ‘shall consider’ as element of methodology for preparing the disclosure, and ‘may (present)’ for presentation options — which does not represent voluntary disclosure but brings flexibility on how to present the disclosure.
- All the ‘may’ disclosures have been either eliminated or redrafted as application requirements (which do not include separate datapoints but methodology content).
- A minority of the deleted datapoints is gathered in a document named ‘Non-Mandatory Illustrative Guidance’ (‘NMIG’) and has been redrafted to fit this classification. While the content of ‘shall disclose’ datapoints in the main body of the standard and of application requirements are drafted to become part of the delegated act, the legal status of the NMIG (either as appendices in the Delegated Act or as document to be issued by EFRAG independently of the Delegated Act) will be considered by the European Commission (‘EC’) in due course. EFRAG recommends NMIG not to be part of the Delegated Act.
- The ESRS use several terms to indicate similar concepts: matters, topic, sub-topic, sub-subtopic. In Amended ESRS ‘sub-subtopics’ have been eliminated. In addition, to simplify the content and eliminate one term (matter), the Standards only refer to topics and sub-topics. For this reason, in all the documents the term ‘matter’ has been replaced by ‘topic’ where ‘topic’ is meant to refer either to topic or sub-topic depending on the context of the relevant disclosure. When used in this way, the bold italic format is used (***topic***), as this is a defined term. When used to express one of the 10 topics in Appendix A of [Draft] Amended ESRS 1, a normal font is used.
- The paragraph numbering has been revised to reflect the draft amendments. Where applicable, the paragraph number of the 2023 Delegated Act is indicated in brackets — for example, ‘4. (24)’ or ‘4. (24 amended)’ in paragraph [Draft] Amended ESRS 1.

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## **ESRS E5 Resource Use and Circular Economy – November 2025 – V1**

### **Status of this draft:**

#### Implemented in this draft:

- Suggestions from public consultation and outreaches
- SRB strategic directions
- FISMA detailed English and editorial review

#### Still outstanding (not yet in this draft):

- Internal cross-references (numbers of paragraphs) still to be updated
- English review of the markup text

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## Objective

1. When reporting in accordance with the ESRS, the **sustainability statement** shall cover ~~include~~ information in relation to ~~[Draft] Amended ESRS E5 'Resource use~~Use and ~~circular economy'~~, ~~when Circular Economy if this topic is related~~relates to material impacts, risks, and opportunities. The disclosure on the material impacts, risks and opportunities is expected to cover ~~policies, actions and targets (if in place), dependencies when relevant, metrics and the related financial effects~~ all the reporting areas listed in paragraph 5 of ESRS 1 *General Requirements*. When only one particular sub-topic prescribed by this Standard is material, paragraph 30 of ESRS 1 applies.
2. The objective of this Standard is to specify Disclosure Requirements ('DRs' (DRs)) in relation to the items of information reporting areas mentioned in ~~para-~~paragraph 1 that are not covered in ~~[Draft] Amended ESRS 2~~ESRS 2 General Disclosure. This Standard shall be applied in conjunction with ESRS 1 *General Requirements* and ESRS 2 *General Disclosures*.
3. When only one of the sub-topics covered by this Standard is material, the undertaking shall report only on that sub-topic.
4. This Standard sets out DRs related to resource use and circular economy, particularly with respect to the following sub-topics:
  - (a) resource inflows (including mineral and biotic ~~marine resources~~);
  - (b) resource outflows ~~related to products~~ and services;
  - (c) resource outflows ~~related to waste~~.
5. The undertaking shall apply the provisions of ~~[Draft] Amended ESRS 2 paras. 30 – 33 and GDR P, GDR A, GDR T. In particular:~~
  - (a) if the undertaking has not adopted policies, actions and targets with reference to a topic related to material impacts, risks and opportunities, it shall disclose this fact;
  - (b) the undertaking may present the description of its material impacts, risks and opportunities, in accordance with ~~[Draft] Amended ESRS 2 IRO 2~~, alongside information about its policies, actions, targets and metrics through which it addresses them, to avoid duplication and support a coherent narrative.
6. In this Standard, each DR is introduced by a disclosure objective, with the exception of policies, actions and targets, for which the provisions in GDR P, GDR A and GDR T provides the necessary framing for the relevant DRs.
- 7.4. **Circular Economy** represents economy is a key pillar ~~in~~of the European Green Clean Industrial Deal (20192025), which sets the EU's ambition for the EU to become a global leader in circular economy practices by 2030.
- 8.5. The objective of this standard shall also enable ~~users~~ of the sustainability statement to understand the plans and capacity of the undertaking to adapt its strategy and business model in line with ESRS E5 Resource Use and Circular Economy relates to EU regulatory frameworks, including the EU Circular Economy Action Plan (2020), the Eco-design for Sustainable Products Regulation (ESPR) (Regulation (EU) 2024/1781), the Waste Framework Directive (WFD) (Directive 2008/98/EC), and the Right to Repair Directive (R2R) (Directive (EU) 2024/1799).

## Interaction with other ESRS

- 9.6. Social and environmental Environmental, social and governance (ESG) topics closely interact with each other. The main points of interaction between ~~[Draft] Amended ESRS E5 Resource Use and Circular Economy~~ and the different ESRS other topical standards are the following listed below:



- (a) ~~[Draft] Amended ESRS E1 Climate Change~~ addresses GHG emissions and energy consumption—E5 related activities (resource extraction, production & transformation) are, by nature, whereas ESRS E5 *Resource Use and Circular Economy* addresses inflows of materials (including **fossil fuels** which are not used for energy-intensive ones), resource extraction and generate high levels of **greenhouse gases** (*circular economy* practices that can reduce GHG) emissions. Collecting energy efficiency in own operations and the upstream and downstream **value chain** can lead to reduction in (carbon footprint-) and energy intensity.

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- (b) [Draft] Amended ESRS E2 *Pollution* (addresses emissions of ***pollutants*** to ***air***, ***water***, ***air*** and ***soil*** as well as, and ***substances of concern***) — (***SoC***), including ***substances of very high concern (SVHC)***, whereas ESRS E5 related activities can have extensive ***pollution*** related effects. For example, industrial *Resource Use and Circular Economy* addresses ***resource use*** and ***waste disposal management practices*** that may pose significant ***pollution risks***, particularly when it contains ***substances*** generate or is not subject to appropriate treatment mitigate such emissions in the ***value chain***.
- (c) [Draft] Amended ESRS E3 *Water* (addresses the use and management of ***water*** as a physical resource and the operations of the undertaking in areas at high ***water stress***, whereas ESRS E5 *Resource Use and Circular Economy* addresses ***marine resources***) — E5 related activities require large volumes of ***water***, often operating in ***and*** ***water-stressed*** areas. This puts pressure on local ***water*** systems and may exacerbate ***water scarcity***. Aintensive processes through which circular ***economy*** approach measures can significantly reduce ***water-related impacts*** by improving ***water use consumption*** and improve ***efficiency***, implementing closed-loop ***water*** systems, and enabling ***water reuse*** and ***recycling***.
- (d) [Draft] Amended ESRS E4 *Biodiversity and Ecosystems* (***ecosystems*** and species) — E5 related activities can cause ***habitat destruction*** and ***ecosystem fragmentation*** (mainly due to the upstream and downstream ***value chain*** related issues), resulting in addresses ***biodiversity loss***. Transitioning to a circular economy, helps alleviate these pressures by reducing the need for ***virgin material extraction*** and ensuring proper and ***ecosystems impacts***, whereas ESRS E5 *Resource Use and Circular Economy* addresses ***resource use***, ***waste treatment***.
- (e)(d) [Draft] Amended ESRS S1 *Own operation* (working conditions and health and safety) — E5 related activities often involve ***intensive resource extraction***, ***manufacturing***, or ***waste processing***, which can expose workers to ***hazardous conditions*** and ***low-wage labour***, especially in lower tiers of the ***value chain***. A management and circular economy approach can support ***safer and more sustainable employment*** by promoting local ***repair, remanufacturing***, and ***recycling sectors***, improving ***job quality*** and creating ***green employment opportunities*** in more regulated environments activities that may contribute to or alleviate such impacts.
- (e) [Draft] Amended ESRS S3 *Affected Communities* addresses material ***impacts*** on people and communities arising from the undertaking's activities, including those linked to ***resource use***, ***products*** and ***services*** and ***waste***, whereas ESRS E5 *Resource Use and Circular Economy* addresses these activities from a technical perspective in terms of ***resource inflows***, ***resource outflows***, ***waste*** and ***circular economy practices***.
- (f) ESRS S4 *Consumers and end-users* (address information-related impacts on ***consumers*** and/or ***end-users***) — E5, their ***personal safety*** and their ***social inclusion***, whereas ESRS E5 addresses ***resource use***, ***waste management*** and ***circular economy aspects*** of those same ***products*** and ***services***, including how they are designed and managed in line with ***circular economy principles***. Disclosures under ESRS E5 *Resource Use and Circular Economy* on these aspects are relevant for understanding the ***information-related*** activities endorses ***collaboration with***, ***safety*** and ***inclusion impacts*** on ***consumers*** by promoting ***durable***, ***repairable***, and ***recyclable products***, increasing ***transparency*** about ***environmental impacts***, and enabling more ***sustainable consumption patterns*** through models such as ***product as a service***, ***reuse***, and ***sharing systems*** and ***end-users*** that are reported under ESRS S4 *Consumers and end-users*.

- (g) ESRS G1 *Business Conduct* addresses relationships with ***suppliers***, including how undertakings

are taking into account ESG performance factors in supplier selection and engagements, whereas ESRS E5 *Resource Use and Circular Economy* focuses on resource use, waste management and circular economy practices in own operations. Many circular economy aspects are inherently linked to value chain activities, for example, ensuring that **biological materials** are sourced sustainably and in line with **circular economy principles**.

## Disclosure Requirements

### Impact, riskImpacts, risks and opportunityopportunities' management

#### Disclosure Requirement E5-1 – Policies related to resource use and circular economy

~~10-7.~~ (14 amended) The undertaking shall disclose its **resource use** and **circular economy policies** in accordance with the provisions of [Draft] Amended-ESRS 2 *General Disclosures* GDR-P.

~~11-8.~~ (1535 amended) In addition to the information required by [Draft] Amended-ESRS 2 *General Disclosures* GDR-P, if the undertaking integrates **circularity** and **circular economy principles** or **eco-design principles** **requirements** in its **key products** and **circular economy services**, it shall explain how this is done.

#### Disclosure Requirement E5-2 – Actions and resources related to resource use and circular economy

~~12-9.~~ (19 amended) The undertaking shall disclose its key **resource use** and **circular economy actions** in accordance with the provisions of [Draft] Amended-ESRS 2 *General Disclosures* GDR-A.

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## Metrics and Targets

### Disclosure Requirement E5-3 – Targets related to resource use and circular economy

13.10. (23 amended) The undertaking shall disclose its **resource use** and **circular economy targets** in accordance with the provisions of [Draft] Amended-ESRS 2 General Disclosures GDR-T.

### Disclosure Requirement E5-4 –Resource Inflows

14.11. (29 amended) The objective of this DR is to provide an understanding of the undertaking's **resource inflows** of the undertaking. This includes information about the types and quantities **circularity** of resources entering the organisation, with a focus on their **circularity** undertaking.

12. (30- and 31 amended) When 'Resource Inflows' is assessed as a material **topic**, the undertaking shall disclose the following information about:

15.(a) the **key materials** used to manufacture, were put on the market or were part of the delivery of the undertaking's products and services during the reporting period; providing for each a concise description and specifying any **critical** and **strategic raw materials** it contains;

(a) the key materials used to manufacture products, deliver them and/or provide services;

(b) the total weight of all key materials with;

(b)(c) a breakdown per of each key material (, expressed in weight or as a percentage of the total weight); of all key materials;

(c) the **secondary resources** used, expressed in weight or as a percentage of total weight of **critical** and **strategic raw materials**;

(d) the percentage of total weight of **secondary resourced** materials;

(e)(d) the percentage of the total weight of key **biological** materials sustainably sourced.

### APPLICATION REQUIREMENTS

AR 1 for para.  
15(e) (e)12(a)

(Resource inflows)

The denominator of the percentage indicator required under When reporting paragraph 15(e)12(a):

a) The undertaking shall provide a concise description of each **key material**, reflecting its role and 15(d) is relevance in the overall total weight context of the **key materials** undertaking's operations. This description should clearly convey the key material's function, significance, and **impacts**, based on the structured managerial assessment used during the reporting period to designate it as a key material (see Annex II for 'Key materials').

b) The denominator of the percentage indicator required in paragraph 15(e) is the total weight of key **biological materials**. If the distinction between **technical** or **biological material** is a driver of **impacts, risks or opportunities**, the undertaking shall describe it accordingly.

<p><b>AR 2 for para. 15.12(a)</b></p> <p><b>(Resource inflows)</b></p>	<p>When identifying the key materials in paragraph 15(a), if the characteristic of being a <del>technical</del> or a biological <del>material</del> is a driver of <del>impacts, risks or opportunities</del>, the undertaking shall designate the material in such a way as to identify this characteristic, e.g. the undertaking can refer to ‘synthetic fibres’ and ‘natural fibres’ instead of just ‘fibres’ <u>Critical and strategic raw materials, as identified in Annex I and Annex II, of the Critical Raw Materials Act (Regulation (EU) 2024/1252), may be part of the undertaking’s key materials.</u> Where this is the case, the undertaking shall specify so. For example, an undertaking may identify a battery as a key material for its operations and specify that it contains lithium, which is classified as a critical and strategic raw material.</p>
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#### Disclosure Requirement E5-5 – Resource outflows

~~16-13.~~ (34 amended) The objective of this DR is to provide an understanding of how the undertaking ~~implements~~ contributes to the **circular economy** by designing, manufacturing and providing ~~goods~~ products and services in accordance with **circular economy principles**, and by effectively managing **waste**.

##### **Products and services**

~~17-14.~~ (36 amended) The undertaking shall disclose:

- (a) qualitative or quantitative information on the expected **durability** of its **key products**;
- (b) qualitative or quantitative information on the ~~scope of reparability~~ extent to which its key products are repairable;

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- (c) the **designed recyclability rate** of recyclable materials included in its key products and in their **packaging**;
- (d) (31 amended) the rate of recycled materials used in its key products.

## Waste

18-15. (37-38 amended) The undertaking shall disclose the following information on **waste** from its own operations:

- (a) a description of the undertaking's **waste streams** relevant to its sector or activities;
- (b) the total weight of waste generated;
- (c) the percentage and/or total weight diverted from disposal, the proportion of waste diverted from disposal, expressed as a percentage of total waste generated, with a breakdown between **hazardous waste** and **non-hazardous waste**, and a breakdown by the following operation types:
  - i. **reuse**;
  - ii. **recycling**;
  - iii. other **recovery** operations (including incineration with energy recovery);
- (d) the proportion of waste directed to disposal, expressed as a percentage of total waste generated, with a breakdown between hazardous waste and non-hazardous waste, and a breakdown by the following **recovery** operation types:
  - i. preparations for **reuse**;
  - ii. **recycling**;
  - iii. other **incineration without energy recovery** operation;
- (d) the percentage and/or total weight directed to disposal, with a breakdown between hazardous waste and non-hazardous waste, and a breakdown by the following disposal operation types:
  - i. thermal-based disposal;
  - ii. **landfill**;
  - iii. other disposal operation operations;
- (e) (new) the percentage and/or total weight proportion of waste for which the final destination is unknown, expressed as a percentage of total waste generated.

19-16. (39 amended) If the undertaking generates, shall disclose the total amount of any radioactive waste, according to it generates, in accordance with the definition of radioactive waste in Article 3(7) of Council Directive 2011/70/Euratom, it shall disclose the total amount of it.

## APPLICATION REQUIREMENTS

AR 3 for para. 1714 (c))	(AR 26 amended) When disclosing information in accordance with paragraph 1714(c), the undertaking shall use the following equation:
(Products and services)	For <b>products</b> :

	<p><b>Designed recyclability rate</b></p> $= \frac{\text{total weight of recyclable materials incorporated in the product}_x}{\text{total weight of the product}_x} \times 100$ <p>For <b>packaging</b> is to be disclosed separately.:</p> $= \frac{\text{total weight of recyclable materials incorporated in the packaging}_x}{\text{total weight of the packaging}_x} \times 100$
<p><b>AR 4 for para. 18 and 19</b></p> <p><b>(Waste)</b></p>	<p><b>Waste</b> weight is expressed in tons or kilograms.</p>
<p><b>AR 5 for para. 15(a)</b></p> <p><b>(Waste)</b></p>	<p>When describing its reporting in accordance with paragraph 15(a) on <b>waste streams</b>, it is sufficient to provide a name (for example in accordance with the European List of Waste by Commission Decision 2000/532/EC) and an indication of the <b>key materials</b> that are included in the waste stream. An illustrative example for a wood furniture producer a waste stream could be, such as biomass, metals, non-metallic minerals, plastics, textiles, <b>critical raw materials</b>, rare earths, etc.</p>
<p><b>AR 5 for para. 15(b), (c), (d) and 16</b></p> <p><b>(Waste)</b></p>	<p>When reporting in accordance with paragraph 15(b), (c), (d) and 16, the data shall reflect the material's weight in its original state, and not to be presented with further data manipulation, such as reporting it as "dry weight".</p>
<p><b>AR 6 for para. 15(c)(iii)</b></p> <p><b>(Waste)</b></p>	<p>A list of <b>recovery</b> operations is found in Annex II, Directive 2008/98/EC of the European Parliament and of the Council of 19 November 2008 on <b>waste</b> and repealing certain Directives (Waste Framework Directive).</p>
<p><b>AR 7 for para. 15(d)(iii)</b></p> <p><b>(Waste)</b></p>	<p>A list of disposal operations is found in Annex I, Directive 2008/98/EC of the European Parliament and of the Council of 19 November 2008 on <b>waste</b> and repealing certain Directives (Waste Framework Directive).</p>

‘wood waste’ composed of offcuts, sawdust and defective wooden components of the key material ‘wood’.

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