

 DRAFT

ESRS E5

RESOURCE USE AND
CIRCULAR ECONOMY

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Objective

1. The **sustainability statement** shall include information in relation to ESRS E5 *Resource Use and Circular Economy* if this **topic** relates to material **impacts**, **risks**, and **opportunities** to cover all the reporting areas listed in paragraph 5 of ESRS 1 *General Requirements*. If not all the sub-topics prescribed by this Standard are to be reported following the **materiality** assessment, paragraph 30 of ESRS 1 *General Requirements* applies.
2. The objective of this Standard is to set out Disclosure Requirements (DRs) providing information in relations to the reporting areas referred above that implement and complement the cross-cutting provisions of ESRS 1 *General Requirements* and ESRS 2 *General Disclosures*.
3. In this Standard, each DR is introduced by a disclosure objective except for **policies**, **actions** and **targets**, for which the provisions in ESRS 2 GDR-P, GDR-A and GDR-T provide the necessary framing for the relevant DRs.
4. This standard takes account of EU regulatory frameworks, including the EU Circular Economy Action Plan (2020), the Eco-design for Sustainable Products Regulation (Regulation (EU) 2024/1781), the Waste Framework Directive (Directive 2008/98/EC), the Right to Repair Directive (EU) 2024/1799) and the Critical Raw Materials Act (Regulation (EU) 2024/1252).
5. This Standard sets out DRs related to **resource use** and **circular economy** with respect to the following sub-topics: **resource inflows**; **resource outflows** related to **products** and services; resource outflows related to **waste**.
6. **Circular economy** is a key pillar of the European Clean Industrial Deal (2025), which sets the EU's ambition to become a global leader in circular economy practices by 2030.

Interaction with other ESRS

7. Environmental and social **topics** interact with each other. The points of interaction between ESRS E5 *Resource Use and Circular Economy* and the other topical standards are listed below:
 - (a) ESRS E1 *Climate Change* addresses **climate change mitigation**, **climate change adaptation** and energy consumption, whereas ESRS E5 *Resource Use and Circular Economy* addresses inflows of materials (including **fossil fuels** not used for energy), resource extraction and **circular economy** practices that can reduce GHG emissions (carbon footprint) and energy intensity.
 - (b) ESRS E2 *Pollution* addresses emissions of **pollutants** to air, water and **soil** (including **microplastics**), and **substances of concern (SoC)**, including **substances of very high concern (SVHC)**, whereas ESRS E5 *Resource Use and Circular Economy* addresses **resource use** and **waste** management practices that may generate or mitigate such emissions in the **value chain**.
 - (c) ESRS E3 *Water* addresses the use and management of water as a physical resource and the operations of the undertaking in areas with **water stress**, whereas ESRS E5 *Resource Use and Circular Economy* addresses **marine resources** and water-intensive processes through which circular measures can reduce consumption and improve efficiency.
 - (d) ESRS E4 *Biodiversity and Ecosystems* addresses **biodiversity** and **ecosystems impacts**, whereas ESRS E5 *Resource Use and Circular Economy* addresses resource use, waste management and circular economy activities that may contribute to or alleviate such impacts.
 - (e) 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* addresses information-related impacts on **consumers** or **end-users**, their personal safety and their social inclusion, whereas ESRS E5 addresses resource use, waste management and **circularity** aspects of those same products and services. Disclosures under ESRS E5 *Resource Use and Circular Economy* on these aspects are relevant for understanding the information-related and inclusion impacts on consumers and end-users that are reported under ESRS S4 *Consumers and End-users*.

Disclosure Requirements

Impacts, risks and opportunities' management

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

8. (14 amended) The undertaking shall disclose its **resource use** and **circular economy policies** in accordance with the provisions of ESRS 2 GDR-P.
9. (35 amended) In addition to the information required under ESRS 2 GDR-P, if the undertaking integrates **circular economy principles** or **eco-design 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

10. (19 amended) The undertaking shall disclose its key **resource use** and **circular economy actions** in accordance with the provisions of ESRS 2 GDR-A.

Metrics and Targets

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

11. (23 amended) The undertaking shall disclose its **resource use** and **circular economy targets** in accordance with the provisions of ESRS 2 GDR-T.

Disclosure Requirement E5-4 – Resource inflows

12. (29 amended) The objective of this DR is to provide an understanding of the undertaking's **resource inflows**. This includes information about the types and **circularity** of resources entering the undertaking.
13. (30 and 31 amended) The undertaking shall disclose the following information:
 - (a) the **key materials** used, providing for each a concise description and specifying any **critical raw materials** and **strategic raw materials** it contains;
 - (b) the total weight of all key materials;
 - (c) a breakdown of each key material, expressed in weight or as a percentage of the total weight of all key materials; and
 - (d) the **secondary resources** used, expressed in weight or as a percentage of the total weight of key materials.

APPLICATION REQUIREMENTS

AR 1 for para. 13(a) (Resource inflows)	When reporting paragraph 13(a): <ol style="list-style-type: none"> (a) the undertaking shall provide a concise description of each key material, reflecting its role and relevance in the context of the undertaking's operations. (b) if the distinction between technical material and biological material is a driver of impacts, risks or opportunities, the undertaking shall describe it accordingly.
AR 2 for para. 13(a) (Resource inflows)	<p>Critical raw materials 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. Where this is the case, the undertaking shall specify so.</p> <p>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>

Disclosure Requirement E5-5 – Resource outflows

14. (34 amended) The objective of this DR is to provide an understanding of how the undertaking contributes to the **circular economy** by designing, manufacturing and providing **products** and services in accordance with **circular economy principles**, and by effectively managing **waste**.

Products

15. (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 extent to which its key products are **repairable**;
 - (c) the **designed recyclability rate** of its key products and their **packaging**.

Waste

16. (37 and 38 amended) The undertaking shall disclose the following information on **waste** from its own operations:
- (a) a description of the undertaking's **waste streams**;
 - (b) the total weight of waste generated;
 - (c) 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;
 - (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 operation types:
 - i. incineration;
 - ii. **landfill**;
 - iii. other disposal operations;
 - (e) (new) the proportion of waste for which the final destination is unknown, expressed as a percentage of total waste generated.
17. (39 amended) The undertaking shall disclose the total amount of radioactive **waste** it generates, in accordance with the definition of radioactive waste in Article 3(7) of Council Directive 2011/70/Euratom.

APPLICATION REQUIREMENTS

AR 3 for para. 15(c) (Products)	<p>When disclosing information in accordance with paragraph 15(c), the undertaking shall use the following equation:</p> <p>(a) for products:</p> $\text{Designed recyclability rate} = \frac{\text{total weight of recyclable materials incorporated in the product}_x}{\text{total weight of the product}_x} \times 100$ <p>(b) for packaging:</p> $\text{Designed recyclability rate} = \frac{\text{total weight of recyclable materials incorporated in the packaging}_x}{\text{total weight of the packaging}_x} \times 100$
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<p>AR 4 for para. 16(a) (Waste)</p>	<p>When reporting in accordance with paragraph 16(a) on waste streams, 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 key materials that are included in the waste stream, such as biomass, metals, non-metallic minerals, plastics, textiles, critical raw materials, rare earths, etc.</p>
<p>AR 5 for paras. 16(b)–(d) and 17 (Waste)</p>	<p>When reporting in accordance with paragraphs 16(b)–(d) and 17, the data shall reflect the material’s weight in its original state and shall not be presented with further data manipulation, such as reporting it as ‘dry’ or ‘wet’ weight.</p>
<p>AR 6 for para. 16(c)(iii) (Waste)</p>	<p>A list of recovery operations is found in Annex II, Directive 2008/98/EC on waste (Waste Framework Directive). ‘Other recovery operations’ should meet the definitions and requirements in the WFD.</p> <p>When reporting Waste in accordance with paragraph 16(c)(iii), the undertaking shall specify, if relevant, what these ‘other recovery operations’ are.</p> <p>Incineration with energy recovery is considered an ‘other recovery operation’ only when it meets the conditions of point R1 in Annex II ‘Recovery operations’ of the WFD.</p>
<p>AR 7 for para. 16(d)(iii) (Waste)</p>	<p>A list of disposal operations is found in Annex I, Directive 2008/98/EC on waste (Waste Framework Directive).</p>



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