

[Draft] Amended

ESRS E5 ~~Exposure Draft~~ July **Resource Use and Circular Economy**
November 2025 -

1

DISCLAIMER

This Exposure Draft is published by EFRAG for comment only and is accompanied by the Basis for Conclusions and its Annexes. EFRAG assumes no responsibility or liability whatsoever for the content or any consequences or damages direct, indirect or incidental arising from following the advice or guidance contained in this document. Information contained in this publication does not constitute advice and should not be substituted for the services of an appropriately qualified professional.

How to provide feedback on this Exposure Draft

The questionnaire for submitting comments is available [here](#) in both online and PDF formats. Comments must be received by end of day CEST on 29 September 2025. All comments will be on the public record and posted on our website at www.efrag.org unless the respondent requests confidentiality.

About EFRAG

EFRAG's mission is to serve the European public interest in both financial and sustainability reporting by developing and promoting European views in the field of corporate reporting. EFRAG builds on and contributes to the progress in corporate reporting. In its sustainability reporting activities, EFRAG provides technical advice to the European Commission in the form of draft European Sustainability Reporting Standards (ESRS) elaborated under a robust due process and supports the effective implementation of the ESRS. EFRAG seeks input from all stakeholders and obtains evidence about specific European circumstances throughout the standard setting process. Its legitimacy is built on excellence, transparency, governance, due process, public accountability and thought leadership. This enables EFRAG to speak convincingly, clearly, and consistently, and be recognised as the European voice in corporate reporting and a contributor to global progress in corporate reporting.

EFRAG is funded by the European Union through the Single Market Programme in which the EEA-EFTA countries (Norway, Iceland and Liechtenstein), as well as Kosovo participate. Any views and opinions expressed are however those of the author(s) only and do not necessarily reflect those of the European Union, the European Commission or of countries that participate in the Single Market Programme. Neither the European Union, the European Commission nor countries participating in the Single market Programme can be held responsible for them.

© 2025 EFRAG All rights reserved.

Reproduction and use rights are strictly limited. For further details please contact efragsecretariat@efrag.org.

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.

V.21

UNAPPROVED DRAFT

--

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

Table of Contents

OBJECTIVE.....	5
INTERACTION WITH OTHER ESRS	5
DISCLOSURE REQUIREMENTS	6
IMPACT, RISK AND OPPORTUNITY MANAGEMENT	6
Disclosure Requirement E5-1 – Policies related to resource use and circular economy	6
Disclosure Requirement E5-2 – Actions and resources related to resource use and circular economy	6
METRICS AND TARGETS.....	7
Disclosure Requirement E5-3 – Targets related to resource use and circular economy	7
Disclosure Requirement E5-4 –Resource Inflows.....	7
Disclosure Requirement E5-5 – Resource outflows.....	7

Objective

1. ~~When reporting in accordance with the ESRS, the~~ **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. If not all the ~~When only one particular sub-topic prescribed by this Standard are to be reported is that following the materiality assessment, erial, paragraph 30 of ESRS 1 Geneal Requirements 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. 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.
- 2.4. 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).
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.
- 7.6. **Circular Economy** ~~represents~~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. ~~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

~~9.7. Social and environmental~~Environmental and ,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 climate change mitigation, climate change adaptation emissions & 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.~~

- (b) ~~{Draft} Amended ESRS E2 Pollution {addresses emissions of **pollutants** to air, water, air and soil (including **microplastics**) 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 with **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. A intensive 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-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**.~~

~~— 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, risk~~Impacts, risks and ~~opportunity~~opportunities' management

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

~~10.8.~~ (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.

~~11.9.~~ (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

~~12.10.~~ (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.

Metrics and Targets

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

~~13-11.~~ (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

~~14-12.~~ (29 amended) The objective of this DR is to provide an understanding ~~on~~of the undertaking's resource inflows ~~of the undertaking.~~ This includes information ~~on~~about the types and quantities circularity of resources entering the ~~organisation, with a focus on their circularity~~undertaking.

~~13.~~ (30- and 31 amended) ~~When 'Resource Inflows' is assessed as a material topic, the~~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 raw materials** 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(c)-(e)~~12(a)

(Resource inflows)

~~The denominator of the percentage indicator required under~~When reporting paragraph ~~15(c)~~123(a):

a) ~~t~~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 material** or **biological material** is a driver of **impacts, risks or opportunities**, the undertaking shall describe it accordingly.

<p>AR 2 for para. 1512(a)</p> <p>(Resource inflows)</p>	<p>When identifying the key materials in paragraph 15(a), if the characteristic of being a technical or a biological material is a driver of impacts, risks or opportunities, 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’.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. Where this is the case, the undertaking shall specify so.</p> <p><u>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.</u></p>
---	---

Disclosure Requirement E5-5 – Resource outflows

~~16.14.~~ (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~~

~~17.15.~~ (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 ~~scope of reparability of~~extent to which its key products ~~are~~ repairable;

- (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

~~18-16.~~ (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)~~;
- ~~(c)(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.

~~19-17.~~ (39 amended) ~~if the~~ 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. ~~17-14~~ 145 (c))

(Products ~~and services~~)

~~(AR 26 amended)~~ When disclosing information in accordance with paragraph ~~17-15~~ 4 (c), the undertaking shall use the following equation:

(a) For **products**:

	<p>Designed recyclability rate</p> $= \frac{\text{total weight of recyclable materials incorporated in the product}_x}{\text{total weight of the product}_x} \times 100$ <p>(b) For packaging 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>AR 4 for para. 18 and 19</p> <p>(Waste)</p>	<p>Waste weight is expressed in tons or kilograms.</p>
<p>AR 54 for para. 18-156(a)</p> <p>(Waste)</p>	<p>When describing its reporting in accordance with paragraph 165(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. An illustrative example for a wood furniture producer a waste stream could be, such as biomass, metals, non-metallic minerals, plastics, textiles, critical raw materials, rare earths, etc.</p>
<p>AR 5 for para. 156(b) - (c) (d) and 176</p> <p>(Waste)</p>	<p>When reporting in accordance with paragraph 165(b) - (c) - (d) and 167, 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" or "wet" weight.</p>
<p>AR 6 for para. 165(c)(iii)</p> <p>(Waste)</p>	<p>A list of recovery operations is found in Annex II, Directive 2008/98/EC of the European Parliament and of the Council of 19 November 2008 on waste and repealing certain Directives (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. 165(d)(iii)</p> <p>(Waste)</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 waste and repealing certain Directives (Waste Framework Directive).</p>

