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ESRS E5 – *Resource Use and Circular Economy* - V1
November 2025
UNAPPROVED DRAFT

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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*. 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) in relation to the reporting areas mentioned in paragraph 1 that are not covered in ESRS 2 *General Disclosure*. This Standard shall be applied in conjunction with ESRS 1 *General Requirements* and ESRS 2 *General Disclosures*.
3. This Standard sets out DRs related to **resource use** and **circular economy**, particularly with respect to the following sub-topics: **resource inflows**; **resource outflows** related to **products** and services; resource outflows related to **waste**.
4. **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.
5. 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 (Regulation (EU) 2024/1781), the Waste Framework Directive (Directive 2008/98/EC), and the Right to Repair Directive (EU) 2024/1799).

Interaction with other ESRS

6. Environmental, social and governance (ESG) **topics** closely interact with each other. The main 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 **GHG emissions** and energy consumption, whereas ESRS E5 *Resource Use and Circular Economy* addresses inflows of materials (including **fossil fuels** which are 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**, 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 at high **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* address information-related impacts on **consumers** or **end-users**, 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, safety and inclusion impacts on consumers 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

Impacts, risks and opportunities' management

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

7. (14 amended) The undertaking shall disclose its **resource use** and **circular economy policies** in accordance with the provisions of ESRS 2 *General Disclosures* GDR-P.
8. (35 amended) In addition to the information required ESRS 2 *General Disclosures* 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

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

Metrics and Targets

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

10. (23 amended) The undertaking shall disclose its **resource use** and **circular economy targets** in accordance with the provisions of ESRS 2 *General Disclosures* GDR-T.

Disclosure Requirement E5-4 – Resource Inflows

11. (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.
12. (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** 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;
 - (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. 12(a) (Resource inflows)	<p>When reporting paragraph 12(a):</p> <p>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. This description should clearly convey the key material's function, significance, and impacts, based on the structured managerial assessment used to designate it as a key material (see Annex II for 'Key materials').</p> <p>b) If the distinction between technical or biological material is a driver of impacts, risks or opportunities, the undertaking shall describe it accordingly.</p>
AR 2 for para. 12(a) (Resource inflows)	<p>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. 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

13. (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

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

Waste

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**;
- (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 (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 operation types:
 - i. incineration without energy recovery;
 - 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.
16. (39 amended) The undertaking shall disclose the total amount of any 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. 14 (c) (Products)	<p>When disclosing information in accordance with paragraph 14(c), the undertaking shall use the following equation:</p> <p>For products:</p> $\frac{\text{Designed recyclability rate}}{\text{total weight of recyclable materials incorporated in the product}_x} \times 100$ <p>For packaging:</p> $\frac{\text{Designed recyclability rate}}{\text{total weight of recyclable materials incorporated in the packaging}_x} \times 100$
AR 4 for para. 15(a) (Waste)	<p>When reporting in accordance with paragraph 15(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>
AR 5 for para. 15(b), (c), (d) and 16 (Waste)	<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>
AR 6 for para. 15(c)(iii) (Waste)	<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).</p>
AR 7 for para. 15(d)(iii) (Waste)	<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>