

# ESRS E5 Update (work in progress)

**Dr. Liad Ortar**

**Senior Technical Manager, EFRAG**

*Presented at the 17<sup>th</sup> Conference on  
sustainable development*



## Disclaimer

This presentation has been prepared by the EFRAG Secretariat for discussion at a public meeting organised by the Ellen MacArthur Foundation. The presentation does not represent the official views of EFRAG or any individual member of the EFRAG SRB or EFRAG SR TEG.

## Objectives of the Webinar

1. Significance of the ESRS
2. Insights and lessons learnt from year one of ESRS E5 implementation
3. [Draft] ESRS E5
4. Next steps
5. Q&A



## Significance of the ESRS

## Why do Circular Economy disclosures matter?



Transparency builds accountability and comparability



Enables tracking of inflows, outflows (waste), reuse, and recycling



Supports EU Green Deal & Circular Economy Action Plan



Provides investors and policymakers with credible data



Strengthens stakeholder trust and corporate reputation

## ESRS E5 as a milestone



First mandatory reporting standard on Circular Economy (CE) in the EU



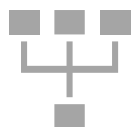
Applies to all large EU companies under CSRD



Connects CE performance with anticipated financial impacts (under revision)



Creates baseline for global CE disclosure frameworks

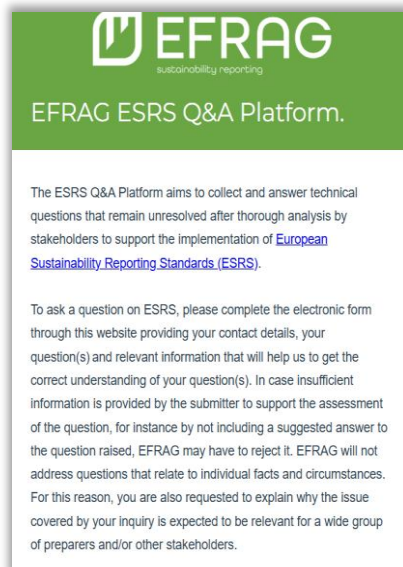


Signals EU leadership in circularity and sustainability reporting



## Insights and lessons learnt from the first year of E5 reporting

# Background



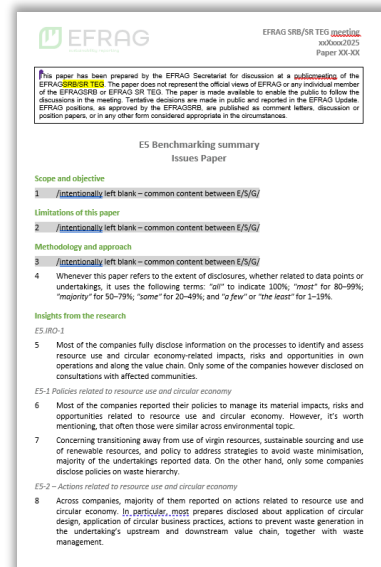
**EFRAG**  
sustainability reporting

## EFRAG ESRS Q&A Platform.

The ESRS Q&A Platform aims to collect and answer technical questions that remain unresolved after thorough analysis by stakeholders to support the implementation of [European Sustainability Reporting Standards \(ESRS\)](#).

To ask a question on ESRS, please complete the electronic form through this website providing your contact details, your question(s) and relevant information that will help us to get the correct understanding of your question(s). In case insufficient information is provided by the submitter to support the assessment of the question, for instance by not including a suggested answer to the question raised, EFRAG may have to reject it. EFRAG will not address questions that relate to individual facts and circumstances. For this reason, you are also requested to explain why the issue covered by your inquiry is expected to be relevant for a wide group of preparers and/or other stakeholders.

Q&A Platform



**EFRAG**

EFRAG SRB/SR TEG *update*  
x000002025  
Paper 02.05

**ES Benchmarking summary  
Issues Paper**

**Scope and objective**  
1 /intentionally left blank – common content between E/S/G/

**Limitations of this paper**  
2 /intentionally left blank – common content between E/S/G/

**Methodology and approach**  
3 /intentionally left blank – common content between E/S/G/

4 Whenever this paper refers to the extent of disclosures, whether related to data points or undertakings, it uses the following terms: "all" to indicate 100%; "most" for 80–99%; "majority" for 50–79%; "some" for 20–49%; and "a few" or "the least" for 1–19%.

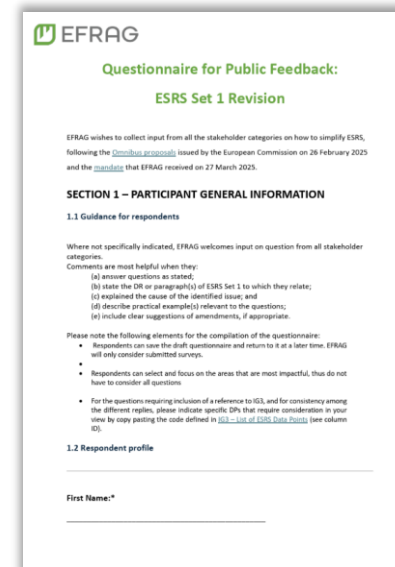
**Insights from the research**  
ES.IND-1  
5 Most of the companies fully disclose information on the processes to identify and assess resource use and circular economy-related impacts, risks and opportunities in own operations and along the value chain. Only some of the companies however disclosed on consultations with affected communities.

ES-1 Policies related to resource use and circular economy  
6 Most of the companies reported their policies to manage its material impacts, risks and opportunities related to resource use and circular economy. However, it's worth mentioning, that often those were similar across environmental topic.

7 Concerning transitioning away from use of virgin resources, sustainable sourcing and use of renewable resources, and policy to address strategies to avoid waste minimisation, majority of the undertakings reported data. On the other hand, only some companies disclose policies on waste hierarchy.

ES-2 Actions related to resource use and circular economy  
8 Across companies, majority of them reported on actions related to resource use and circular economy. In particular, most preparers disclosed about application of circular design, application of circular business practices, actions to prevent waste generation in the undertaking's upstream and downstream value chain, together with waste management.

Benchmarking



**EFRAG**

## Questionnaire for Public Feedback: ESRS Set 1 Revision

EFRAG wishes to collect input from all the stakeholder categories on how to simplify ESRS, following the [Consultation process](#), issued by the European Commission on 26 February 2025 and the [mandate](#) that EFRAG received on 27 March 2025.

### SECTION 1 – PARTICIPANT GENERAL INFORMATION

#### 1.1 Guidance for respondents

Where not specifically indicated, EFRAG welcomes input on question from all stakeholder categories. Comments are most helpful when they:

- (a) answer questions as stated;
- (b) state the DR or paragraph(s) of ESRS Set 1 to which they relate;
- (c) explained the cause of the identified issue; and
- (d) describe practical example(s) relevant to the questions;
- (e) include clear suggestions of amendments, if appropriate.

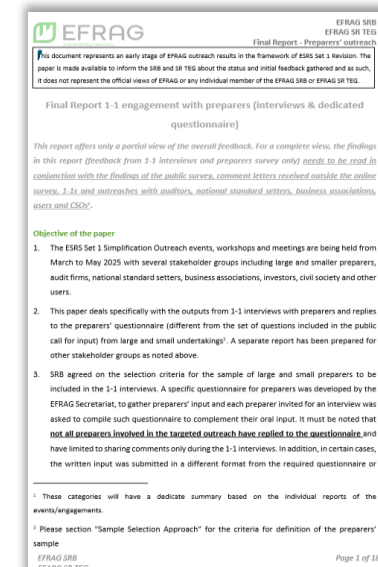
Please note the following elements for the compilation of the questionnaire:

- Respondents can use the draft questionnaire and return it at a later time. EFRAG will only consider submitted surveys.
- Respondents can select and focus on the areas that are most impactful, thus do not have to consider all questions.
- For the questions requiring inclusion of a reference to IGL, and for consistency among the different replies, please indicate specific IRLs that require consideration in your view by citing pasting the code defined in [IGL – List of IRLs \(April 2024\)](#) (see column (C)).

#### 1.2 Respondent profile

First Name:\*

Public Feedback



**EFRAG**

EFRAG SRB  
EFRAG SR TEG  
EFRAG SR TEG *update*  
x000002025  
Paper 02.05

**Final Report 1-1 engagement with preparers (interviews & dedicated questionnaire)**

This document represents an early stage of EFRAG outreach results in the framework of ESRS Set 1 revision. The paper is made available to inform the SRB and SR TEG about the status and initial feedback gathered and as such, it does not represent the official views of EFRAG or any individual member of the EFRAG SRB or EFRAG SR TEG.

This report offers only a partial view of the overall feedback. For a complete view, the findings in this report (feedback from 1-1 interviews and preparers survey only) need to be read in conjunction with the findings of the public survey, comment letters received outside the online survey, 1-1s and outreaches with auditors, national standard setters, business associations, users and CSOs<sup>1</sup>.

**Objective of the paper**

1. The ESRS Set 1 Simplification Outreach events, workshops and meetings are being held from March to May 2025 with several stakeholder groups including large and smaller preparers, audit firms, national standard setters, business associations, investors, civil society and other users.
2. This paper deals specifically with the outputs from 1-1 interviews with preparers and replies to the preparers' questionnaire (different from the set of questions included in the public call for input) from large and small undertakings<sup>2</sup>. A separate report has been prepared for other stakeholder groups as noted above.
3. SRB agreed on the selection criteria for the sample of large and small preparers to be included in the 1-1 interviews. A specific questionnaire for preparers was developed by the EFRAG Secretariat, to gather preparers' input and each preparer invited for an interview was asked to complete such questionnaire to complement their oral input. It must be noted that **not all preparers involved in the targeted outreach have replied to the questionnaire**, and have limited to sharing comments only during the 1-1 interviews. In addition, in certain cases, the written input was submitted in a different format from the required questionnaire or

<sup>1</sup> These categories will have a dedicate summary based on the individual reports of the events/engagements.

<sup>2</sup> Please section "Sample Selection Approach" for the criteria for definition of the preparers' sample

EFRAG SRB  
EFRAG SR TEG

Page 1 of 185

Targeted Outreach



## Highlights – 1/2



Structure of the Standards not user-friendly



More product-oriented than services-oriented



Interaction across environmental standards



Lack of clear methodologies



Lack of guidance and examples



Lack of several definitions: “critical raw materials,” “sustainably sourced,” “technical/biological materials,” “secondary resources” and distinctions like “recyclable” versus “recyclability”

## Highlights – 2/2



Ecological thresholds were not ESRS E5-related



High level of granularity for waste disclosure



No established industry standards for reporting product durability and reparability



No reference to dematerialization, planned obsolescence, ...



No reference to Eco-design, Right to Repair and other EU Regulations



Difficulties in reporting Anticipated financial effects (phased-in)

# Key legislation regarding CE – 1/2

Legislation	Legal recent developments	Brief description	Interaction with E5
<b>Critical Raw Materials Act (CRMA)</b>	<ul style="list-style-type: none"> <li>Proposal published: March 16, 2023</li> <li>Adopted and entered into force: May 23, 2024</li> </ul>	Ensures secure and sustainable supply of critical raw materials in the EU, including strategic stockpiling, diversification of sourcing, and due-diligence requirements for upstream suppliers.	<b>E5-4 Resource Inflows (Paragraph 15(c))</b> - new datapoint on percentage of total weight of critical and strategic raw materials, to support the alignment of the Standard with the Critical Raw Materials Act. , with definition of critical and strategic added to Annex II.
<b>Eco-design for Sustainable Products Regulation (ESPR)</b>	<ul style="list-style-type: none"> <li>Entered into force: July 18, 2024</li> </ul>	Sets requirements to improve products' durability, reparability, energy efficiency, and recycled content; establishes Digital Product Passport for supply-chain transparency.	<b>E5-1 Policies (Paragraph 11)</b> - requires undertakings to explain how they integrate "circularity and eco-design principles in key products and services"; <b>E5-5 Resource Outflows - Products (Paragraph 17)</b> - "scope of reparability", "durability"; mentioned in 'Objective' paragraph 8
<b>Waste Framework Directive (WFD)</b>	<ul style="list-style-type: none"> <li>Original Directive: Adopted in 2008</li> <li>Revision proposal: October 25, 2023</li> <li>Key milestones 2025: Provisional agreement (February 18), Council adoption (July 7), Parliament vote (September 9)</li> <li>Expected entry into force: November 2025</li> </ul>	Establishes EU waste hierarchy, defines waste streams and stakeholder roles, introduces food-waste targets and textile waste rules, and strengthens Extended Producer Responsibility frameworks.	Resource outflows, waste; mentioned in 'Objective' paragraph 8
<b>Right to Repair Directive (R2R)</b>	<ul style="list-style-type: none"> <li>Adopted: June 13, 2024</li> <li>Entered into force: July 30, 2024</li> <li>Member states to apply: From July 31, 2026</li> </ul>	Guarantees consumers' legal right to repair goods by requiring manufacturers to supply spare parts and repair information; extends product lifespans and reduces waste in line with circular-lifecycle principles.	mentioned in 'Objective' paragraph 8

# Key legislation regarding CE – 2/2

Legislation	Legal recent developments	Brief description
<b>Packaging and Packaging Waste Regulation (PPWR)</b>	<ul style="list-style-type: none"> <li>Adopted : December 19, 2024</li> <li>Published in Official Journal: January 22, 2025</li> <li>Entry into Force: February 11, 2025</li> <li>Start of Application: August 12, 2026</li> </ul>	Introduces reusable packaging targets, recyclability and recycled-content quotas, and a ban on specific single-use plastics (SUPs); enhances collection and labelling requirements for packaging.
<b>Green Claims Directive</b>	<ul style="list-style-type: none"> <li>Trilogue negotiations suspended: June 2025 (EC announced intention to withdraw proposal on June 20)</li> <li>No formal withdrawal; legal status remains uncertain</li> </ul>	Aims to prevent greenwashing by harmonising rules for environmental claims on products and services; expected to introduce mandatory substantiation (proof of evidence) of marketing claims once finalised.
<b>Battery Regulation (EU) 2023/1542</b>	<ul style="list-style-type: none"> <li>Entered into force: August 17, 2023</li> </ul>	Sets requirements for design, collection, treatment, recycling, and repurposing of batteries; mandates due diligence on critical raw materials; establishes Digital Product Passport for batteries to track composition and end-of-life handling.
<b>Upcoming Circular Economy Act (CEA)</b>	<ul style="list-style-type: none"> <li>Public consultation launched: August 1, 2025</li> <li>Expected adoption: Q4 2026</li> </ul>	Will create a comprehensive regulatory framework for secondary raw materials and circular product design, support a Clean Industrial Deal, and harmonise national circular-economy measures across the Single Market.



[Draft] ESRS E5

# New layout

## Disclosure Requirement E5-4 –Resource Inflows

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

15. (30-31 amended) When 'Resource Inflows' is assessed as a material **topic**, the undertaking shall disclose the following information about 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:

- (a) the key materials used to manufacture products, deliver them and/or provide services;
- (b) the total weight of key materials with a breakdown per key material (in weight or percentage of total weight);
- (c) the percentage of total weight of **critical** and **strategic raw materials**;
- (d) the percentage of total weight of **secondary resourced** materials;
- (e) the percentage of total weight of key **biological materials** sustainably sourced.

### APPLICATION REQUIREMENTS

AR 1 for para. 15(c)–(e)  (Resource inflows)	<p>The denominator of the percentage indicator required under paragraph 15(c) and 15(d) is the overall total weight of the <b>key materials</b> used during the reporting period.</p> <p>The denominator of the percentage indicator required in paragraph 15(e) is the total weight of key <b>biological materials</b>.</p>
AR 2 for para. 15(a)  (Resource inflows)	<p>When identifying the key materials in paragraph 15(a), if the characteristic of being a <b>technical</b> or a biological <b>material</b> is a driver of <b>impacts</b>, <b>risks</b> or <b>opportunities</b>, 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'.</p>

Disclosure Requirements (DRs)

Application Requirements (ARs)

**Note:** Only E5-4 and E5-5 contain ARs.

+ Non-Mandatory Illustrative Guidance (NMIG) – future guidance / will not be part of the delegated act

# Glossary

Example:

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

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

11. (15 amended) In addition to the information required by [Draft] Amended ESRS 2 GDR-P, if the undertaking integrates **circularity** and **eco-design** principles in its **key products** and **services**, it shall explain how this is done.

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

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

***Bold and Italic***

[Link to Annex II: Glossary of terms](#)

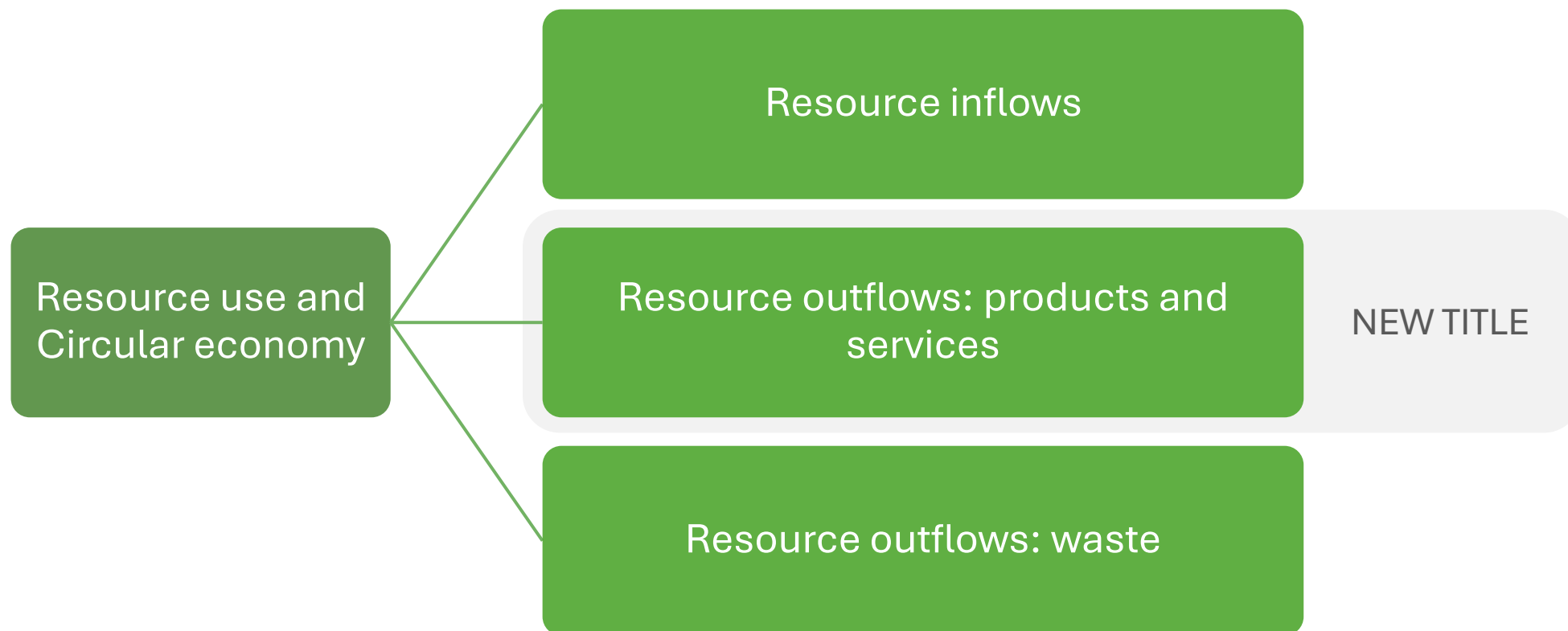


## Current list of E5 definitions

- Biological materials
- Circular economy
- Circular economy principles
- Circularity
- Durability
- Eco design requirements
- Hazardous / non hazardous waste
- Key materials
- Key products
- Packaging
- Recovery
- Renewable materials
- Repair (ability)
- Resource inflows
- Resource use
- Resources outflows
- Services
- Technical materials
- Virgin / non virgin materials
- Waste
- Waste streams



# Structure



ESRS E5-1 Policies related to resource use and circular economy

ESRS E5-2 Actions and resources related to resource use and circular economy

ESRS E5-3 Targets related to resource use and circular economy

- Deletion of the reference to Ecological Thresholds since is now a cross-cutting element (see ESRS 2 New GDRT para. 43(g)).

# ESRS E5-4 Resource inflows

## Disclosure Requirement E5-4 –Resource Inflows

14. (29 amended) The objective of this DR is to provide an understanding on the **resource inflows** of the undertaking. This includes information on the types and quantities of resources entering the organisation, with a focus on their **circularity**.
15. (30-31 amended) When 'Resource Inflows' is assessed as a material **topic**, the undertaking shall disclose the following information about 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:
- (a) the key materials used to manufacture products, deliver them and/or provide services;
  - (b) the total weight of key materials with a breakdown per key material (in weight or percentage of total weight);
  - (c) the percentage of total weight of **critical** and **strategic raw materials**;
  - (d) the percentage of total weight of **secondary resourced** materials;
  - (e) the percentage of total weight of key **biological materials** sustainably sourced.

## APPLICATION REQUIREMENTS

AR 1 for para. 15(c)–(e)  (Resource inflows)	<p>The denominator of the percentage indicator required under paragraph 15(c) and 15(d) is the overall total weight of the <b>key materials</b> used during the reporting period.</p> <p>The denominator of the percentage indicator required in paragraph 15(e) is the total weight of key <b>biological materials</b>.</p>
AR 2 for para. 15(a)  (Resource inflows)	<p>When identifying the key materials in paragraph 15(a), if the characteristic of being a <b>technical</b> or a biological <b>material</b> is a driver of <b>impacts, risks</b> or <b>opportunities</b>, 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'.</p>

## What has changed?

- Introduced the reference to “key” materials, with its definition added to Annex II
- NEW DP on “Percentage of critical and strategic raw material”
- Definitions added to the Annex II: secondary resources, technical and biological material that is sustainably sourced

# ESRS E5-5 Resource outflows: products and services

## Disclosure Requirement E5-5 – Resource outflows

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

### Products and services

17. (36 amended) The undertaking shall disclose:

- (a) information on the expected **durability** of its **key products**;
- (b) information on the **scope of reparability** of its key products;
- (c) the 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.

## What has changed?

- Changed the name of the subtopic from “products and materials” to “products and services”
- Reference to industry averages for durability and scope of reparability moved to NMIG
- Differentiation between recyclable and recycled materials

# ESRS E5-5 Resource outflows: waste

## Waste

18. (37-38 amended) The undertaking shall disclose the following information on waste from its own operations:
- (a) a description of the **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, 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 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;
  - (e) the percentage and/or total weight for which the final destination is unknown.
19. (39 amended) If the undertaking generates radioactive waste, according to the definition of radioactive waste in Article 3(7) of Council Directive 2011/70/Euratom, it shall disclose the total amount of it.

## What has changed?

- Added the reference to “thermal-based disposal”
- NEW DP on “Waste for which final destination is unknown”

## To recap...

### Two new DPs

#### Para 15(c)

Percentage of total weight of critical and strategic raw materials

#### Para 18(e)

Percentage and/or total weight for which the final destination is unknown

### Two significant reformulation

#### Para 11

Integration of circularity and eco-design principles into policies on resource use on key products and services

*Reformulation of previous E5-5, para 35*

#### Para 17(d)

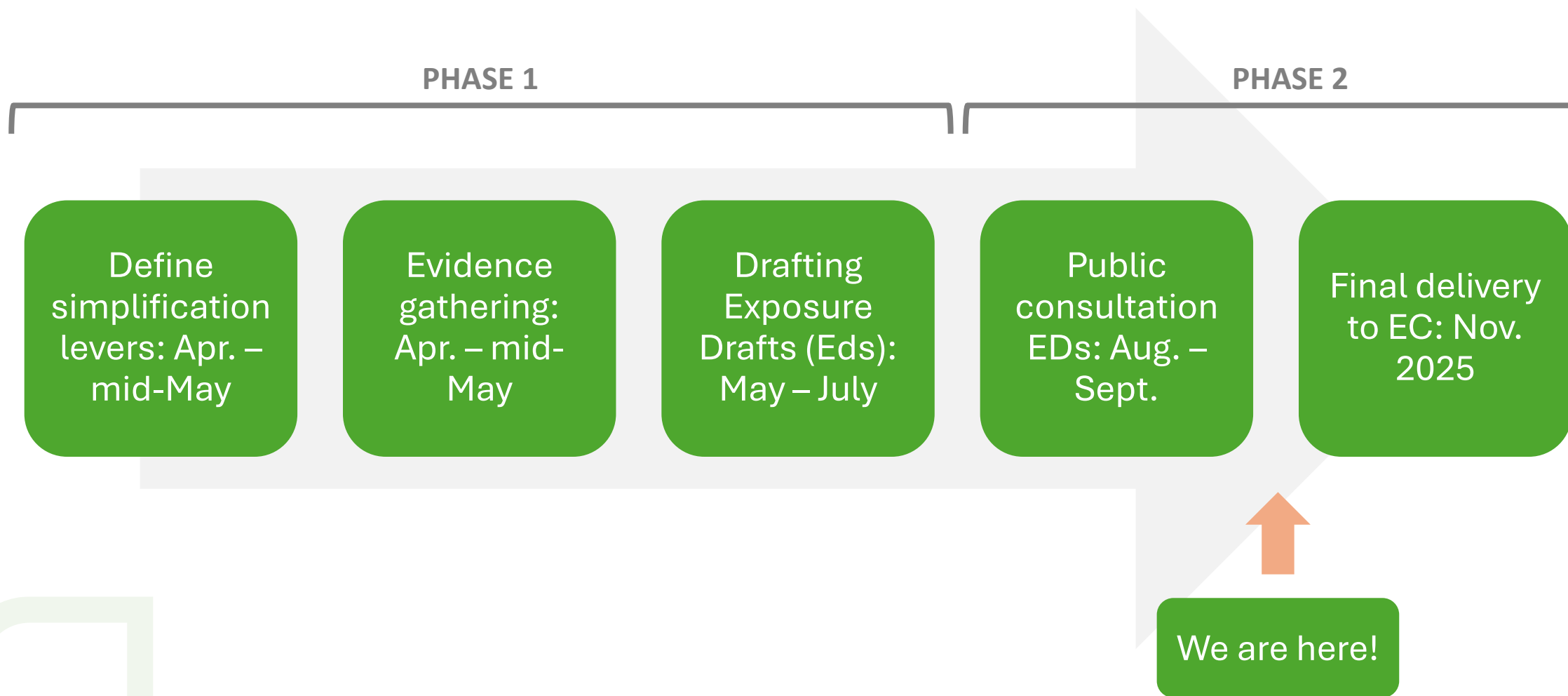
Rate of recycled materials used in key products

*Moved from resource inflows to resource outflows*



Next steps

# Simplification steps







Q&A

Follow us



35 Square de Meeûs, B-1000 Brussels  
[info@efrag.org](mailto:info@efrag.org) - [www.efrag.org](http://www.efrag.org)



EFRAG is co-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 presenter 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.

# Thank you!



[liad.ortar@efrag.org](mailto:liad.ortar@efrag.org)