

Environment: EFRAG SECRETARIAT ANALYSIS OF THE INDIVIDUAL DRs

ESRS E5 – SUMMARY

DR	DR Name	Avg RAR	Key outcome of the consultation	CS RD ref.	DR including AGs - fair representation incl. characteristics of quality?	Relevant across sectors?	Alignment with international standards?	Operational complexity ?	Always material?	Possible simplification	Phase in of recommendation
E5-1	Policies implemented to manage resource use and circular economy	58 %	Lack of Clarity, additional Guidance would be welcome Alignment with International Standards Supported by consumer organization, Public authority/regulator/supervisor with a RAR of 100% Main opposition by Financial institution (Bank) with a RAR of 0%	Art .19 b (2) / a / (iv)	With a RAR of 84%, the three main oppositions are; Financial institution (Bank) (0%), Business Association (53%) and Other (50%)	With a RAR of 48%, the seven main oppositions are; Business Association (20%), Financial institution (Other financial Market Participant, including pension funds and other asset managers) (0%), NFCs with securities listed on EU regulated markets (21%), Trade unions or other workers representatives (0%), Financial institution (Insurance) (25%), NFCs with securities listed outside EU regulated markets (0%), and Financial	With a RAR of 37%, the seven main oppositions are; Business Association (20%), Financial institution (Other financial Market Participant, including pension funds and other asset managers) (0%), NFCs with securities listed on EU regulated markets (9%), Unlisted non-financial corporations (0%), Financial institution (Insurance) (0%), NFCs with securities	Concepts consistency throughout the standard: EFRAG Secretariat will ensure further consistency starting with concepts used in the EU legislative framework and definition from the EU Taxonomy: <i>“an economic system whereby the value of products, materials and other resources in the economy is maintained for as long as possible, enhancing their efficient use in production and consumption, thereby reducing the environmental impact of their use, minimising waste and the release of hazardous substances at all stages of their life cycle, including through the application of the waste hierarchy;”</i> In particular, great care will be taken to: - delete the concept of “decoupling” which tends to bring more emphasis on intensity than on absolute value which should be the ultimate goal. - avoid the term “eliminate waste”, but rather mention “prevent” or “minimize” according to the mitigation hierarchy on waste (to be harmonized with other E standards). - clarify that some end of life treatment cannot be considered as “recovery” - regarding business models, put the emphasis on moving from “business as usual” to enhance circularity to	Depending on the sector, circular economy and resource use IROs may fall in low materiality on own operations and/or in the value chain. However it is to be noted that waste is treated in SFDR, in the EU Taxonomy , by GRI and the CSRD- along with marine resources which is also a key asset in the TNFD draft framework. Hence, EFRAG Secretariat strongly recommends to keep PTAPR sections covering both water and marine resources.	→ PTAPR will be redrafted following the general harmonization proposals to avoid prescriptive wording and focus on material aspects.	No With a RAR of 60%, the six main oppositions are; Business Association (16%), NFCs with securities listed on EU regulated markets (23%), Unlisted non-financial corporations (50%), Financial institution (Insurance) (0%), NFCs with securities listed outside EU regulated markets (0%), and Financial institution (Bank) (0%)

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						institution (Bank) (0%)	listed outside EU regulated markets (0%), and Financial institution (Bank) (0%)	be less binary than moving from linear to circular so as to reflect the 100% shades in the journey and take account the starting point from the undertaking - providing illustrative guidance and examples to help companies implementing correctly the different concepts, if time allows.			
E5-2	Measurable targets for resource use and circular economy	68%	Lack of Clarity - Additional Guidance on Format Consider moving to Sector Specific Supported by Public authority/regulator/supervisor and Rating agency and analysts with a RAR of 100% Main opposition by Financial institution (Bank) with a RAR of 0%	Art .19 b (2) / a / (iv)	With a RAR of 88%, the two main oppositions are; Financial institution (Bank) (0%) and Other (67%)	With a RAR of 87%, the four main oppositions are; Financial institution (Bank) (0%), Financial institution (Insurance) (0%), Financial institution (Other financial Market Participant, including pension funds and other asset managers) (25%) and Trade unions or other workers representatives (50%)	With a RAR of 60%, the six main oppositions are; Financial institution (Other financial Market Participant, including pension funds and other asset managers) (0%), Unlisted non-financial corporations (0%), Financial institution (Insurance) (0%), NFCs with securities listed outside EU regulated markets	Low complexity, however missing guidance as circular economy concepts may not be well understood and known. Proposal to add application guidance on the use rate required under para 25 (b).	Depending on the sector, circular economy and resource use IROs may fall in low materiality on own operations and/or in the value chain. However it is to be noted that waste is treated in SFDR, in the EU Taxonomy , by GRI and the CSRD- along with marine resources which is also a key asset in the TNFD draft framework. Hence, EFRAG Secretariat strongly recommends to keep PTAPR sections covering both water and marine resources.	→ PTAPR will be redrafted following the general harmonization proposals to avoid prescriptive wording and focus on material aspects.	With a RAR of 51%, the six main oppositions are; Business Association (42%), Financial institution (Other financial Market Participant, including pension funds and other asset managers) (0%), Financial institution (Insurance) (0%), NFCs with securities listed outside EU regulated markets (0%), National Standard Setter (20%), and Financial institution (Bank) (0%)

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							(0%), National Standard Setter (33%), and Financial institution (Bank) (0%)				
E5-3	Resource use and circular economy action plans	63 %	<p>Lack of Clarity - Additional Guidance on Format</p> <p>Consider moving to Sector Specific Consider adding time limit to action plans</p> <p>Supported by Public authority/regulator/ supervisor with a RAR of 100% Main opposition by Financial institution (Bank) with a RAR of 0% <i>Missing guidance on complex terms as well as some concepts</i></p>	Art .19 b (2) / a / (iv)	With a RAR of 92%, the main opposition is Financial institution (Bank) (0%)	With a RAR of 69%, the five main oppositions are; Financial institution (Other financial Market Participant, including pension funds and other asset managers) (25%), Trade unions or other workers representatives (50%), Financial institution (Insurance) (0%), Academic / research institution (50%), and Financial institution (Bank) (0%)	With a RAR of 46%, the six main oppositions are; Financial institution (Other financial Market Participant, including pension funds and other asset managers) (0%), Unlisted non-financial corporations (0%), Financial institution (Insurance) (0%), NFCs with securities listed outside EU regulated markets (0%), National	<p>Alignment with international frameworks not satisfactory, however several different frameworks are mentioned (ISO, EllenMac Arthur Foundation, GRI, even ISSB non existing standard...). Those standards are currently not consistent between themselves and hence choices have to be made. Interms of concepts, priority is given to EU legislative framework, then to GRI and what seems the most relevant.</p> <p>The concept of waste prevention should be embedded in PTAPR. To ensure consistency across environmental standards, proposal to add elements on the mitigation hierarchy which will indeed embed waste prevention. More specifically, the "categorization system for the circular economy" from the EC should be added as useful application guidance and considerations.</p> <p>In a similar manner, proposal to add the concept of post-consumer waste in application guidance of PTAPR rather than in this DR.</p>	<p>Depending on the sector, circular economy and resource use IROs may fall in low materiality on own operations and/or in the value chain. However it is to be noted that waste is treated in SFDR, in the EU Taxonomy , by GRI and the CSRD- along with marine resources which is also a key asset in the TNFD draft framework.</p> <p>Hence, EFRAG Secretariat strongly recommends to keep PTAPR sections covering both water and marine resources.</p>	→ PTAPR will be redrafted following the general harmonization proposals to avoid prescriptive wording and focus on material aspects.	With a RAR of 54%, the six main oppositions are; Business Association (32%), Unlisted non-financial corporations (25%), Financial institution (Insurance) (0%), NFCs with securities listed outside EU regulated markets (0%), NFCs with securities listed on EU regulated markets (31%), and Financial institution (Bank) (0%)

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							Standard Setter (33%), and Financial institution (Bank) (0%)				
E5-4	Resources inflows	61 %	<p>Lack of clarity - additional definitions needed</p> <p>Split products and packaging</p> <p>Differentiate between renewable, non-renewable and non-virgin → <i>renewable / non renewable split already there</i></p> <p>Supported by Public authority/regulator/ supervisor with a RAR of 100% Main opposition by Financial institution (Bank) with a RAR of 7%</p>	Art .19 b (2) / a / (iv)	<p>With a RAR of 69%, the four main oppositions are; Financial institution (Other financial Market Participant, including pension funds and other asset managers) (0%), Business association (42%), NFCs with securities listed outside EU regulated markets (0%), Non-financial corporation with securities listed on EU regulated markets (57%), and Financial institution (Bank) (0%)</p>	<p>With a RAR of 64%, the five main oppositions are; Financial institution (Other financial Market Participant, including pension funds and other asset managers) (25%), Trade unions or other workers representatives (50%), Financial institution (Insurance) (0%), Academic / research institution (50%), and Financial institution (Bank) (0%)</p>	<p>Further alignment with GRI could be sought though</p> <p>With a RAR of 45%, the six main oppositions are; Financial institution (Other financial Market Participant, including pension funds and other asset managers) (0%), Unlisted non-financial corporations (0%), Financial institution (Insurance) (0%), NFCs with securities listed</p>	<p>Alignment with international frameworks not satisfactory, however several different frameworks are mentioned (ISO, EllenMac Arthur Foundation, GRI, even ISSB non existing standard...). Those standards are currently not consistent between themselves and hence choices have to be made. Interms of concepts, priority is given to EU legislative framework, then to GRI and what seems the most relevant.</p> <p>Difficulties to disclose weight and percentage of input material.</p> <p><u>Virgin/Non virgin</u> Given comments on granularity in general, EFRAG Secretariat proposes not to add additional information on virgin / non virgin for this first set of standard. Same goes for splitting packaging fro products, which is not the case in GRI.</p>	<p>Inflows is a DR which makes a lot of sense for manufacturing companies producing products or selling services which are resource intensive as clarified in AG15 (materials used for "production" and "packaging").</p> <p>Acknowledging comments on complexity and sector-specificity, EFRAG Secretariat proposes 3 options:</p> <p>- Option 1: move the DR to sector-specific, but this is not the view of majority RAR with 64% approval</p> <p>- Option 2: propose some qualitative information to be provided regarding value chain information which would make more sense for some undertakings which do not manufacture products and which though they use materials as secondary input may not have any information on quantity.</p> <p>- Option 3: same as option 2 but phase-in of quantitative information on value chain information at a later stage</p>	<p>See the three options proposed.</p>	<p>Possibly, see option 3.</p> <p>With a RAR of 54%, the six main oppositions are; Unlisted non-financial corporations (25%), Financial institution (Insurance) (0%), Non-financial corporation with securities listed on EU regulated markets (36%), NFCs with securities listed outside EU regulated markets (0%) Business Association (37%) and Financial institution (Bank) (0%)</p>

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							outside EU regulated markets (0%), Non-governmental organisation (25%) and Financial institution (Bank) (0%)				
E5-5	Resources outflows	56%	<p>Sector-specific</p> <p>Lack of application guidance</p> <p>Supported by Public authority/regulator/supervisor with a RAR of 100%</p> <p>Main opposition by Financial institution (Bank) with a RAR of 0%</p>	Art. 19 b (2) / a / (iv)	<p>With a RAR of 65%, the six main oppositions are; Financial institution (Other financial Market Participant, including pension funds and other asset managers) (0%), Unlisted non-financial corporations (50%), Business Association (0%), NFCs with securities listed outside EU regulated markets (0%), Non-financial corporation with securities listed on EU regulated</p>	<p>With a RAR of 55%, the five main oppositions are; Financial institution (Other financial Market Participant, including pension funds and other asset managers) (25%), Financial institution (Insurance) (0%), National Standard Setter (40%), Other (0%), and Financial institution (Bank) (0%)</p>	<p>With a RAR of 37%, the eight main oppositions are; Business Association (6%), Financial institution (Other financial Market Participant, including pension funds and other asset managers) (0%), Unlisted non-financial corporations (0%), Financial institution (Insurance) (0%), NFCs with securities</p>	<p>In the context of overall harmonization of concepts within the standard, consistency will be ensured for E5-5.</p> <p>Proposal to add illustrations in application guidance to help undertaking implementing the DR in a right manner.</p> <p>See above, proposal to give less focus to decoupling. This would be more consistent with ESRS E1 too, where the main focus is also on absolute value.</p> <p>Regarding international frameworks, see comment above.</p>	<p>Similarly, to inflows, outflows is a DR which makes a lot of sense for manufacturing companies producing products or selling services which are resource intensive as clarified in AG15 (materials used for "production" and "packaging").</p> <p>Acknowledging comments on complexity, EFRAG Secretariat proposes 2 options:</p> <p>- Option 1: move the DR to sector-specific, but this is not the view of majority RAR with 65% approval</p> <p>- Option 2: propose some qualitative information to be provided regarding both own operations and value chain and phase-in quantitative information over time.</p> <p>- Option 3: retain the DR and reword/restructure, with possibly a split of the turnover rather than of the weight and percentage of products and services for greater connectivity.</p>	See the three options	See option 2

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					markets (38%) and Financial institution (Bank) (0%)		listed outside EU regulated markets (0%), Non-governmental organisation (22%), Non-financial corporation with securities listed on EU regulated markets (9%), and Financial institution (Bank) (0%)		In the cases of options 2 and 3, proposal to merge this DR with E5-7 on Resource use optimization.		
E5-6	Waste	73 %	<p>Granularity</p> <p>Additional Guidance</p> <p>Include value chain waste</p> <p>Recycling process is not usually performed by the undertaking reporting → <i>still undertaking should know what happens after waste is collected</i></p> <p>Supported by Public authority/regulator/supervisor and</p>	Art .19 b (2) / a / (iv)	With a RAR of 70%, the five main oppositions are; Business Association (53%), Financial institution (Other financial Market Participant, including pension funds and other asset managers) (0%), Unlisted non-financial corporations (50%), NFCs	With a RAR of 79%, the three main oppositions are; Academic / research institution (50%), Financial institution (Bank) (0%) and Financial institution (Insurance) (0%)	With a RAR of 49%, the six main oppositions are; Financial institution (Other financial Market Participant, including pension funds and other asset managers) (0%), Unlisted non-financial corporations (0%),	<p>Regarding international frameworks, see comment above.</p> <p>DR is virtually aligned (and will be even more) to GRI 306. This seems reasonable and really addresses all sectors.</p> <p>EFRAG Secretariat acknowledges concerns on granularity and complexity and proposes 3 options:</p> <ul style="list-style-type: none"> - Option 1: no phase-in - Option 2: phase-in of breakdowns under 41 (b) and 41 (c) - Option 3: full phase-in of the DR to allow time for undertakings to get prepared and implement process to trace the data. 	The RAR approval across sectors is high at 79%.	Focus on own operations, proposal not to add granularity at this stage of the process given the numerous comments on the need for simplification	<p>Yes, see three options</p> <p>With a RAR of 83%, the three main oppositions are; Unlisted non-financial corporations (50%), Financial institution (Bank) (0%) and National Standard Setter (60%)</p>

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			Trade unions or other workers representatives with a RAR of 100% Main opposition by Financial institution (Bank) with a RAR of 7%		with securities listed outside EU regulated markets (0%) and Financial institution (Bank) (0%)		Financial institution (Insurance) (0%), NFCs with securities listed outside EU regulated markets (0%), Non-governmental organisation (22%) and Financial institution (Bank) (0%)				
E5-7	Resource use optimisation	57 %	Additional Guidance Combine E5 and E7 Supported by Public authority/regulator/supervisor with a RAR of 100% Main opposition by Financial institution (Bank) with a RAR of 7%	Art .19 b (2) / a / (iv)	With a RAR of 77%, the four main oppositions are; Other (33%), Unlisted non-financial corporations (50), Financial institution (Bank) (0%) and Business Association (44%)	With a RAR of 51%, the eight main oppositions are; Financial institution (Other financial Market Participant, including pension funds and other asset managers) (25%), Trade unions or other workers representatives (0%), Financial institution (Insurance) (0%), Other	With a RAR of 37%, the seven main oppositions are; Business Association (0%), Financial institution (Other financial Market Participant, including pension funds and other asset managers) (0%), Unlisted non-financial corporations	Guidelines provided in AG 35 and AG 36 not clear for their implementation => define additional details and examples to guarantee faithful information and comparability among all companies. Illustrative guidance can be added indeed with concrete examples.	Combing with outflows, the new combined DR will make more sense. The three options would apply to this new combined DR: - Option 1: move the DR to sector-specific, but this is not the view of majority RAR with 65% approval - Option 2: propose some qualitative information to be provided regarding both own operations and value chain and phase-in quantitative information over time. - Option 3: retain the DR and reword/restructure, with possibly a split of the turnover rather than of the weight and percentage of products and	Combining this disclosure requirement E 5-7 with Disclosure Requirement E5-5 Resources outflows. In this merging, proposal to keep at least the turnover KPI which may be easier to trace than weight and percentage (see above).	Yes, see option 2 With a RAR of 33%, the six main oppositions are; Business Association (0%), Financial institution (Other financial Market Participant, including pension funds and other asset managers) (0%), Trade unions or other workers representatives (0%), Financial institution (Insurance) (0%), NFCs with securities listed outside EU regulated markets (0%), and

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						(33%), National Standard Setter (20%), and Financial institution (Bank) (0%)	(0%), Financial institution (Insurance) (0%), NFCs with securities listed outside EU regulated markets (0%), Non-financial corporation with securities listed on EU regulated markets (18%), and Financial institution (Bank) (0%)		services for greater connectivity.		Financial institution (Bank) (0%)
E5-8	Circularity support	58 %	Ensure progressivity in collecting data along the value chain → <i>no data per se required in this DR</i> Combine with E5-1 and E5-3 Supported by Public authority/regulator/supervisor and Trade unions or other workers representatives	Art .19 b (2) / a / (iv)	With a RAR of 59%, the five main oppositions are; Business Association (50%), Financial institution (Insurance) (0%), National Standard Setter (20%), Other (33%) and Financial institution (Bank) (0%)	With a RAR of 59%, the six main oppositions are; Business Association (47%), National Standard Setter (40%), Non-financial corporation with securities listed on EU regulated markets (50%), Unlisted non-financial	With a RAR of 39%, the seven main oppositions are; Business Association (0%), Financial institution (Other financial Market Participant, including pension funds and other asset managers)	In the context of overall harmonization of concepts within the standard, consistency will be ensured for E5-8, now merged into PTAPR.	Merged into Action plans: sector-agnostic subject to rebuttable presumption	Proposal to merge E5-8 in PTAPR.	Merged into Action plans, no phase-in With a RAR of 41%, the eight main oppositions are; Business Association (0%), Audit firm, assurance provider and/or accounting firm (20%), Unlisted non-financial corporations (0%), Financial institution (Insurance) (0%), NFCs with securities listed

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			with a RAR of 100% Main opposition by Financial institution (Bank) with a RAR of 0%			corporations (50%), Other (33%) and Financial institution (Bank) (0%)	(0%), Unlisted non-financial corporations (0%), Financial institution (Insurance) (0%), NFCs with securities listed outside EU regulated markets (0%), Non-financial corporation with securities listed on EU regulated markets (10%), and Financial institution (Bank) (0%)				outside EU regulated markets (0%), Non-financial corporation with securities listed on EU regulated markets (23%), Other (0%), and Financial institution (Bank) (0%)
E5-9	Financial effects from resource use and circular economy-related impacts, risks and opportunities	59%	Supported by Academic / research institution, Public authority/regulator/supervisor and Trade unions or other workers representatives with a RAR of 100% Main opposition by Financial institution	Art. 19 b (2) / a / (iv)	With a RAR of 55%, the seven main oppositions are; Business Association (5%), Financial institution (Other financial Market Participant, including	With a RAR of 69%, the six main oppositions are; Business Association (47%), Financial institution (Insurance) (0%), National Standard Setter (40%), Non-financial	With a RAR of 40%, the seven main oppositions are; Business Association (6%), Financial institution (Other financial Market Participant,	<i>Strong concerns regarding data availability and data quality with respect to the requirement to report on actual and future IRO</i>	<i>Yes, all companies should have PTAPR on material identified IROs.</i>	<i>- Merging elements of paragraph 54 with E5-7</i> <i>- PTAPR harmonization on time horizons.</i>	With a RAR of 45%, the seven main oppositions are; Business Association (5%), Financial institution (Insurance) (0%), National Standard Setter (20%), Unlisted non-financial corporations (25%), NFCs with securities listed

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			(Bank) with a RAR of 0% 1/ Additional Guidance on Indicators and Format 2/ Alignment with financial planning 3/ Phase in and Prioritization		pension funds and other asset managers) (0%), National Standard Setter (40%), Other (33%), NFCs with securities listed outside EU regulated markets (0%), Non-financial corporation with securities listed on EU regulated markets (7%), and Financial institution (Bank) (0%)	corporation with securities listed on EU regulated markets (46%), Other (33%) and Financial institution (Bank) (0%)	including pension funds and other asset managers) (0%), Unlisted non-financial corporations (0%), Financial institution (Insurance) (0%), NFCs with securities listed outside EU regulated markets (0%), Non-financial corporation with securities listed on EU regulated markets (0%), and Financial institution (Bank) (0%)				outside EU regulated markets (0%), Non-financial corporation with securities listed on EU regulated markets (0%), and Financial institution (Bank) (0%)