

CSRD as a leverage for a more circular economy?

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Abstract: *The central research question of this paper²⁴⁸ is whether and to what extent European ESG Regulation, more specifically the Corporate Sustainability Reporting Directive of 2022 (CSRD), can contribute to circularity and therefore act as a leverage for circular economy. The CSRD introduces – as its name suggests – a duty of information for specific companies regarding sustainability. The study examines whether and to what extent such information also covers information on circular economy and whether ESG reporting pushes companies to embrace the circular economy. The answer to these questions is nuanced.*

In order to achieve the aforementioned research aim, this study examined a recent European Directive on Corporate Reporting and its complementary reporting standards. The research methodology used, is classical legal analysis of legislation, policy documents and relevant literature.

Keywords: *Circular economy, ESG-reporting, CSRD, ESRS*

INTRODUCTION

Our study focusses on the Corporate Sustainability Reporting Directive of 2022 (CSRD), which is the most recent directive in force concerned with non-financial ESG-reporting. The CSRD introduces a duty to disclose sustainability-information. Our study examines whether such information covers information on circular economy (CE) and whether ESG-reporting pushes companies to embrace CE.

This paper is structured as follows. First, attention is given to the concept of CE. Subsequently, this paper touches upon recent initiatives in the field of ESG-reporting, with a focus on CSRD. The study then connects both topics and ends with a short conclusion. The study is based on an extensive literature review and on desk top research. Although there is a growing number of academic literature on ESG, academic legal research on the topic of this paper is very scarce.

1. CE AND ESG-REPORTING

1.1 CE

CE can be contrasted with the classic linear economy (or “business as usual”²⁴⁹). In the latter, products are being produced, used and thrown away. A CE steps away from this pattern of “take-make-waste” and tries to “close the loop”. There exists no unanimously accepted

²⁴⁸ This paper is part of the ongoing research in the CE centre for circular economy (financed by the Flemish Government). The research and study are ‘work in progress’.

²⁴⁹ EFRAG draft ESRS E5 and ESRS E5 as adopted by Commission.

definition of a CE. In 2023 KIRCHHER et al. analysed 221 definitions of CE.²⁵⁰ The definition of the concept changes according to which element of a CE is emphasised, which implies that CE functions as an umbrella term.²⁵¹

The EU has nonetheless defined CE in its Taxonomy Regulation as “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” (prevention; preparing for re-use; recycling; other recovery, e.g. energy recovery; disposal).²⁵²

On an international level, moving towards a CE can help reach the Sustainable Development Goals (SDG’s).²⁵³ CE also plays a pivotal role on the EU level, since the EU considers its new CEAP as one of the main building blocks of the European Green Deal.

More consideration is given to the CE on a national level as well. In Belgium, the competent authorities have taken initiatives with regards to CE: “Vlaanderen Circulair”²⁵⁴, “Circular Wallonia”²⁵⁵ and “Gewestelijk Programma voor Circulaire Economie (GPCE)”²⁵⁶

Thus, achieving a CE has become increasingly relevant on all levels, with a growing recognition of the possible prominent role it can play in combating the climate crisis.

1.2 ESG-reporting

ESG-initiatives in the EU include the Sustainable Finance Disclosures Regulation of 2019 (SFDR), the Taxonomy Regulation of 2020 and the Corporate Sustainability Reporting

²⁵⁰ KIRCHHER, Julian, et al. Conceptualizing the Circular Economy (Revisited): An Analysis of 221 Definitions. *Resources, Conservation and Recycling* [online]. 2023, 194, 107001 [viewed 4 October 2023]. ISSN 0921-3449. Available from: doi:10.1016/j.resconrec.2023.107001.

²⁵¹ VOORTER, Jonas, Aura IURASCU, and Steven VAN GARSSE. The concept “circular economy”: towards a more universal definition. *Ius publicum* [online]. 2021, (2), 2 [viewed 4 October 2023]. ISSN 2039-2540. Available from: http://www.ius-publicum.com/repository/uploads/10_06_2022_17_24-2_DEF_The-concept-circular-economy_-towards-a-more-universal-definition-svgJVAI.pdf.

²⁵² Art. 2, (8) Taxonomy Regulation and art. 4 of Directive 2008/98/EC.

²⁵³ THE 17 GOALS | Sustainable Development. *United Nations* [online]. [no date] [viewed 4 October 2023]. Available from: <https://sdgs.un.org/goals>. For a more in depth analysis, see: DONG, Liang, Zhaowen LIU, and Yuli BIAN. Match Circular Economy and Urban Sustainability: Re-investigating Circular Economy Under Sustainable Development Goals (SDGs). *Circular Economy and Sustainability* [online]. 2021 [viewed 4 October 2023]. ISSN 2730-5988. Available from: doi:10.1007/s43615-021-00032-1. <https://link.springer.com/article/10.1007/s43615-021-00032-1>. <https://link.springer.com/article/10.1007/s43615-021-00064-7>

²⁵⁴ Vlaanderen Circulair - Knooppunt van de circulaire economie in Vlaanderen. *Vlaanderen Circulair*. [online]. [no date] [viewed 4 October 2023]. Available from: <http://www.vlaanderen-circulair.be/nl>.

²⁵⁵ La Wallonie circulaire. *Circular Wallonia* [online]. [no date] [viewed 4 October 2023]. Available from: <https://economiecirculaire.wallonie.be/fr/wallonie-circulaire>.

²⁵⁶ Be circular be.brussels – Het GPCE. *Be circular be.brussels* [online]. [no date] [viewed 4 October 2023]. Available from: <https://www.circulareconomy.brussels/over/het-gpce/?lang=nl>.

Directive of 2022 (CSRD).²⁵⁷ Given the scope of this paper, our study only focusses on the latter.

The CSRD introduces or – respectively – extends an obligation for certain undertakings to report information regarding ESG and their sustainability performance.

The CSRD applies to listed undertakings²⁵⁸ and amends a series of other directives, among which most importantly the “Accounting Directive”.²⁵⁹ This paper focusses on the amendments of the CSRD to the Accounting Directive (as amended by the Non-Financial Reporting Directive of 2014 (NFRD)).

Noteworthy is that the no longer carries the label “Non-Financial Reporting”, as many stakeholders conceived the label non-financial to be inaccurate. It created the (false) impression that the particular information was considered financially irrelevant, while in practice that information is – on the contrary – becoming increasingly financially relevant.

Important reformations brought by the CSRD are the expansion of the number of companies subject to sustainability reporting, compulsory review (the “limited/reasonable assurance”) of the sustainability reports and the principle of double materiality.²⁶⁰

2. CE and the CSRD

2.1 The CSRD and the European Sustainability Reporting Standards

The CSRD introduces a reinforced duty for certain undertakings to disclose sustainability-information. The CSRD entrusts the Commission with the responsibility to provide sustainability reporting standards (ESRS²⁶¹).²⁶²

The CSRD states for each ESG-factor which topics need to be addressed in the ESRS. For these topics, the ESRS has to specify which particular information undertakings should disclose. CE together with resource use, is one of these topics.²⁶³ So clearly both notions are interlinked.

When adopting the ESRS, the Commission had to take into account the advice from the European Financial Reporting Advisory Group (EFRAG).²⁶⁴ EFRAG is organised in a financial

²⁵⁷ See also: HESEKOVÁ, Simona. ESG and recent changes in EU legislation within financial markets. In: *Proceedings of the 14th International Scientific Conference*. Prague: Prague University of Economics and Business, Czech Republic, 2022, p. 186. ISBN 978-80-88055-14-3.

²⁵⁸ Art. 1 of the Accounting Directive, as amended by art. 1 CSRD.

²⁵⁹ Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013.

²⁶⁰ FALKENBERG, Christof, Carina SCHNEEBERGER, and Siegfried PÖCHTRAGER. Is Sustainability Reporting Promoting a Circular Economy? Analysis of Companies’ Sustainability Reports in the Agri-Food Sector in the Scope of Corporate Sustainability Reporting Directive and EU Taxonomy Regulation. *Sustainability* [online]. 2023, 15(9), 7498 [viewed 4 October 2023]. ISSN 2071-1050. Available from: doi:10.3390/su15097498; The concept of double materiality means reporting on both the impact the company has on society and the environment and the sustainability risks the company experiences (e.g., due to climate change and scarcity of resources). See also infra.

²⁶¹ European sustainability reporting standards.

²⁶² Art. 29 b. §1 NFRD, as amended by art. 2 CSRD.

²⁶³ Art. 29b, §2, a, iv NFRD, as amended by art. 2 CSRD.

²⁶⁴ Art. 49, §3, b NFRD, as amended by art. 2 CSRD.

reporting pillar and a sustainability reporting pillar and is considered to be a centre of expertise on corporate reporting.²⁶⁵

EFRAG took international reporting standards into consideration,²⁶⁶ to ensure maximal convergence (e.g. the proposed standards by the International Sustainability Reporting Standards Board (ISSB)).²⁶⁷ This was a fundamental objective of the CSRD²⁶⁸ and was indicated by stakeholders during the standard setting process.²⁶⁹

EFRAG finalised twelve draft ESRS in November 2022,²⁷⁰ subsequently adopted by the Commission.²⁷¹ The ESRS would apply from the first of January 2024.²⁷²

2.2 General principles

Undertakings only have to report on topics material to them. Thus, the first step in sustainability reporting is a materiality assessment,²⁷³ following the double materiality principle. According to this principle, materiality has to be assessed from an “inside out” (impacts the undertaking can have on the environment or society) and “outside in” perspective (how the undertaking itself is – e.g. financially – impacted). A topic becomes more material to the undertaking as its external or financial impact increases.²⁷⁴

²⁶⁵ Preamble 39 CSRD; GINER, Begoña, and Mercedes LUQUE-VÍLCHEZ. A commentary on the “new” institutional actors in sustainability reporting standard-setting: a European perspective. *Sustainability Accounting, Management and Policy Journal* [online]. 2022 [viewed 4 October 2023]. ISSN 2040-8021. Available from: doi:10.1108/sampj-06-2021-0222; EFRAG Today. *EFRAG* [online]. [no date] [viewed 4 October 2023]. Available from: <http://www.efrag.org/About/Facts>.

²⁶⁶ First Set of draft ESRS. Home – *EFRAG* [online]. [no date] [viewed 4 October 2023]. Available from: <http://www.efrag.org/lab6>.

²⁶⁷ First Set of draft ESRS. Home – *EFRAG* [online]. [no date] [viewed 4 October 2023]. Available from: <http://www.efrag.org/lab6>; GINER, Begoña, and Mercedes LUQUE-VÍLCHEZ. A commentary on the “new” institutional actors in sustainability reporting standard-setting: a European perspective. *Sustainability Accounting, Management and Policy Journal* [online]. 2022 [viewed 4 October 2023]. ISSN 2040-8021. Available from: doi:10.1108/sampj-06-2021-0222.

²⁶⁸ Preamble CSRD.

²⁶⁹ Implementing and delegated acts – CSRD. *European Commission* [online]. [no date] [viewed 8 October 2023]. Available from: https://ec.europa.eu/finance/docs/level-2-measures/csrd-delegated-act-2023-5303_en.pdf.

²⁷⁰ First Set of draft ESRS. Home – *EFRAG* [online]. [no date] [viewed 4 October 2023]. Available from: <http://www.efrag.org/lab6>.

²⁷¹ ANNEX to the Commission Delegated Regulation (EU) .../... supplementing Directive 2013/34/EU of the European Parliament and of the Council as regards sustainability reporting standards [online]. [31 July 2023] [viewed 4 October 2023]. Available from: https://ec.europa.eu/finance/docs/level-2-measures/csrd-delegated-act-2023-5303-annex-1_en.pdf (hereinafter: Annex).

²⁷² Corporate Sustainability Reporting Directive. *European Commission* [online]. [no date] [viewed 4 October 2023]. Available from: https://finance.ec.europa.eu/regulation-and-supervision/financial-services-legislation/implementing-and-delegated-acts/corporate-sustainability-reporting-directive_en?fbclid=IwAR19ZCjN39-lpw1UJ1pquuT_6Y9dvXgyqTiyqxNKH2CvEK38NmsSQTmT2l8.

²⁷³ Annex, 33.

²⁷⁴ Annex, 5-8; BAUMÜLLER, Josef, and Karina SOPP. Double materiality and the shift from non-financial to European sustainability reporting: review, outlook and implications. *Journal of Applied Accounting Research* [online]. 2021, 23(1), 8–28 [viewed 4 October 2023]. ISSN 0967-5426. Available from: doi:10.1108/jaar-04-2021-0114; LEVERAGING CORPORATE SUSTAINABILITY REPORTING FOR CIRCULAR TRANSFORMATION – Insights – Circle Economy. *Circle Economy* [online]. [no date] [viewed 8 October 2023]. Available from: <https://www.circle-economy.com/resources/leveraging-corporate-sustainability-reporting-for-circular-transformation>.

2.3 ESRS E5: “resource use and circular economy”

Some undertakings might already report on CE, but the CSRD and ESRS now contain clear obligations for the first time in that respect.²⁷⁵

The ESRS E5 consists of six disclosure requirements (ESRS E5-1 – E5-6). ESRS E5-1 obliges the undertaking to describe its policies to manage its material impacts, risks and opportunities relating to CE and resource use. The undertaking has to take into account how its policies address the waste hierarchy; prioritising minimal waste (by e.g. reusing) over waste treatment (recycling). If material, the undertaking should also indicate how its policies address *inter alia* the depart from using virgin resources.²⁷⁶

Under ESRS E5-2 undertakings should report on resources as well as actions taken or planned to achieve their objectives regarding the CE and resource use. In its sustainability statement, the undertaking may specify if those activities also cover e.g. increasing product durability by applying circular design.²⁷⁷ The actions reported upon might also be collective actions.²⁷⁸

Following ESRS E5-3 the undertaking has to disclose targets supporting its policy regarding CE and resource use. It has to be specified if and how those targets relate to resource in- and outflows, including waste. For each target it should also be clearly indicated which level of the waste hierarchy the target pertains to. The undertaking is free to refer to ecological thresholds as targets. If the target addresses shortcomings in connection with the “*Substantial Contribution criteria for Circular Economy*”²⁷⁹ or the “*Do No Significant Harm criteria*”²⁸⁰, the undertaking may indicate this or not.²⁸¹

ESRS E5-4 pertains to resource inflows relating to the undertakings material impacts, risks and opportunities. If material, the undertaking has to report on e.g. products (including packaging), property, equipment, ... used in its own operations and in the upstream value chain.²⁸²

Undertakings also need to report on resource outflows (including waste) of their own operations or the downstream value chain, following ESRS E5-5. A description is needed on products and materials produced by the undertaking, if they are designed along circular principles such as “durability, reusability, repairability, disassembly, remanufacturing,

²⁷⁵ OPFERKUCH, Katelin, et al. Circular economy disclosure in corporate sustainability reports: The case of European companies in sustainability rankings. *Sustainable Production and Consumption* [online]. 2022, (32), 436–456 [viewed 4 October 2023]. Available from: doi:10.1016/j.spc.2022.05.003; OPFERKUCH, Katelin, et al. Circular economy in corporate sustainability reporting: A review of organisational approaches. *Business Strategy and the Environment* [online]. 2021 [viewed 8 October 2023]. ISSN 1099-0836. Available from: doi:10.1002/bse.2854.LEVERAGING CORPORATE SUSTAINABILITY REPORTING FOR CIRCULAR TRANSFORMATION – Insights – Circle Economy. *Circle Economy* [online]. [no date] [viewed 8 October 2023]. Available from: <https://www.circle-economy.com/resources/leveraging-corporate-sustainability-reporting-for-circular-transformation>.

²⁷⁶ Annex, 147 and 153

²⁷⁷ *Ibid*, 147

²⁷⁸ *Ibid*, 153.

²⁷⁹ As defined in the delegated acts adopted pursuant to Article 13(2) of Regulation (EU) 2020/852.

²⁸⁰ As defined in delegated acts adopted pursuant to Article 10(3), Article 11(3), Article 12(2), Article 14(2), and Article 15(2) of Regulation (EU) 2020/852.

²⁸¹ Annex, 148 and 154.

²⁸² *Ibid*, 148–149.

refurbishment, recycling, recirculation by the biological cycle, or optimisation of the use of the product or material through other circular business models”.²⁸³

If outflows are material, the sustainability statement needs to include the expected durability of the product in relation to the average within the industry. The rates of recyclable content also needs to be stated and the reparability products. Information also needs to be disclosed on the total amount of waste generated and further specifications regarding the composition of the waste (e.g. hazardous) and weight thereof is needed. Additionally, undertakings need to disclose the waste streams relevant to its sector or activities and the materials present in the waste.²⁸⁴

Lastly, undertakings should²⁸⁵ report on anticipated financial effects due to material risks arising from material impacts, risks and opportunities related to CE (ESRS E5-6). In this way, undertakings and readers of the sustainability statement can e.g. gain insight in how risks (could reasonably) have a material influence on the financial position and performance, and cash flows over the short-, medium- and long-term.²⁸⁶

2.4 Other ESRS?

Given the broadness of the concept CE, not only the ESRS E5 is relevant when it comes to embracing the CE. Several other ESRS are also concerned with topics linked to CE. ESRS E5 refers to the ESRS on climate change (ESRS E1), pollution (ESRS E2), water and marine resources (ESRS E3) and biodiversity and ecosystems (ESRS E4).²⁸⁷ However, addressing all these disclosure requirements would exceed the scope of this paper.

3. CSRD (and ESRS) as a leverage for CE?

In the previous part, the disclosure requirements regarding CE, following the CSRD and the ESRS, were set out. The question still needs to be answered whether CSRD can act as a leverage for the circular economy and thus can push companies towards embracing circularity in their entire supply chain.

The answer is nuanced. Undertakings have to report on matters concerning CE when these are considered material to them. When this is the case, they will have to report on their policy on CE, their targets set in order to support this policy, actions taken or planned addressing the CE, resource in- and outflows as well as anticipated financial effects. The aforementioned reporting requirements are not to be underestimated and cover a wide range of aspects of CE As stated in the beginning of this paper, there’s no unanimously accepted definition of CE, which makes it harder to assess to what extent CE-aspects are covered.

²⁸³ *Ibid*, 149–150.

²⁸⁴ *Ibid*, 149–150.

²⁸⁵ The undertaking may omit this for the first year of preparation of its sustainability statement and for the first three years thereof, undertakings will be considered compliant to by only reporting on qualitative disclosure. Annex,31

²⁸⁶ Annex, 150–151.

²⁸⁷ Annex, 146.

In light of the independent expert report “Categorisation system for the circular economy”,²⁸⁸ it can be concluded that the latter imposes higher circularity-requirements to companies than the ESRS E5 e.g. the categorisation system often indicates that companies should go beyond what European or international standards impose,²⁸⁹ whereas this is not the case with the ESRS E5. Thus, the obligations imposed by the ESRS and the CSRD are rather vague in comparison with the Expert Report. A possible explanation is that CSRD focuses on reporting, while the Categorisation system categorizes effective ways to engage in CE and sets minimum criteria for activities in order to be considered as contributing to the CE.

Reporting on CE, however, does not necessarily equate to caring about or implementing CE. This can be illustrated by previous research. A relatively small-scale study in the food industry, carried out expert-interviews and noted that: “*The experts see the promotion of a circular economy through mandatory reporting as a general possibility, although a connection between reporting and actual implementation by the companies in practice is considered difficult. In general, experts agree that the additional reporting requirements can be seen as a good first step towards the circular economy and raising awareness.*”²⁹⁰

That conclusion can, in our opinion and with some remarks, be generalised for circular economy-reporting as a whole. Indeed, the contribution of the CSRD and ESRS to the CE is indirect. The majority of efforts towards CE remain with the undertakings. It is thus not necessarily the CSRD and ESRS that act as a leverage for CE, rather the companies subject to the CSRD and ESRS can seize the opportunity of sustainability reporting to embrace the CE. It is up to the companies to show they are frontrunners or how well they care about CE. From that perspective companies might be incentivised given the high reputational²⁹¹ cost of non-adherence. A comparable incentive was identified in prior academic research on the NFRD, when reporting became obligatory. Certain companies took that as an opportunity to “*develop internal processes to improve its relations with external subjects that hold key resources*”.²⁹²

Nonetheless, the ESRS discussed above exclusively apply to large undertakings.²⁹³ Standards should still be developed for small and medium-sized undertakings.²⁹⁴ In the EU, not even 1 % of the total corporate landscape qualifies as a large company.²⁹⁵ Consequently, the implications of these ESRSs needs to be nuanced.

²⁸⁸ Categorisation system for the circular economy – Independent Expert Report. *Publications Office of the EU* [online]. 2020 [viewed 16 October 2023]. Available from: <https://op.europa.eu/en/publication-detail/-/publication/ca9846a8-6289-11ea-b735-01aa75ed71a1/language-en>.

²⁸⁹ *Ibid.*, 9.

²⁹⁰ FALKENBERG, Christof, Carina SCHNEEBERGER, and Siegfried PÖCHTRAGER. Is Sustainability Reporting Promoting a Circular Economy? Analysis of Companies’ Sustainability Reports in the Agri-Food Sector in the Scope of Corporate Sustainability Reporting Directive and EU Taxonomy Regulation. *Sustainability* [online]. 2023, 15(9), 7498 [viewed 4 October 2023]. ISSN 2071-1050. Available from: doi:10.3390/su15097498.

²⁹¹ See e.g.: OPFERKUCH, Katelin, et al. Towards a framework for corporate disclosure of circular economy: Company perspectives and recommendations. *Corporate Social Responsibility and Environmental Management* [online]. 2023 [viewed 8 October 2023]. ISSN 1535-3966. Available from: doi:10.1002/csr.2497.

²⁹² AURELI, Selena, et al. Nonfinancial reporting regulation and challenges in sustainability disclosure and corporate governance practices. *Business Strategy and the Environment* [online]. 2020, 29(6), 2392–2403 [viewed 8 October 2023]. ISSN 1099-0836. Available from: doi:10.1002/bse.2509.

²⁹³ Undertakings are considered large if, on their balance sheet dates, they exceed minimum one of the following three criteria: balance sheet total 20.000.000; net turnover 40.000.000; average number of employees during the financial year: 250. See definition in art. 3 of the Accounting Directive.

²⁹⁴ Art. 29c NFRD, as amended by art. 2 CSRD.

²⁹⁵ Small and medium-sized enterprises: an overview. *EUROSTAT* [online]. [no date] [viewed 8 October 2023]. Available from: <https://ec.europa.eu/eurostat/en/web/products-eurostat-news/-/ddn-20200514-1>

Additionally, the CSRD is a Directive and thus still needs to be nationally transposed, for which the member states in principle have time until the 6th of July 2024.²⁹⁶ In transposing a Directive, member states can go beyond minimum requirements set in the Directive. In order to assess the entire concrete impact of the CSRD, the national transposition thereof needs to be assessed as well.

Even so, the influence of the CSRD and ESRS towards more circularity is still considerable. First, it raises awareness on circularity. Second, as the EU already indicated in its Taxonomy Regulation, “*economic activities can contribute substantially to the environmental objective of transitioning to a circular economy in several ways*”.²⁹⁷ Thirdly, policies of large ESG ambitious companies relating to the selection of contract partners, but also CSRD-rules on disclosure of practices of business partners in the value chain, could stimulate other companies to be more engaged in the CE.

Lastly, the materiality assessment of topics is a management decision. However, management most probably won't be able to omit certain topics that are in fact material to the undertaking, nor will they take the risk to engage in greenwashing given the sustainability statement of undertakings is subject to auditing practices (“limited/reasonable assurance”).

CONCLUSION

The aim of this study was to examine whether and to what ESG-regulation and more precisely the CSRD, can contribute towards circularity and thus act as a leverage for the CE. The scope of the research was therefore limited, but it would be interesting to explore in future research to what extent the same conclusions can be drawn with regards to other ESG-regulation such as the SFRD...

Following the CSRD, it will be mandatory for companies, falling within the scope, to report on CE, as far as it is material to the company. Whether something is material (inside out or outside in) is determined by the company itself and thus is (to some extent) a management decision. However, this can be countered by the fact that the CSRD henceforth makes limited or reasonable assurance mandatory. How far this assurance reaches and how effective it is, could not be ascertained in this study due to its scope, but could inspire further research.

Companies within the scope of the CSRD and ESRS discussed in this paper will have to look at their value chain and if materially relevant report on the circular dimension. As indicated, the ESRS discussed in this paper apply only to large companies, which in the EU constitute a very small minority. For (listed) small and medium-sized companies, standards are still pending. Thus, whether for those companies the CSRD will really be able to leverage the CE will strongly depend on the content of these standards. Future research should therefore examine this. However, one can expect that, large companies might want to force or push their suppliers and subcontractors to embrace circularity or as part of a value chain, companies might thus still be asked by larger companies to provide information on CE.²⁹⁸

²⁹⁶ Art. 5.1 CSRD.

²⁹⁷ Preamble 28 Taxonomy Regulation.

²⁹⁸ Information material to the sustainability matter involved. Note that CSRD is limiting the requests large companies can make.

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