

## **G7ARE Workshop on Circular Metrics and Reporting Summary of Discussions**

### **Event Outline**

G7ARE Workshop on Circular Metrics and Reporting was organized on February 25, 2025, hosted by the Ministry of the Environment of Japan, with the aim of reviewing the latest initiatives on circular metrics and reporting at national and corporate levels, highlighting challenges and opportunities in developing relevant standards, setting targets, and identifying areas for international cooperation among governments, the private sector, and stakeholders.

### **Contents and Structure**

The meeting was opened by **Ichiro SUMIKURA**, Director-General for Resource Circulation, Ministry of the Environment, Japan. In the first session for “**Circular Metrics at the Macro-Level**”, framing presentations on the key publications and recent initiatives on the topic were introduced by Peter BORKEY (Circular Economy Lead, OECD) and Michael Nagy (Senior Statistician, Statistical Division, UNECE), followed by presentations on practical examples of national/regional circularity metrics by Arturo de La Fuente (Acting Director of Eurostat, EU), Chika Aoki-Suzuki (Senior Researcher, Institute for Global Environmental Strategies, Japan) and Michael Hawco (Manager, Plastics Regulatory Affairs Division, Environment and Climate Change Canada, Canada).

The second session on “**Circular Metrics at the Corporate Level and Reporting**” started with a roundtable discussion moderated by Satoshi Yoshida (Director for International Resource Circulation and Circular Economy, Ministry of the Environment, Japan), with contributions from Anis Nassar (Lead, WEF), Catherine Chevauche (Circular Economy Director at Veolia and the Chair of ISO TC 323 Circular Economy), Filipe Camaño Garcia (Manager, WBCSD), and Kavita Sachwani (Senior Implementation Guidance Coordinator, UNEP Finance Initiative). Finally, country presentations were delivered from Laura Cutaia (Senior Researcher, National Agency for Energy and Environment, Italy) and Satoshi Yoshida (MOE, Japan) to showcase practical examples of, and ongoing discussions on the corporate and value chain-level metrics. The workshop was closed with brief summary of discussion and appreciation from Satoshi Yoshida, who also called for continued discussion among G7 on this topic and enhanced cooperation with stakeholders.

### **Key Discussions**

#### **Part I: Circular Metrics at the Macro-level**

- As countries move to more resource-efficient and circular economies, it is essential to track progress of their resource efficiency and circularity at the national level. On macro-level metrics, diverse circularity metrics are increasingly being incorporated to national CE strategies/action plans to keep track of progress of actions, with continuous efforts for further improving indicators and data. However, currently, definitions and formulas for key indicators differ across countries posing difficulty of comparability.
- UNECE and OECD are cooperating on the development of a set of guidelines and a conceptual monitoring framework for the measurement of progress towards a resource efficient circular economy at the macro level is published. Further work towards guidance on the measurement of key indicators is currently under way.
- (1) Data availability and quality, (2) Indicator definitions and measurement methods, (3) Indicator interpretations and use are among the areas of policy actions to be given priority.
- Clarifying terms and definitions and establishing conceptual monitoring framework as well as linkage to existing statistics are important foundation for measuring CE.

- On national level, availability, accessibility, standardization, quality and consistency, comparability and scalability of data pose challenges. In particular, methodological challenges and data gaps are evident for higher R-strategies, employment in CE sectors and consumer behavior. Countries can address these data gaps through (1) making better use of existing data sources in the public domain, (2) exploiting novel data sources that are so far not used, and (3) making use of innovative sourcing techniques and tools to generate new data, to fully operationalize monitoring systems.
- In addition, coordination and collaboration among different agencies domestically for improved data collection, findability, quality assurance...etc. where there is abundance of data, and funding and resources for data expansion are also issues that needs to be dealt with. International cooperation in harmonized protocols and indicators are also important.

## **Part II: Circular Metrics at the Corporate level and Reporting**

- Business executives are increasingly interested in CE not only for sustainability reasons but also from business strategic reasons.
- Circular transformation requires a common performance and accountability system which can evaluate opportunities and progress of CE actions at the corporate level. Such management information can be linked to financial market to assist investment decisions towards increasing financial flows to circular business models and technologies. Banks are also encouraged to align and integrate circularity in their businesses by addressing risks associated with linear and circular business models and to leverage circular solutions and opportunities.
- At the corporate level, there are a number of tools/methodologies for businesses to assess corporate-level circularity performances, there is also growing need among companies for a common set of metrics and reporting framework for disclosure. Guidelines and initiatives are also being developed for financial institutions, laying out how banks can integrate circular approaches into their operations. Harmonization of CE monitoring framework, metrics and disclosure schemes can also accelerate unlock CE financing and support sustainable banking.
- Unlike climate-related indicators which often rely on a single metrics such as CO2 emissions, CE metrics require tailored-approach, catering to unique measurement needs of different industries/sectors. Striking the right balance between simplicity and manageability and accuracy in capturing performance is another dimension to be considered in developing a common metrics.
- Data availability and quality is also an issue for corporate level performance measurement. In addition, setting boundary for monitoring and measuring is not a simple task given the interconnected and transboundary nature of the value chain.
- International collaboration is important to maximize the impact of the relevant work. It was proposed that G7 may send signal that the members recognize the business led initiatives that promote disclosure measures of CE, taking the opportunity of upcoming UNEA-7. The importance of showcasing successful business cases and experience of transitioning into CE was also highlighted as a means to maintain international momentum to promote CE.

## **Conclusion**

- The importance of creating a common language for circular economy metrics to facilitate collaboration among governments, industries, and financial institutions was emphasized. There is a growing need for a space which can bring diverse stakeholders together including government, business and financial institutions to discuss the metrics and reporting, thereby addressing the duplication and fragmentation of efforts and work towards harmonized rules and standards.