

# FINANCIAL ACCOUNTING IN THE CIRCULAR ECONOMY

Redefining value, impact, and risk to  
accelerate the circular transition

Rethink the way we do business to ensure a liveable planet. With enough resources for current and future generations to enjoy a healthy life. This is a shift that requires cross-sector collaboration between businesses, accountants, regulators and financiers.

Current accounting and reporting techniques focus mainly on short-term and solely financial outcomes without taking into consideration the effect of the business on the planet and wellbeing of people. It is necessary to develop new ways of valuing products and materials; ways that consider societal and environmental impact, and rethink risk in the context of the circular economy.

**'TOGETHER, BUSINESSES, ACCOUNTANTS,  
REGULATORS AND FINANCIERS CAN DRIVE  
THE CIRCULAR TRANSITION!'**

[Read more in the original paper](#)



## INTERNAL ACCOUNTANTS

“How can I account for value created with circular business models?”

Internal accountants should work with their businesses to redefine approaches to measuring impact and circular activities, and experiment with new accounting solutions.

Preparing for new circular and sustainability impact reporting under the Corporate Sustainability Reporting Directive (CSRD) will further drive the integration of impact data into reporting and managerial decision making.



## REGULATORS

“How can I remove legislative obstacles to the scaling of circular businesses?”

Regulators must continue to standardise how circularity can be measured and stimulate their widespread adoption. Measurable and cross-transferable standards are necessary to create a level playing field.



## EXTERNAL AUDITORS

“How can I support businesses that experiment with circularity?”

External accountants can actively engage with companies that experiment with integrating circular impact data in reporting.

Sharing knowledge and insights will improve the quality of circular reporting.



## FINANCIERS

“How can I facilitate investments in circular business models?”

Financiers can contribute to directing capital towards circular business activities, by considering positive social and environmental impact as a risk-mitigating mechanism, and by evaluating risks of continuing linear practices. Disclosure is crucial to demonstrate progress and provide assurance to stakeholders.



## BUSINESSES

“How can I quantify my impact on society and the environment?”

Companies must begin by collecting and measuring circular impact data, using one of the many frameworks available.