

# Strategy for implementation of sustainability reporting by enterprises in Ukraine

Liudmyla HAPONENKO

December 3, 2024




Public Sector Accounting and Reporting Program

---

PULSAR Program is co-funded by:

 Federal Ministry  
Republic of Austria  
Finance

 Schweizerische Eidgenossenschaft  
Confédération suisse  
Confederazione Svizzera  
Confederaziun svizra

Swiss Confederation

Federal Department of Economic Affairs,  
Education and Research EAER  
State Secretariat for Economic Affairs SECO

---

# Global Sustainable Development Goals



In September 2015, 193 countries of the world approved the Global Sustainable Development Goals (SDGs) until 2030. Thus, the majority of states on the planet decided to join forces to overcome the global problems of humanity - poverty, hunger, equality, low standard of living, pollution of nature and others. A total of 17 global goals were adopted:



# Content



- ✓ Background for implementation sustainability reporting by enterprises
- ✓ Legal acts operating in the relevant spheres
- ✓ The purpose of the Strategy
- ✓ Strategic goals and ways to achieve them
- ✓ The main stages of the implementation of the Strategy
- ✓ Expected results of the implementation of the Strategy

# Strategy for implementation of sustainability reporting by enterprises



On October 18, 2024, the Cabinet of Ministers of Ukraine adopted Order No. 1015

“On the approval of the Strategy for the implementation of sustainability reporting by enterprises“

By the Order No. 1015 the Operational plan for the Strategy implementation in 2024-2026 was approved. It defines the first steps of implementation of sustainability reporting



# Background for sustainability reporting implementation by enterprises



## 1. Global Sustainable Development Goals

Ukraine, as a member of the UN, joined the global process of sustainable development after the adoption in 2015 at the UN Summit of the final document "Transforming our world: an agenda in the field of sustainable development until 2030", which approved 17 goals of sustainable development until 2030

## 3. Goals of sustainable development of Ukraine

Decree of the President of Ukraine dated September 30, 2019 No. 722 "On the Sustainable Development Goals of Ukraine for the period until 2030" defines the Sustainable Development Goals of Ukraine for the period until 2030, which are guidelines for the development of projects of forecasting and program documents, projects of regulatory and legal acts to ensure balance of economic, social and ecological dimensions of sustainable development of Ukraine

## 2. Association Agreement

In connection with the signing of the Association Agreement in 2017, Ukraine undertook to harmonize national legislation with the requirements of European legislation, in particular in the areas of accounting and auditing

## 4. Acquisition of candidate status by Ukraine

Since Ukraine acquired the status of a candidate for membership in the European Union on June 23, 2022, bringing the legislation of Ukraine into compliance with the requirements of European legislation became one of the main obligations of Ukraine in this process

# Legal acts regulating sustainability reporting in the EU



1

Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU, as regards corporate sustainability reporting

2

Commission Delegated Regulation (EU) 2023/2772 of 31 July 2023 supplementing Directive 2013/34/EU of the European Parliament and of the Council as regards sustainability reporting standards

3

Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings

4

Directive 2006/43/EC of the European Parliament and of the Council of 17 May 2006 on statutory audits of annual accounts and consolidated accounts, amending Council Directives 78/660/EEC and 83/349/EEC and repealing Council Directive 84/253/EEC

5

Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC

# Reporting on individual indicators before the adoption of the Strategy



2015

Ukraine joined the global process of ensuring sustainable development and started the inclusive process of adaptation of the SDGs. Each global goal was considered taking into account the specifics of national development



2017

The national report "Sustainable Development Goals: Ukraine" is the basis for the national system of SDGs in Ukraine. 86 tasks of national development have been determined and target values until 2030 have been set



2019

Decree of the Cabinet of Ministers of Ukraine dated August 21, 2019 No. 686 "Issues of data collection for monitoring the implementation of sustainable development goals"



2019, 2020, 2022

Before the full-scale invasion of the Russian Federation into Ukraine three Monitoring Reports "Sustainable Development Goals: Ukraine" were prepared and published



183 indicators have been approved, according to which data are collected for monitoring the implementation of the SDG, their disaggregation, as well as the managers of the relevant information and the terms of its delivery are determined

The State Statistics Service of Ukraine has been designated as the coordinator of data collection and monitoring the implementation of the SDG and develop metadata based on the identified indicators

Responsible for providing data and calculating indicators are central executive authorities, state authorities, and scientific institutions. In total, 31 authorities provide data for the reports

# Management report



Order of the Ministry of Finance dated December 7, 2018. No. 982 "On the approval of Methodological recommendations for drawing up a management report"

Large companies and issuers of securities whose securities are admitted to trading on the regulated capital market or whose securities have been publicly offered in accordance with the Law of Ukraine "On Accounting and Financial Reporting in Ukraine" are included to enterprises of public interest

Currently, these enterprises disclose separate elements of sustainability reporting in the management report in accordance with the requirements of Directive 2013/34/EU. The management report is subject to mandatory publication

Management report - a document containing financial and non-financial information that characterizes the state and prospects of the enterprise's development and discloses the main risks and uncertainties of its activity

In Ukraine management reports are submitted by large and medium-sized enterprises. At the same time, medium-sized enterprises can include only financial information in it. Micro-enterprises and small enterprises are exempted from submitting a management report

Management reports are a source of information for potential investors and the public about the company's management's vision of performance that cannot be obtained from financial statements

The management report is submitted with the financial statements, does not repeat the financial statements and notes thereto and is an independent report with its own purpose and tasks



# Directive (EU) 2022/2464



1

## Corporate sustainability reporting

Directive (EU) 2022/2464 amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU

2

## Mandatory implementation in Ukraine

The mandatory implementation of Directive 2022/2464 in Ukraine is stated in the European Commission Report on Ukraine for 2023

3

## Requirements of Directive (EU) 2022/2464

The directive requires a certain list of companies to include in a separate section of their management report the information necessary to understand the company's impact on sustainable development issues, as well as the information needed to understand how sustainability issues affect a company's growth, performance and position

4

## According to the Directive 2022/2464 sustainability reporting is mandatory:

- from January 1, 2024 – for enterprises which apply the Directive on non-financial reporting 2014/95/EU (amends Directive 2013/34/EU);
- from January 1, 2025 – for large enterprises;
- from January 1, 2026 – for small and medium-sized enterprises registered in the EU;
- from January 1, 2028 – for companies outside the EU that have branches/subsidiaries

# European Sustainability Reporting Standards (ESRS)



On July 31, 2023, the European Commission adopted Commission Delegated Regulation (EU) 2023/2772 supplementing Directive 2013/34/EU of the European Parliament and of the Council as regards sustainability reporting standards.

This Regulation adopted the European Sustainability Reporting Standards (ESRS). Companies must use them for reporting on sustainable development.

**ESRS determine the procedure for disclosure of information in the following areas:**



in relation to ecology — mitigating the consequences of climate change; adaptation to climate change; water and marine resources; resource use and closed-loop economy; pollution; biodiversity and ecosystems



in relation to the social environment — equal opportunities for all; working conditions; respect for human rights



in relation to management — the role of management and supervision bodies at the enterprise; business ethics and corporate culture; management and quality of relations with business partners; internal control and risk management systems

# Legal acts regulating sustainability reporting in Ukraine



1

Decree of the President of Ukraine dated September 30, 2019 No. 722 "On the Sustainable Development Goals of Ukraine for the period until 2030"

2

Law of Ukraine "On Accounting and Financial Reporting in Ukraine"

3

The Law of Ukraine "On the Audit of Financial Statements and Auditing Activities"

4

Resolution of the Cabinet of Ministers of Ukraine dated February 28, 2000 No. 419 "On approval of the Procedure for submitting financial statements"

5

Order of the Ministry of Finance dated December 7, 2018. No. 982 "On the approval of Methodological recommendations for drawing up a management report"



# The purpose of the Strategy is

introduction of sustainability reporting in Ukraine by 2030, which will ensure



adaptation of national legislation to the European Union legislation in this area

facilitate the joining international capital markets by Ukrainian enterprises

attraction of foreign investments

Implementation of the Strategy is carried out by achieving **2 strategic goals**:

# Strategic goal 1: ways of achievement



1

Implementation in Ukraine of the preparation, submission and publication of sustainability reporting by enterprises in accordance with the European Sustainability Reporting Standards (ESRS)

It is achieved by:



implementation of the requirements of European legislation on sustainability reporting



development of the procedure for submitting and publishing reports of sustainability reporting



application of European Sustainability Reporting Standards (ESRS) by enterprises



determination of the mechanism and methods of communication between state authorities and other administrators of administrative data with entities to provide clarifications and consultations of sustainability reporting



the introduction of a single electronic format of sustainability reporting compiled in accordance with the European Sustainability Reporting Standards (ESRS)

# Strategic goal 2: ways of achievement

2

Introduction in Ukraine procedures for auditing the sustainability reporting of enterprises and an effective mechanism for monitoring the quality of the provision of audit services

It is achieved by:



legal settlement of the issue of providing assurance the sustainability reporting for their use by subjects of audit activity during the performance of relevant tasks

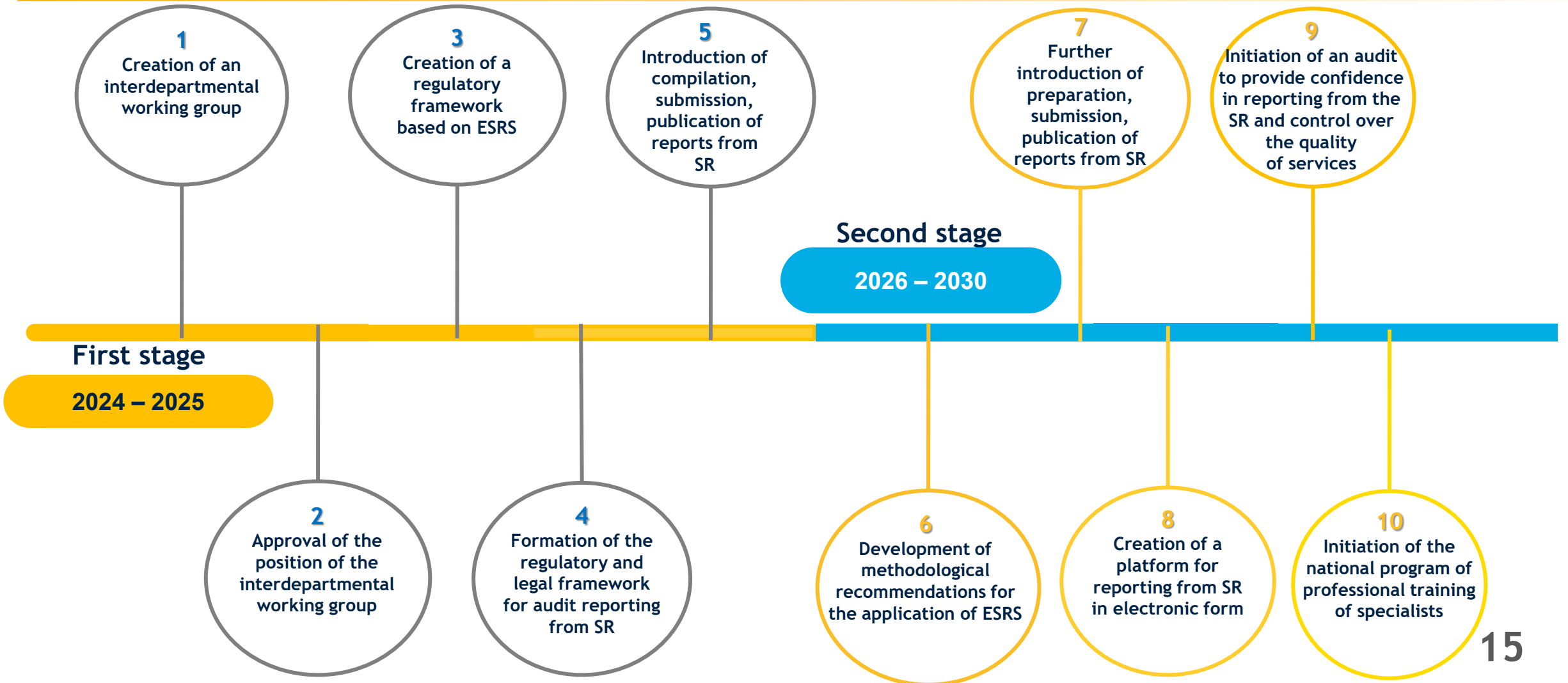


improvement of the requirements for the regulation of audit activity to ensure the quality of the provision of audit services for sustainability reporting in accordance with established international standards



to conduct of organizational measures to ensure the training of specialists in conducting audits the sustainability reporting and improving their qualifications

# The main stages of the implementation of the Strategy



# Expected results of the Strategy implementation



Implementation of the Strategy will contribute to achieving the following results



ensuring the compliance of Ukrainian legislation in the field of sustainability reporting with the requirements of EU legislation in this area



compilation in accordance with the European Sustainability Reporting Standards (ESRS), submission and publication by enterprises of sustainability reporting together with an audit report on the compliance of sustainability reporting with the requirements of the European Sustainability Reporting Standards (ESRS)



users of the sustainability reporting receive reliable and objective information necessary for evaluating the environmental and social aspects of the enterprises' activities and their impact on the natural environment



creation of conditions equal to those of EU enterprises for the activity of Ukrainian enterprises on international capital markets



increasing the volume of attracting investments in enterprises that submit and publish sustainability reporting



# Thank you!




Public Sector Accounting and Reporting Program

---

PULSAR Program is co-funded by:

 Federal Ministry  
Republic of Austria  
Finance

 Schweizerische Eidgenossenschaft  
Confédération suisse  
Confederazione Svizzera  
Confederaziun svizra

Swiss Confederation

Federal Department of Economic Affairs,  
Education and Research EAER  
**State Secretariat for Economic Affairs SECO**

---