



Business Readiness for ESG Standards Implementation: Findings and Recommendations

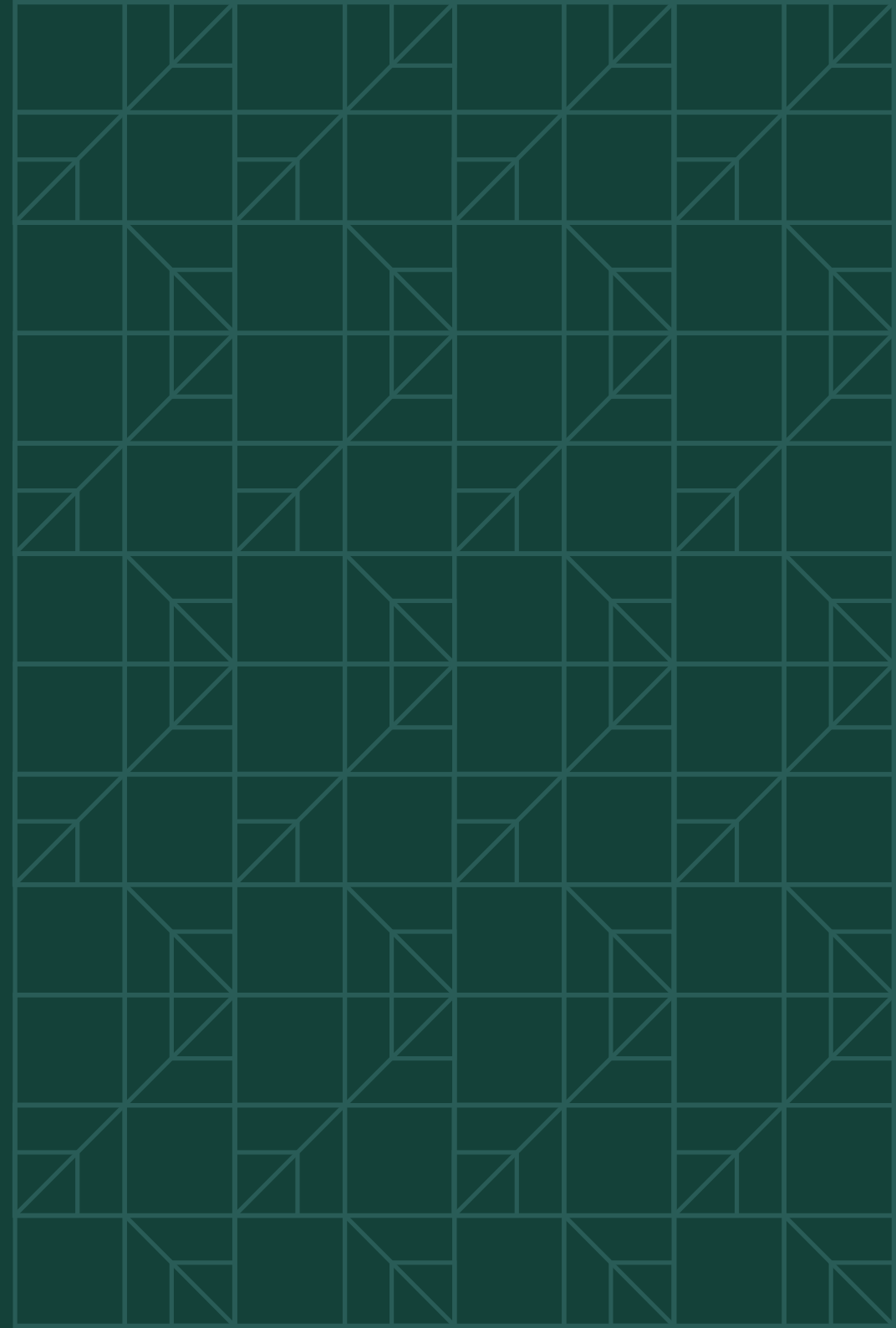
Project PST24UA03
"Study Environmental Social Governance (ESG) in Ukraine"



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About the Green Transition Office



Green Transition Office

Our goal is to create conditions for Ukraine's economic recovery and growth through green transformation while maintaining the competitiveness of Ukrainian businesses. One of the Office's long-term priorities is supporting Ukraine's accession to the EU.

The Green Transition Office is a permanent advisory body under the Ministry of Economy of Ukraine. It assists in implementing reforms in green transition, energy, and climate policies. The Office operates with support from the British Embassy in Ukraine and is implemented by the NGO Dixi Group.



We aim to simplify ESG reporting for Ukrainian businesses according to European standards

ESG Governance and Reporting

- Legislative proposals in ESG (recommendations for EU directive adaptation, guidelines for standards)
- Seminars and events to promote ESG awareness (involving government and international organisations)

Development of ESG capabilities in local businesses

- Analytical documents on ESG topics (frameworks, standards, etc.)
- Research of Ukraine's ESG landscape
- Awareness campaigns to integrate ESG practices into business agendas (via associations etc.)

Development of ESG infrastructure

- Educational programs on ESG topics in partnership with Ukrainian academia
- Universal solutions for managing ESG data for businesses
- A universal database for ESG reporting aligned with the EU digital taxonomy

About the Study on Ukrainian Business Readiness for ESG Standards Implementation

Research Organisers

Initiator

The research was initiated by the Green Transition Office as part of its strategy to support ESG standards implementation in Ukraine.

Partners

Dixi Group LLC, Green Transition Office, and the Ministry of Foreign Affairs of the Netherlands supported this research to objectively assess the state of ESG practices implementation in Ukrainian businesses.

Funding

This project received financial support from the Ministry of Foreign Affairs of the Kingdom of the Netherlands and is implemented within the framework of the Private Sector Development Program of the Netherlands Enterprise Agency (RVO.nl).

Research Agency

A professional research agency, Infosapiens, was engaged in conducting the study. The agency worked on developing the methodology, sampling, field stages of qualitative and quantitative research, focus groups, and drafting a report on the research results.

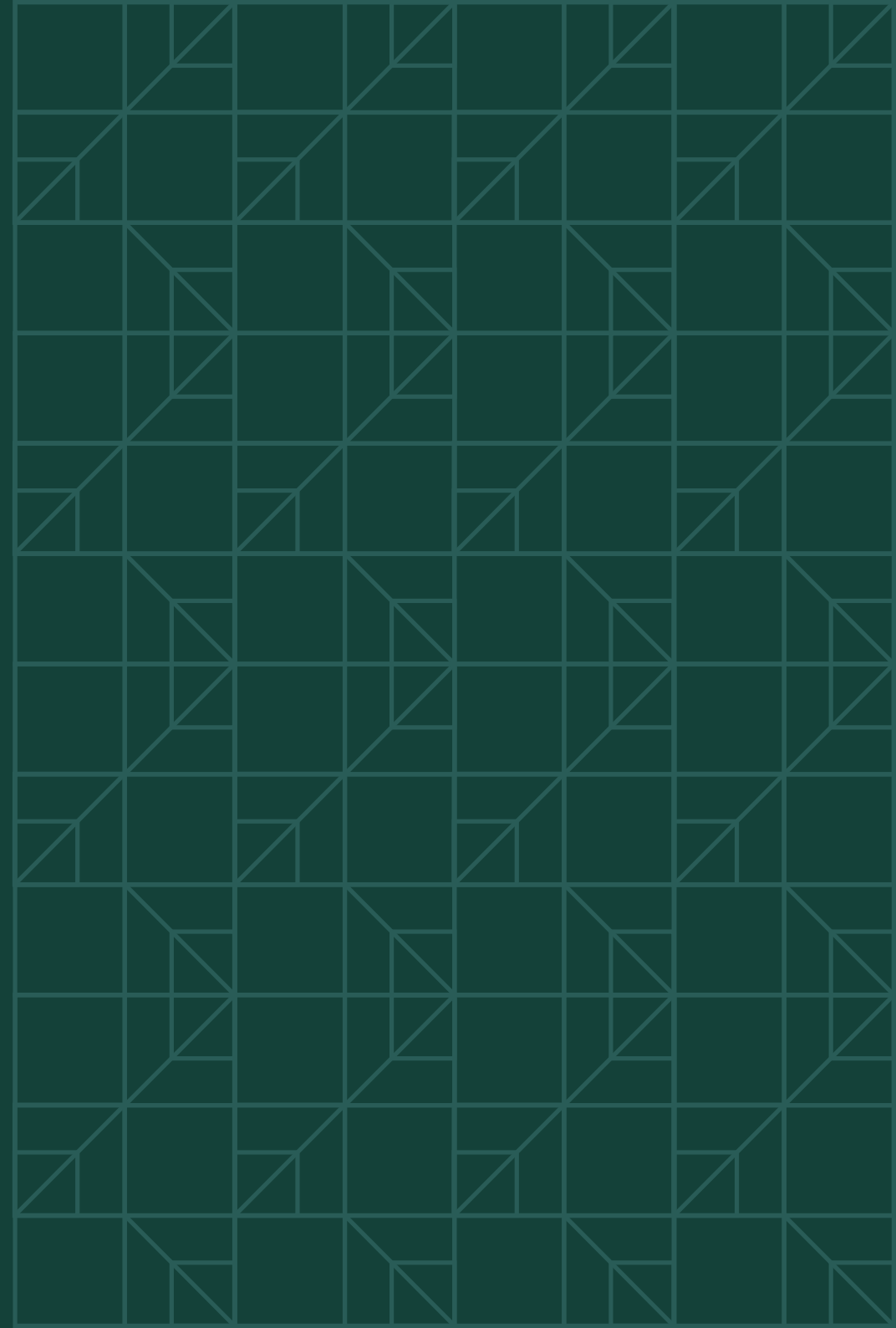
Research Goals and Objectives

The research aimed to assess the state of ESG practices in Ukrainian businesses and their role in Ukraine's future recovery. Specifically, it evaluated companies' readiness to implement European sustainability standards, compliance with EU directives (CSRD & ESRS), key challenges, and opportunities for developing ESG practices in Ukraine.

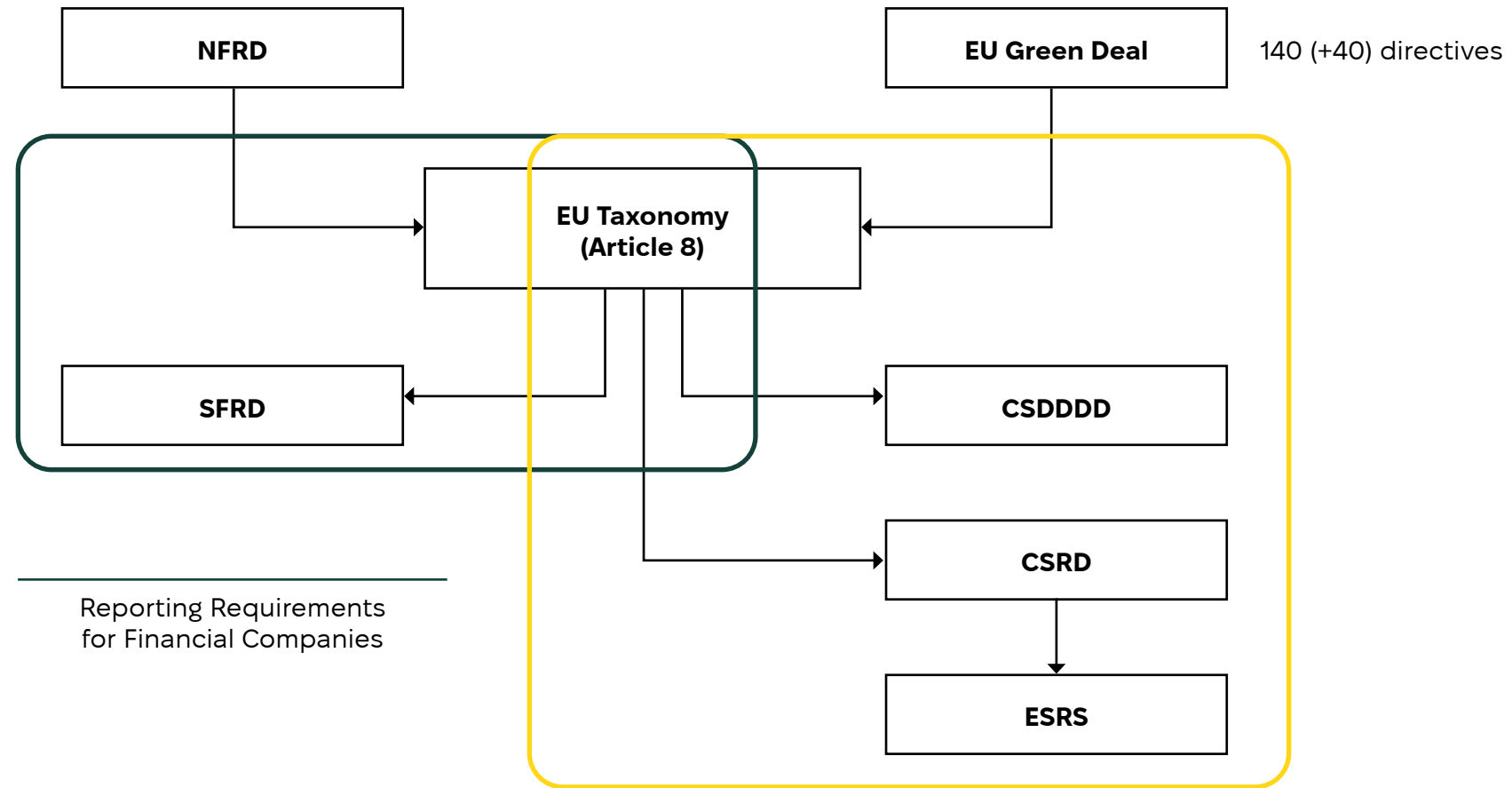
Considering the results of this study, the Green Transition Office presents its recommendations on overcoming challenges and strengthening opportunities to help Ukrainian businesses implement new ESG requirements.

The research results will be considered when implementing the ESG Strategy, which is being introduced by the Ministry of Finance of Ukraine and others. Additionally, the Green Transition Office's research results and recommendations will be useful to a broader range of stakeholders - public and professional organisations (working on the ESG topic) and managers of Ukrainian businesses and organisations (who are interested in implementing ESG or will be obligated to do so within the framework of new requirements).

Changes in EU and Ukrainian Legislation on ESG



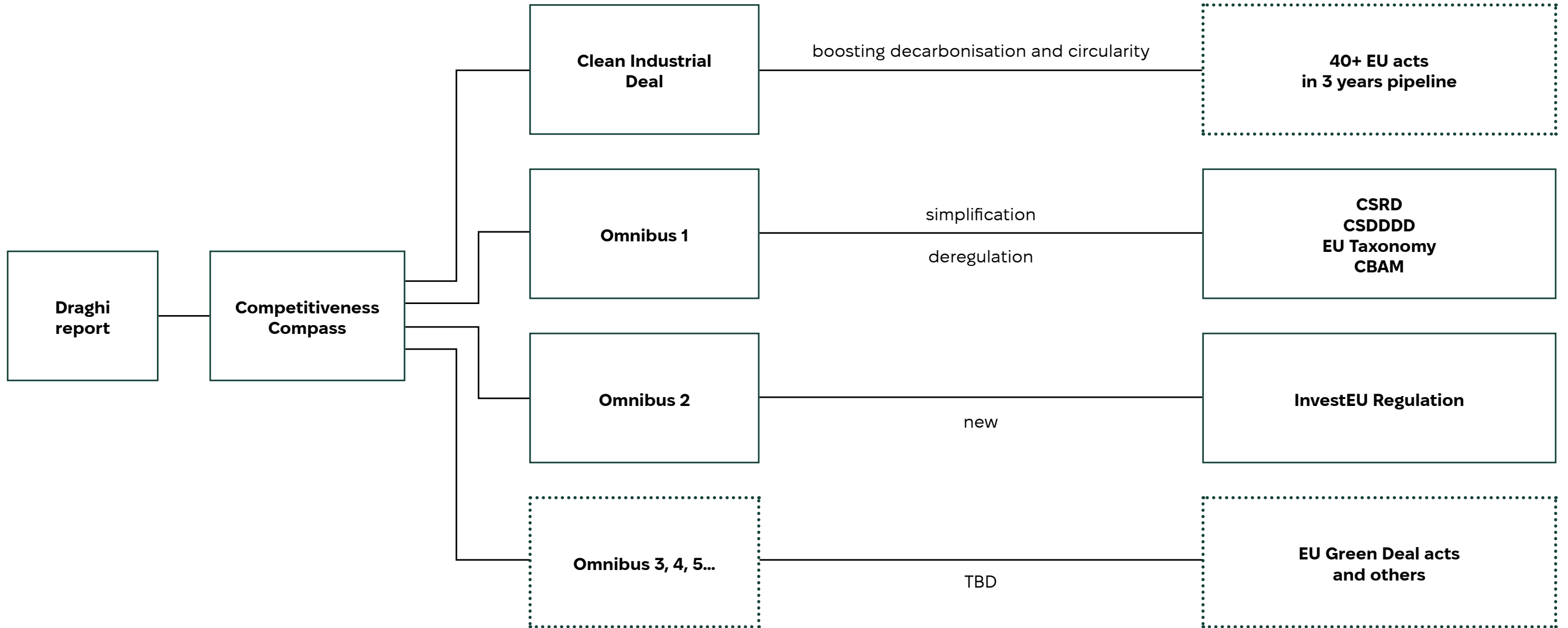
EU legislation on ESG governance



Reporting Requirements
for Financial Companies

Reporting Requirements
for Non-Financial Companies

EU Omnibus - Simplification of Sustainable Development Regulation in the EU



What is Proposed to Change in the Corporate Sustainability Reporting Directive (CSRD)

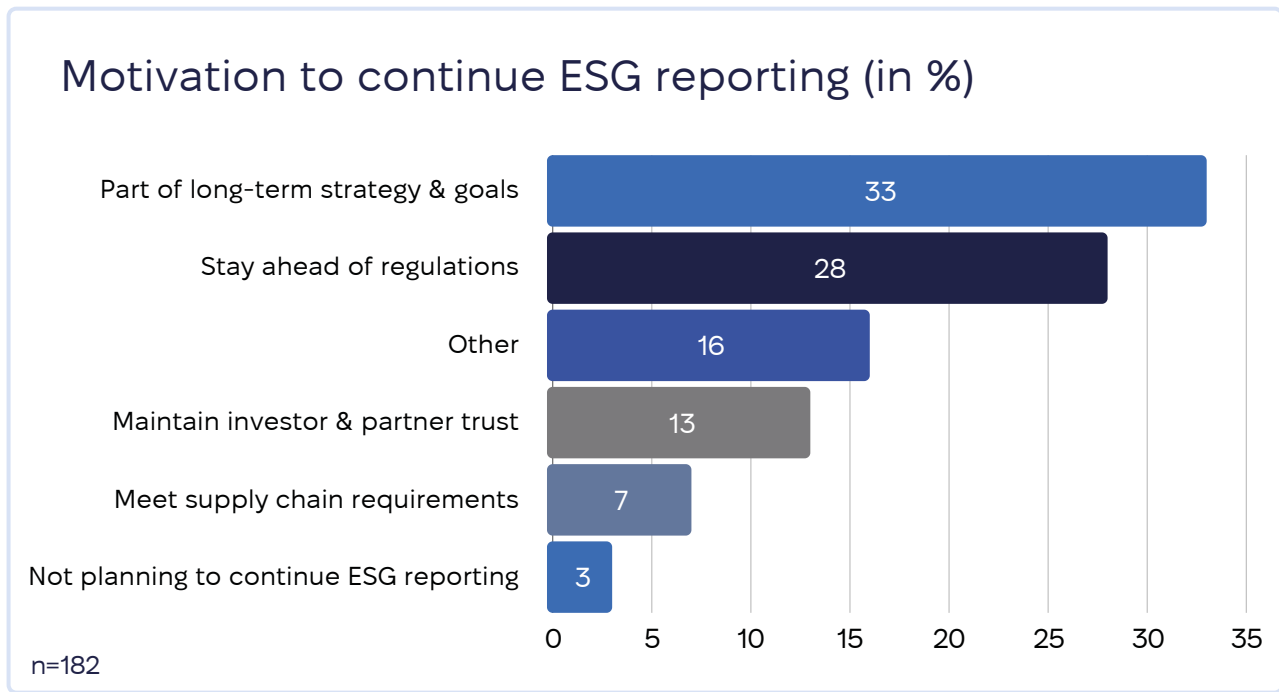
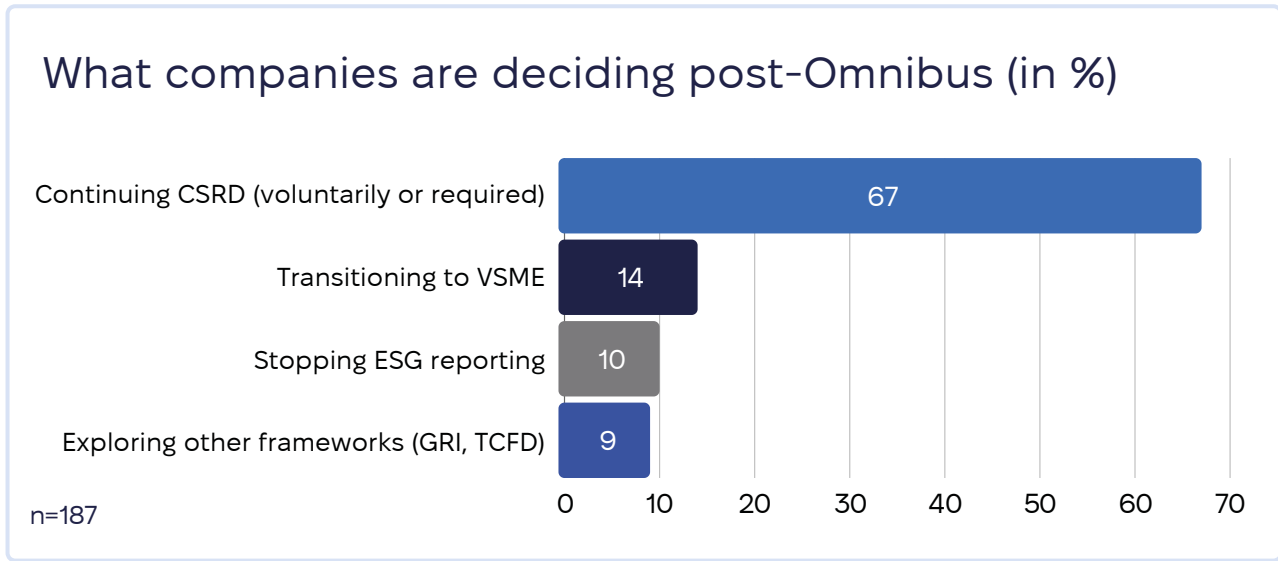
	How it is now	New proposal
Scope of companies	>250 employees = approximately 50,000 companies in the EU	>1000 employees = approximately 7,000 companies in the EU (-80%)
Timeline	1st wave = 2025 2nd wave = 2026 3rd wave = 2027	2nd and 3rd waves + 2 years
Reporting standards	ESRS (12 standards) = > 1000 data points	Reduction in the number of data points (ESFRAG half a year for development)
Sectoral standards	Mandatory from 2026 for 12+ industries (standards not yet developed)	Cancellation of industry standards (EFRAG will not develop them)
Definition of materiality	Double materiality (financial + impact)	No changes!
External assurance	Limited assurance + resonable in a year	Only limited assurance

Main Changes in CSDDD and EU Taxonomy That Will Affect Sustainable Development Reporting

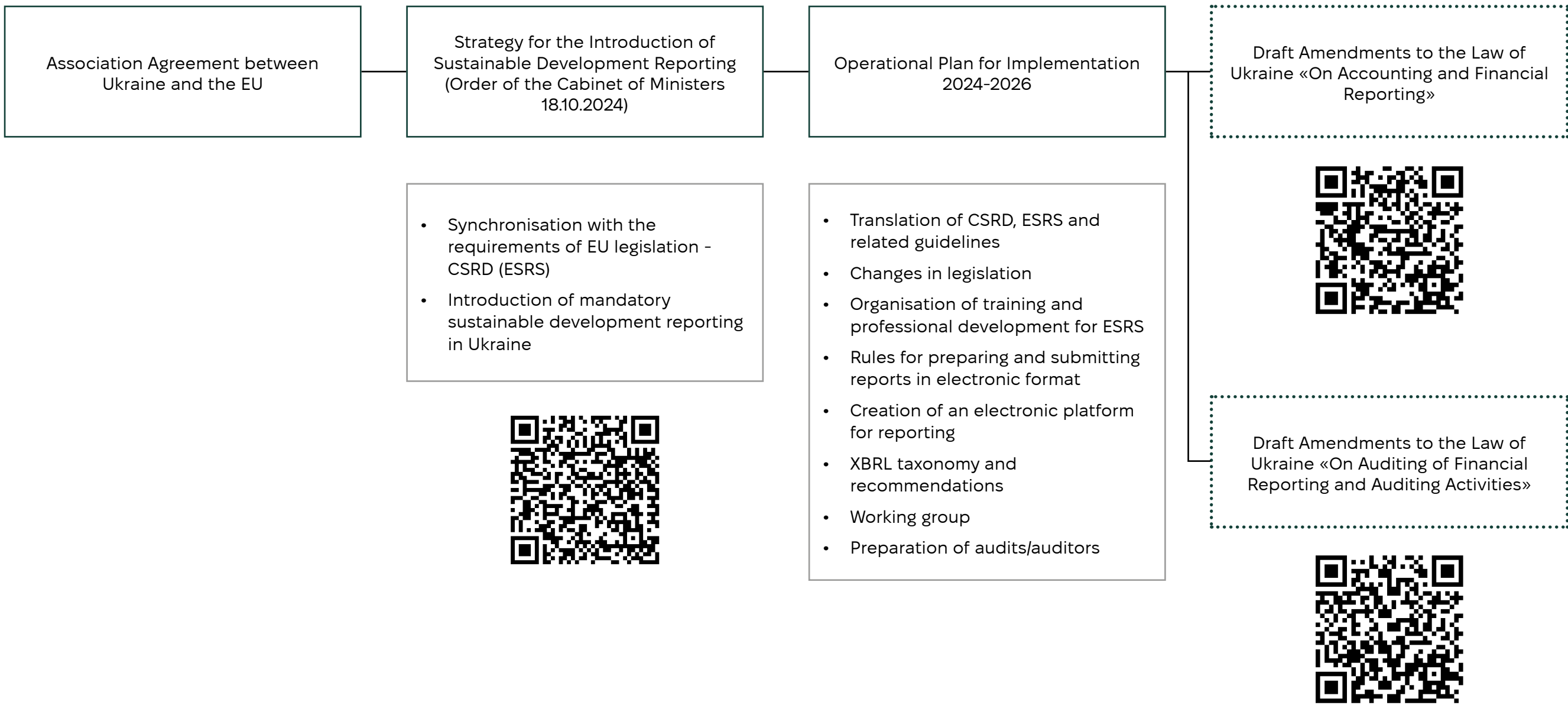
CSDDD
<2029 = >5000 employees + €450 mln revenue >2029 = all who are in CSRD
Assessment only once every 5 years (instead of once a year)
Cancellation of civil liability
Cancellation of sanctions (was 5% of turnover)
Cancellation of mandatory Transition plans
Narrowing the scope of reporting only to direct suppliers, > 500 employees

EU Taxonomy
Applies only to companies that fall under the CSRD
Reporting on operating expenses (OpEx) made voluntary
Materiality threshold - at the level of 10% of revenue, capital expenditures (CapEx) or assets
Reduced complexity of the «Do No Significant Harm» (DNSH) criteria
Simplified reporting templates
Reduction by 70% in the number of indicators

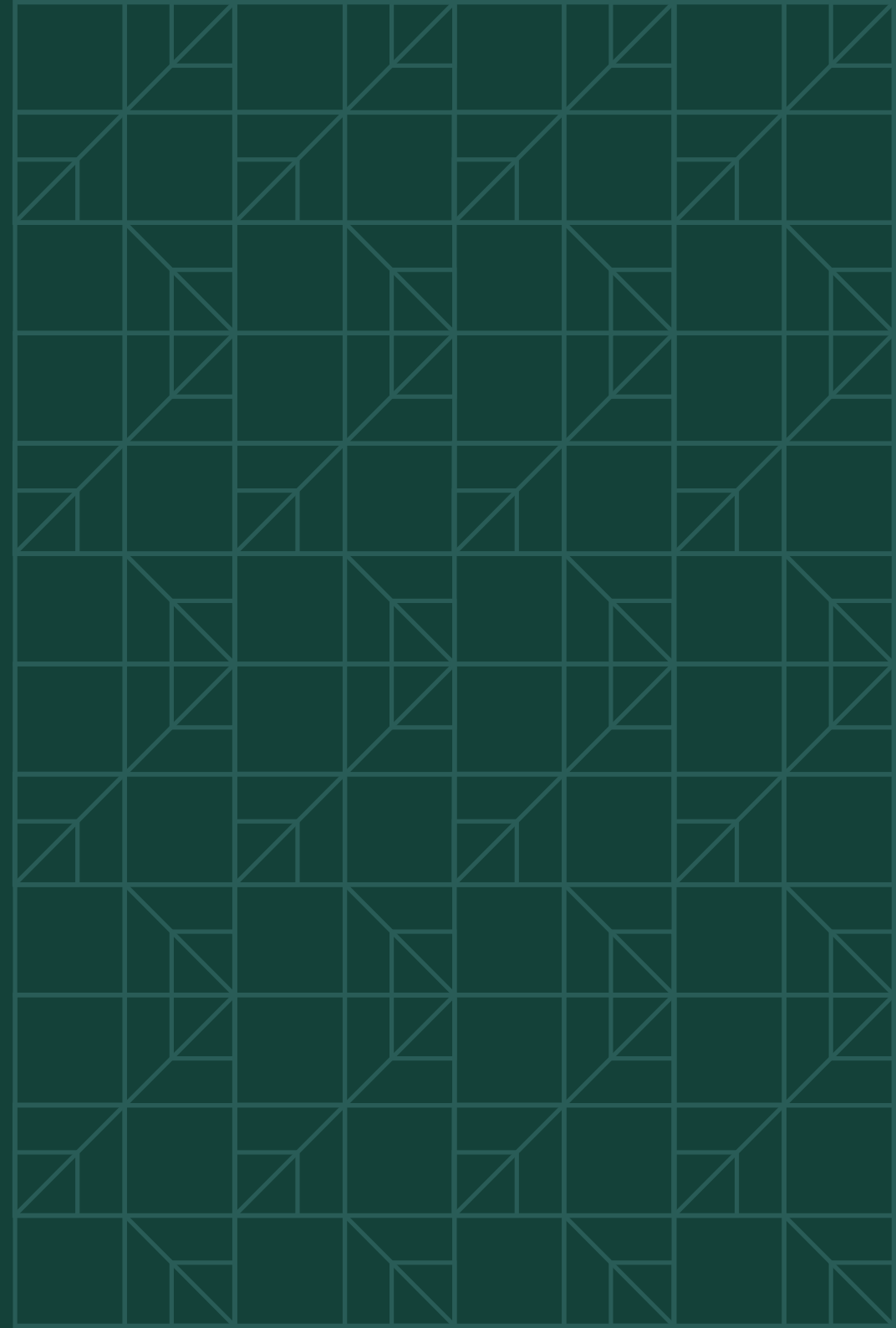
How Omnibus Affects the Decisions of European Business



Ukrainian Legislation in the Sustainable Development domain



Methodology



Methodology

Target Audience

- The study included quantitative research (telephone interviews with representatives of Ukrainian enterprises lasting up to 15 minutes) and qualitative research (in-depth interviews with representatives of large businesses and focus group discussions with representatives of small and medium-sized businesses).

Methodology

- Small, medium, and large enterprises in Ukraine (companies with 11 or more employees).
- Companies with an annual turnover equal to or exceeding 40 million UAH.

Timeline

- January–February 2025.

Quantitative Research Component

- **420 telephone interviews** with representatives of Ukrainian enterprises.
- **Quota** sampling proportional to enterprise size and industry (based on State Statistics Service of Ukraine data: «Number of business entities by type of economic activity in 2023»).
- **Survey data** weighted to ensure the structure of surveyed enterprises corresponds to the general population of small, medium, and large enterprises in Ukraine.
- **Respondents:** owners, senior managers, decision-makers responsible for sustainable development projects (environmental and social projects).

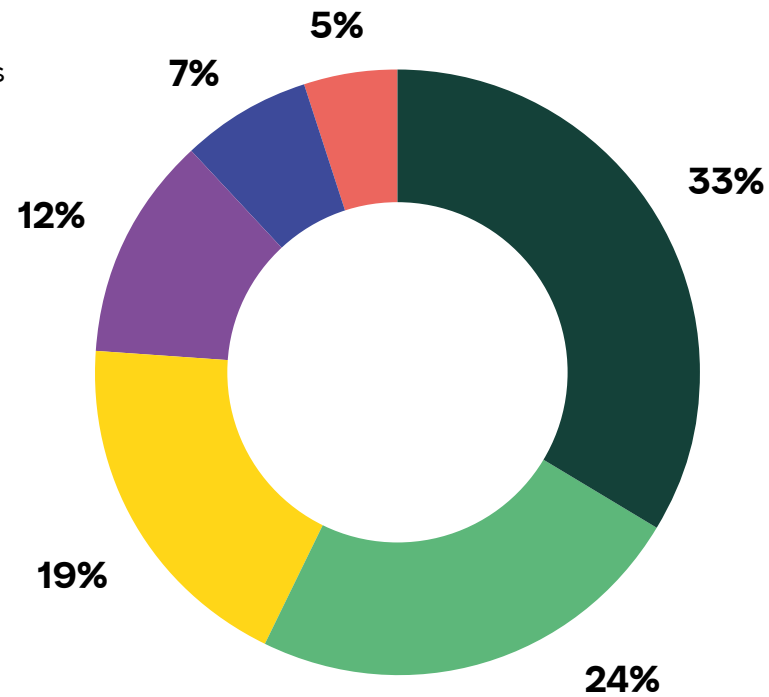
Qualitative Research Component

- **20 in-depth interviews** lasting up to 1 hour with representatives of large businesses (more than 250 employees). Participants included major enterprises from various industries, such as manufacturing, agriculture, IT, telecommunications, trade, and banking.
- **4 focus group** discussions lasting up to 2 hours with representatives of small and medium-sized businesses (11–250 employees). Two groups included exporters; two groups included non-exporters.

The distribution of enterprises by industry and size corresponds to the structure of small, medium, and large enterprises in Ukraine

Distribution of enterprises by industry

% of respondents



- Agriculture, industry, energy
- Retail and wholesale trade, hotel and restaurant business
- Media & Entertainment, Services, Other
- Design, construction, professional, scientific and technical activities
- Transport and logistics
- Finance, insurance, IT, telecom

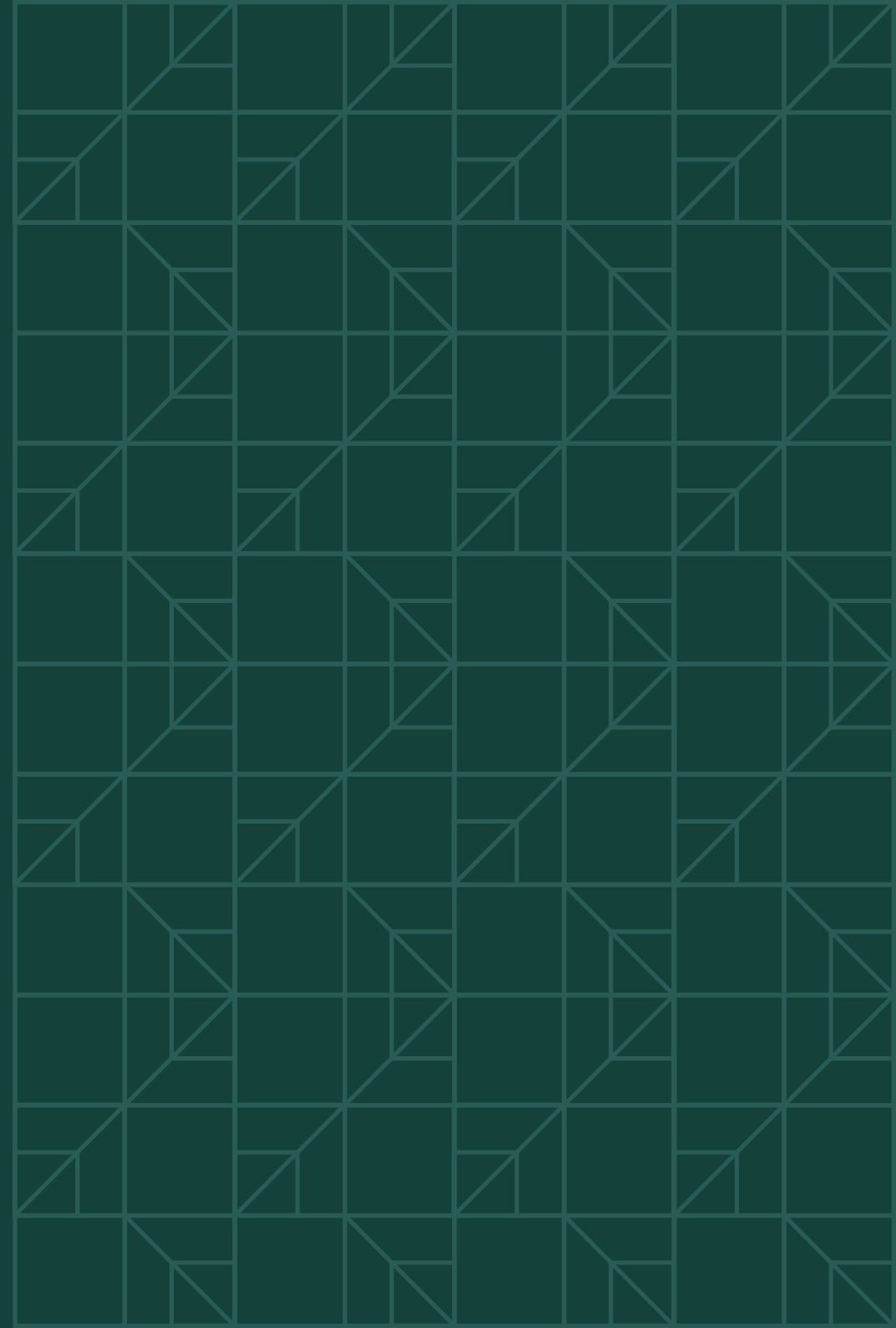
Distribution of enterprises by size,

% of respondents



- Small enterprises (11-50 employees)
- Large and medium-sized enterprises (51 or more employees)

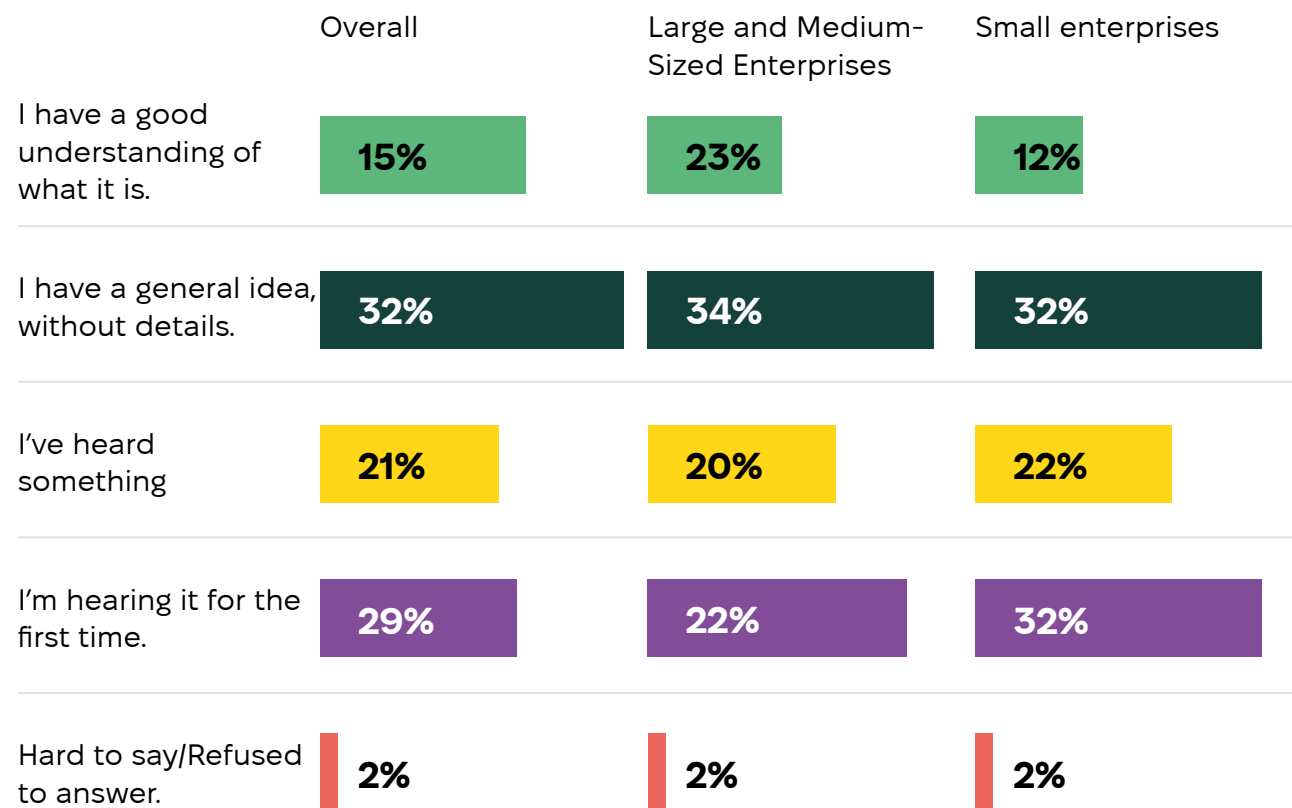
Key Research Findings



Almost half (47%) of Ukrainian business representatives have a general understanding or a good grasp of what sustainable business means, while 29% heard this definition for the first time during the survey. Representatives from companies involved in export and/or having a parent company or branch in European Union countries are better acquainted with the concept of sustainable business

Do you know what sustainable business is?

% of respondents



The definition of sustainable business as a company's positive impact on the environment and society while achieving its profitability and long-term success goals is typically provided by companies that have already implemented or are actively adopting one of the sustainability standards.

Other companies either lack knowledge about what sustainable business entails (this is most common among representatives of small enterprises) or perceive it as progress and stable company growth.

There are also opinions that the concept of sustainable development applies only to large enterprises:

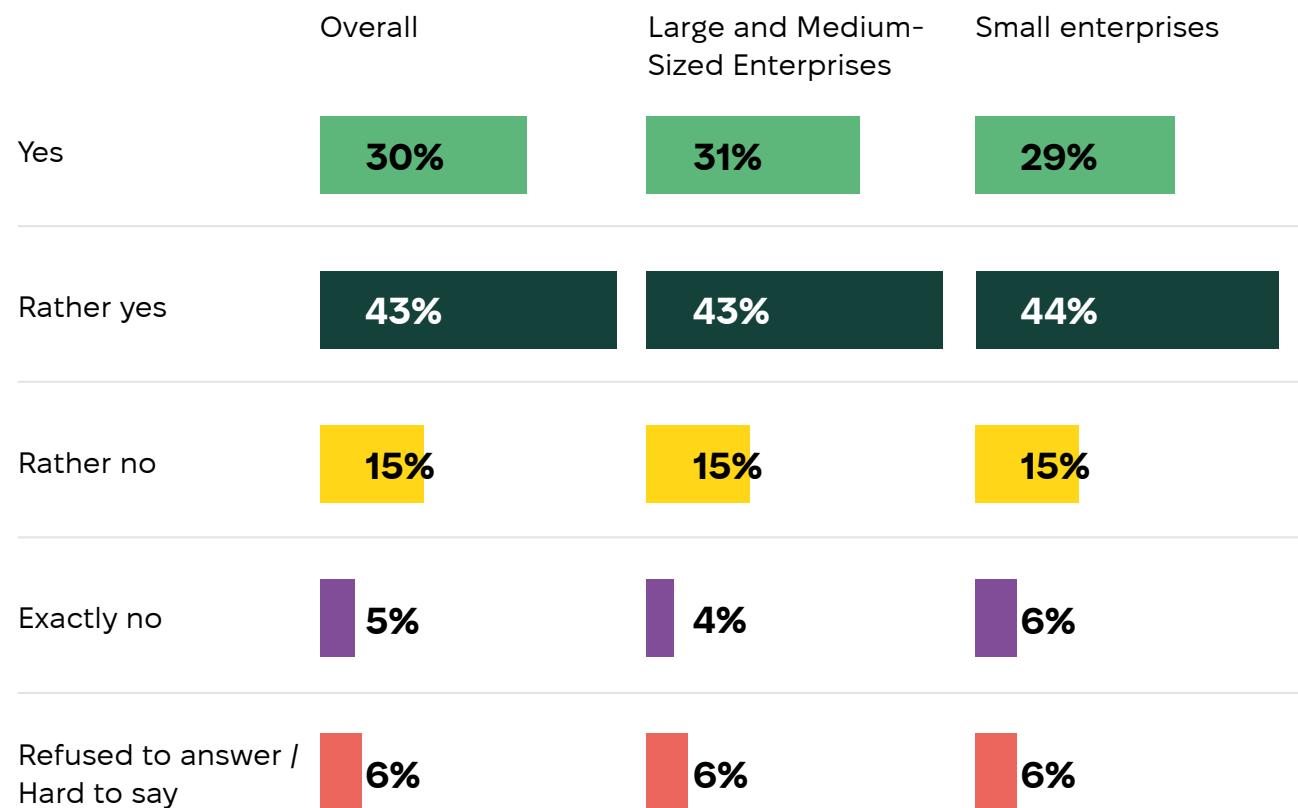
- 'A long-term development plan that includes high future profits without significant expenses' (Focus Group Discussion, small enterprise, trade).
- 'Profit growth, probably continuous growth...' (Focus Group Discussion, small enterprise, industry).

After explaining what sustainable business means, three-quarters (73%) of the respondents concluded that their enterprise aligns with this definition

Do you consider your business sustainable?

(A sustainable business model implies a positive impact of the company on the environment and society while achieving its profitability and success goals in the long term)

% of respondents



Sustainability in business is primarily emphasised through participation in environmental and social initiatives. Most frequently mentioned was the minimisation of environmental impact, which is integrated into daily activities and is also beneficial for companies. Respondents also noted charitable initiatives.

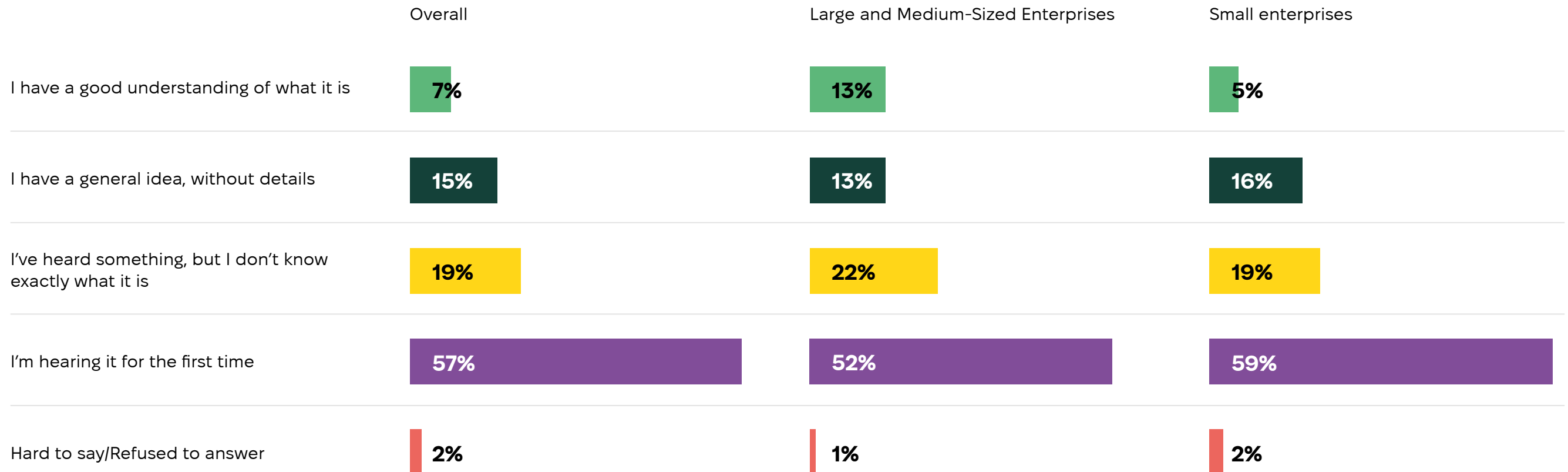
A systematic approach to sustainable business development as a complex of environmental, social, and governance projects is more typical of large enterprises.

«Of course, we have implemented such initiatives. We prepare a large annual report that describes all our projects. Certainly, before the war, there were many more of them. We invested a lot in ecology to reduce emissions and filter water. Now, naturally, all these investments have been significantly reduced, and priorities have changed. Currently, what stands out is our assistance in the war effort... This includes support for the army and local communities, evacuation, and equipping bomb shelters. This is probably the most important thing the company is implementing right now. Another aspect is employee safety. We invest a lot in projects related to safety at work.» (In-depth Interview, large enterprise, industry)

Only one-fifth of Ukrainian enterprises have a general understanding or are well-acquainted with ESG standards, while 57% of respondents are hearing about them for the first time. 3% of Ukrainian companies have already implemented ESG standards, and another 3% are currently in the process of implementing them

Do you know what ESG standards are? % of respondents

% of respondents

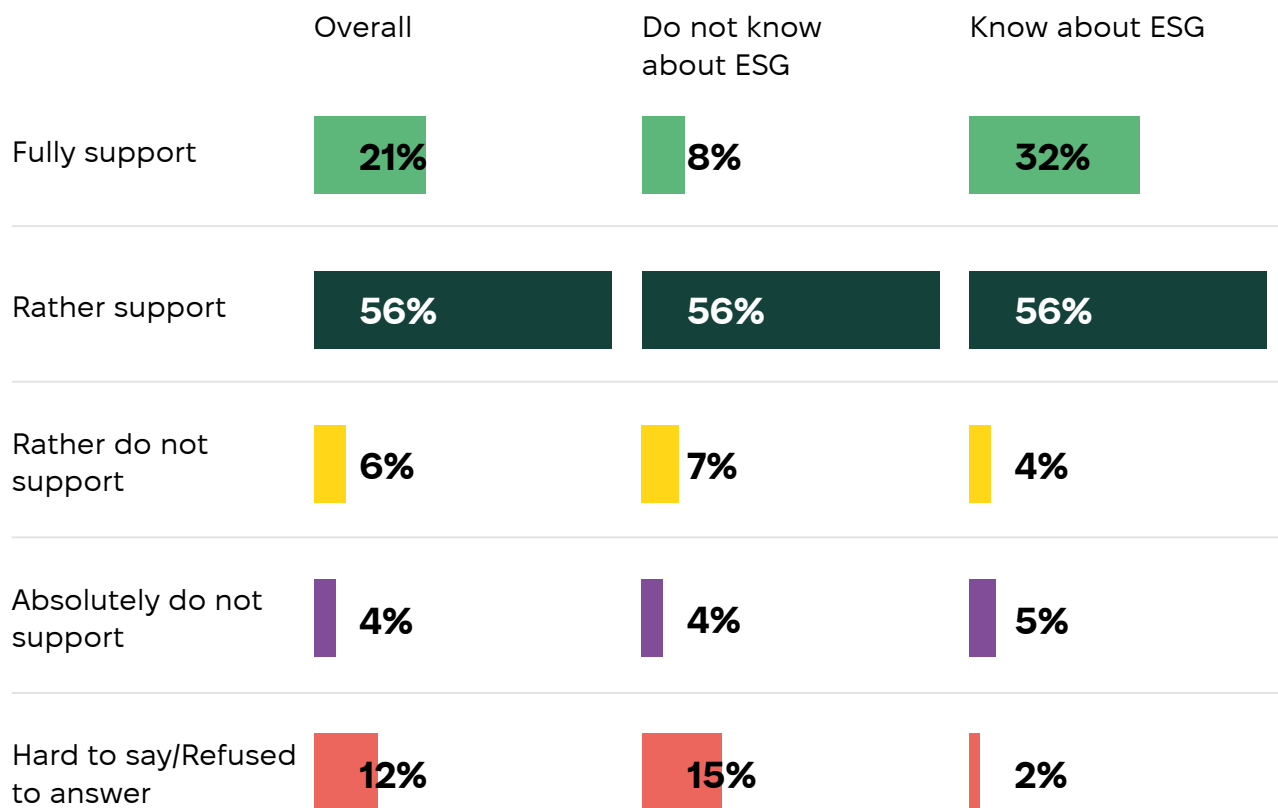


Despite low awareness, after respondents were provided with a definition of ESG standards, three-quarters of the companies stated that they fully or rather support their implementation in Ukraine

How do you feel about the implementation of ESG standards in Ukraine?

(ESG standards involve implementing principles and guidelines in the country's legislation used to assess environmental, social, and governance decisions)

% of respondents



Some respondents emphasised that the implementation of ESG standards should be postponed until after the war, as compliance may be significantly complicated by factors related to the conflict. This applies to both environmental and social aspects of business operations.

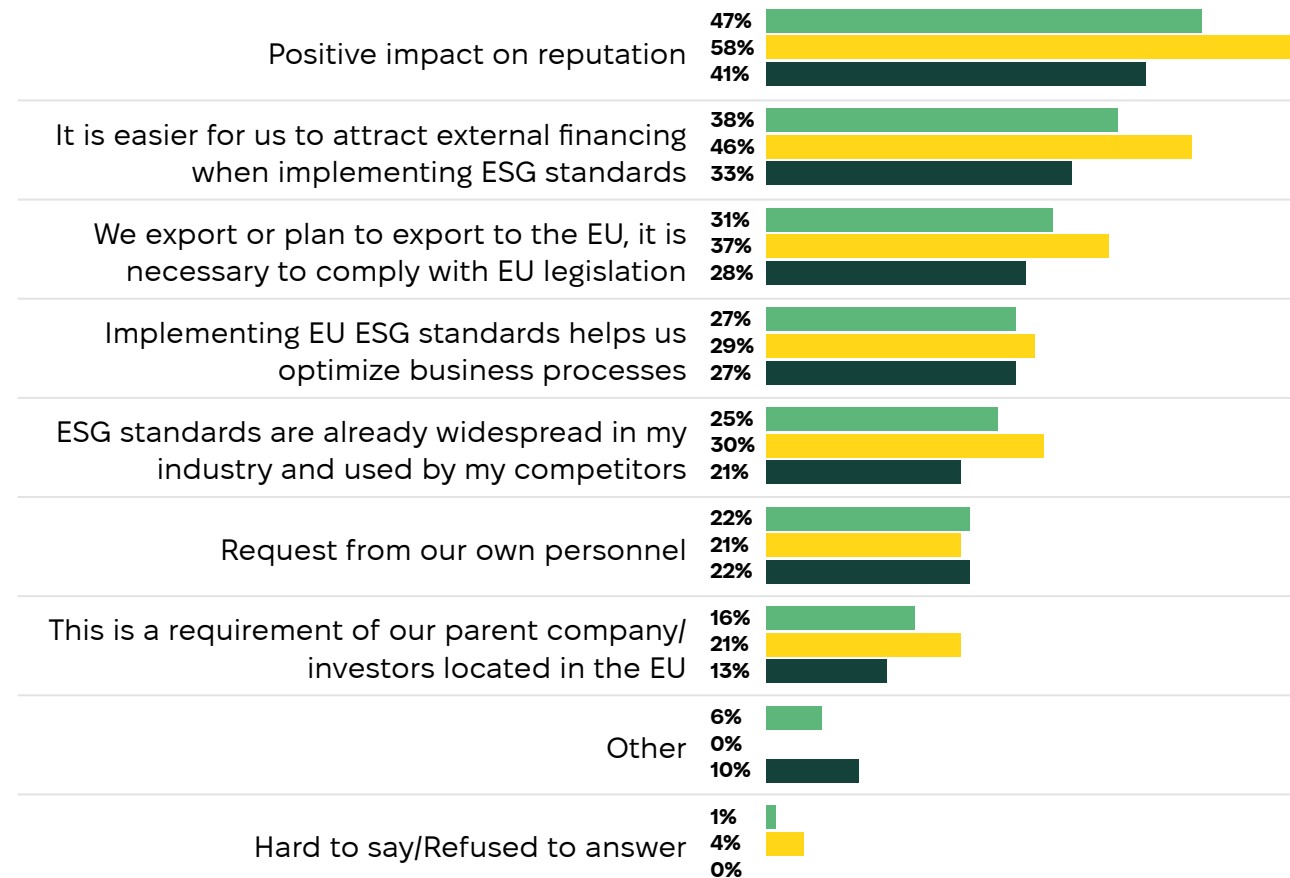
«The main thing is for the war to end. Then we can transition to everything that is realistically possible. For example, if we transition now and the war continues, I'll be working on a generator and what will they tell me? Not to work and close a bunch of establishments, and what to do in such a case? I don't know. So, in the current situation, it's possible to discuss this, yes, we're ready to transition, more so, I'm sure there's no problem with the whole world working on it. But now it's not possible.»
(Focus Group Discussion, medium-sized enterprise)

Regarding which enterprises should first implement ESG standards, opinions among respondents were divided. The majority believe that these should be large enterprises, primarily those with a significant environmental impact. Others are convinced that the transition should occur simultaneously for all enterprises. There is also an opinion that state-owned enterprises should be the first to adopt ESG standards, demonstrating by their example how it should be done.

The advantages of transitioning to ESG standards primarily include a positive impact on the company's reputation, the ability to attract external financing on better terms, and the opportunity to expand sales markets

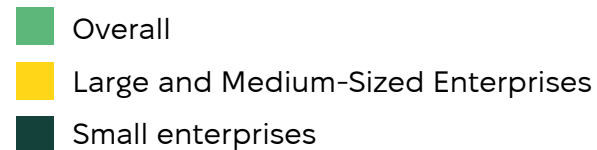
What benefits do you see for your company from transitioning to ESG standards?

% of respondents



For large and medium-sized enterprises, the company's reputation is more important, while for small ones, attracting financing is more significant. A substantial difference is shown in the assessment of the possibility of improving the social climate within the enterprise, which is relevant for one-third of large and medium-sized enterprises and only for one-fifth of small enterprises.

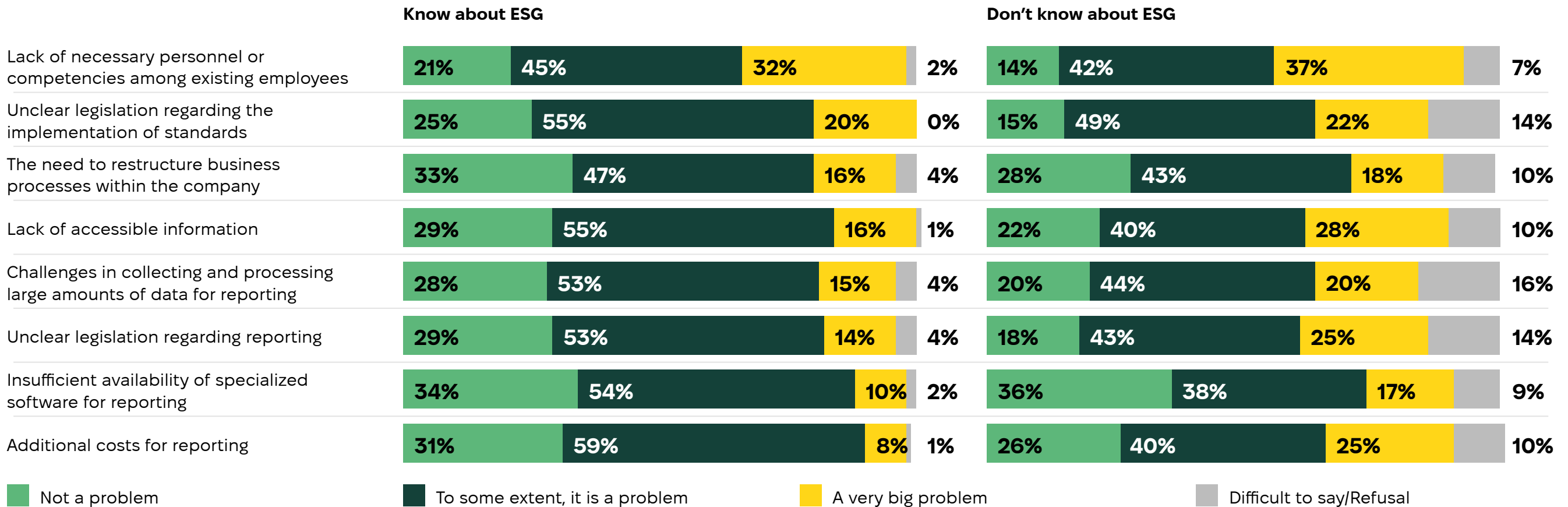
The main motivators for transitioning to ESG standards, according to qualitative research data, are direct benefits for the enterprise, legally defined mandatory implementation of standards, requirements from European customers, and improvement of the company's reputation.



The biggest potential problems in the transition to ESG standards are the lack of necessary personnel or relevant competencies among existing employees. For companies that are not familiar with ESG standards, the availability and clarity of information on their implementation and reporting is also critical. In general, companies that are not familiar with ESG standards assess the potential problems of their implementation as more significant

How significant a problem for your business is each of the following obstacles when transitioning to ESG standards?

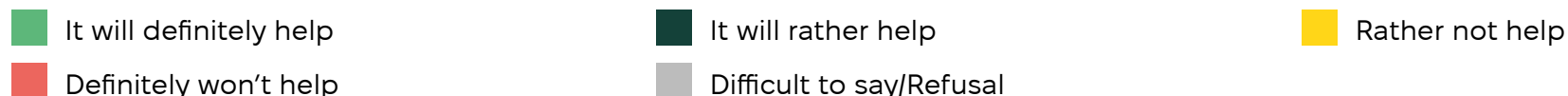
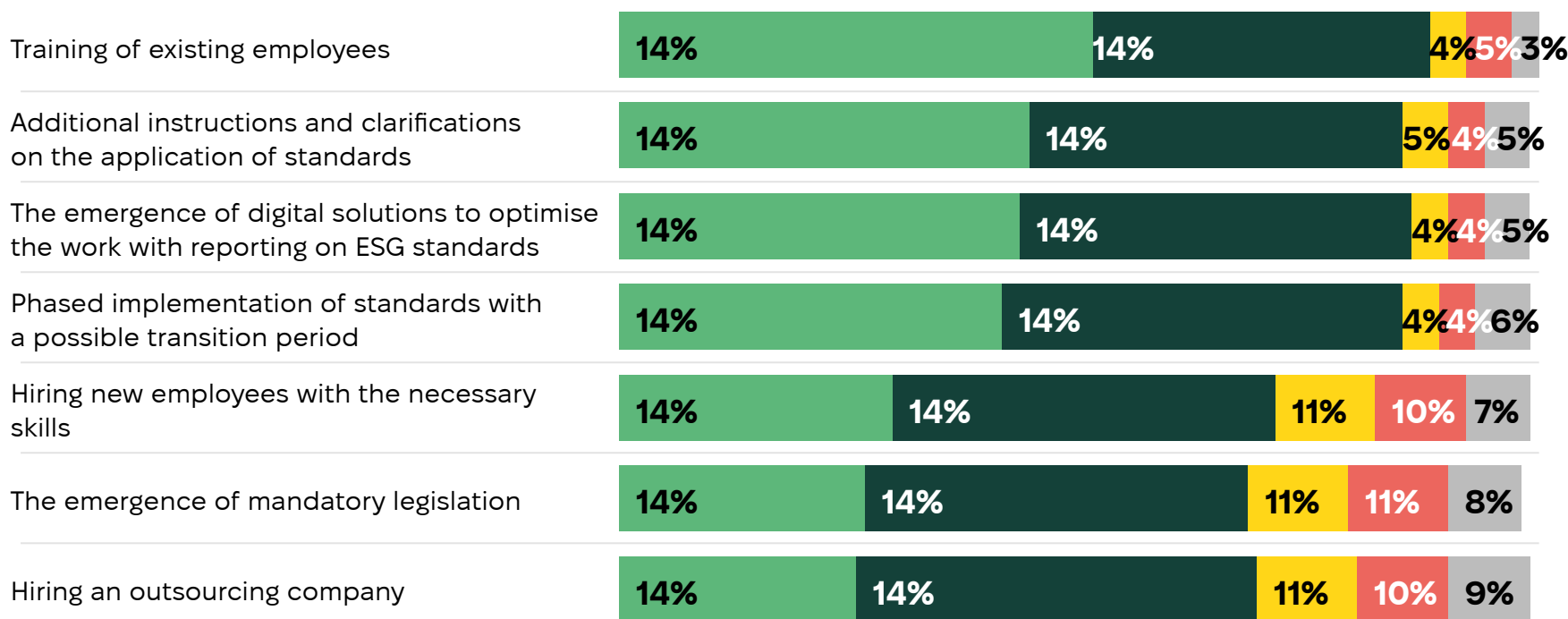
% of respondents



Success in achieving ESG standards compliance will be facilitated by measures aimed at addressing key challenges: training existing employees, providing additional instructions and clarifications on applying the standards, the emergence of digital solutions to optimise reporting, and the phased implementation of standards with a possible transitional period

What measures could help enterprises like yours achieve compliance with ESG standards?

% of respondents



State Support:

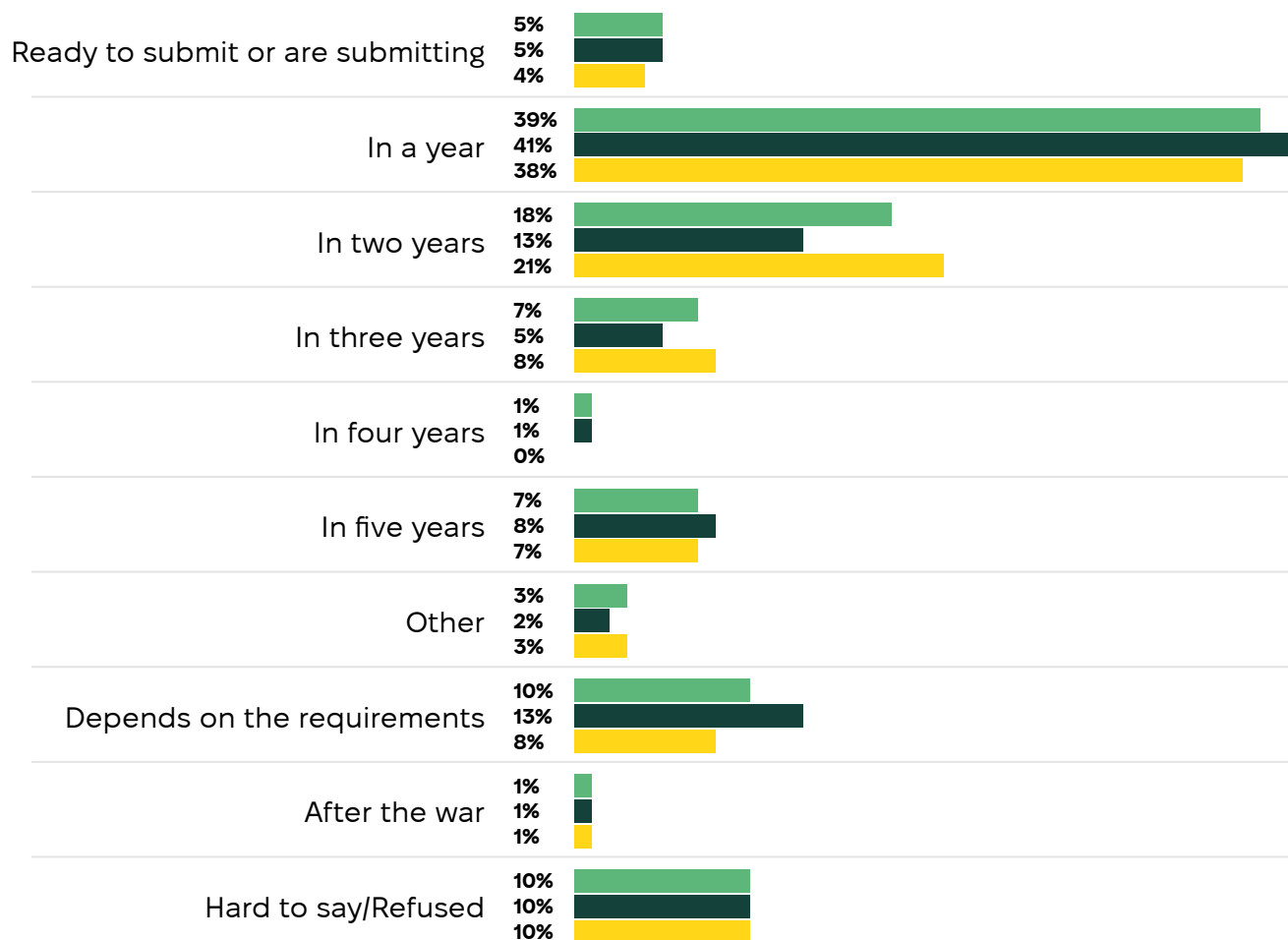
- The necessity of creating transparent and comprehensible documents and instructions.
- Development of electronic solutions to facilitate the implementation of ESG standards and reporting on their adoption.
- The ability to seek support regarding various aspects of ESG standards implementation.
- Establishing conditions for training on ESG standards implementation, primarily through engaging companies that provide ESG-related services.
- Agreements on recognizing ESG reporting results submitted in Ukraine within the European Union.
- Introduction of preferential loans for purchasing equipment required to comply with ESG standards

«To have clarity, planning, and proper communication of the regulatory framework, software tools if needed. Not just «do this» without understanding. We will demand this. Everything must be well-thought-out and calculated...» (Focus Group Discussion, small enterprise, transport and logistics)

Entrepreneurs are quite optimistic about submitting ESG reporting: nearly two-thirds of respondents are ready to do so within two years after the approval of instructions and standards, with the most common timeframe being one to one and a half years

If the legislator provides all the instructions and standards for implementing ESG, when do you think your company will approximately be able to submit its first report?

% of respondents



Enterprises operating within sustainable development frameworks that intersect with ESG standards believe they will transition to CSRD/ESRS reporting standards by 2026 when it becomes mandatory. Most of them indicate that this is more a matter of reporting itself rather than standards.

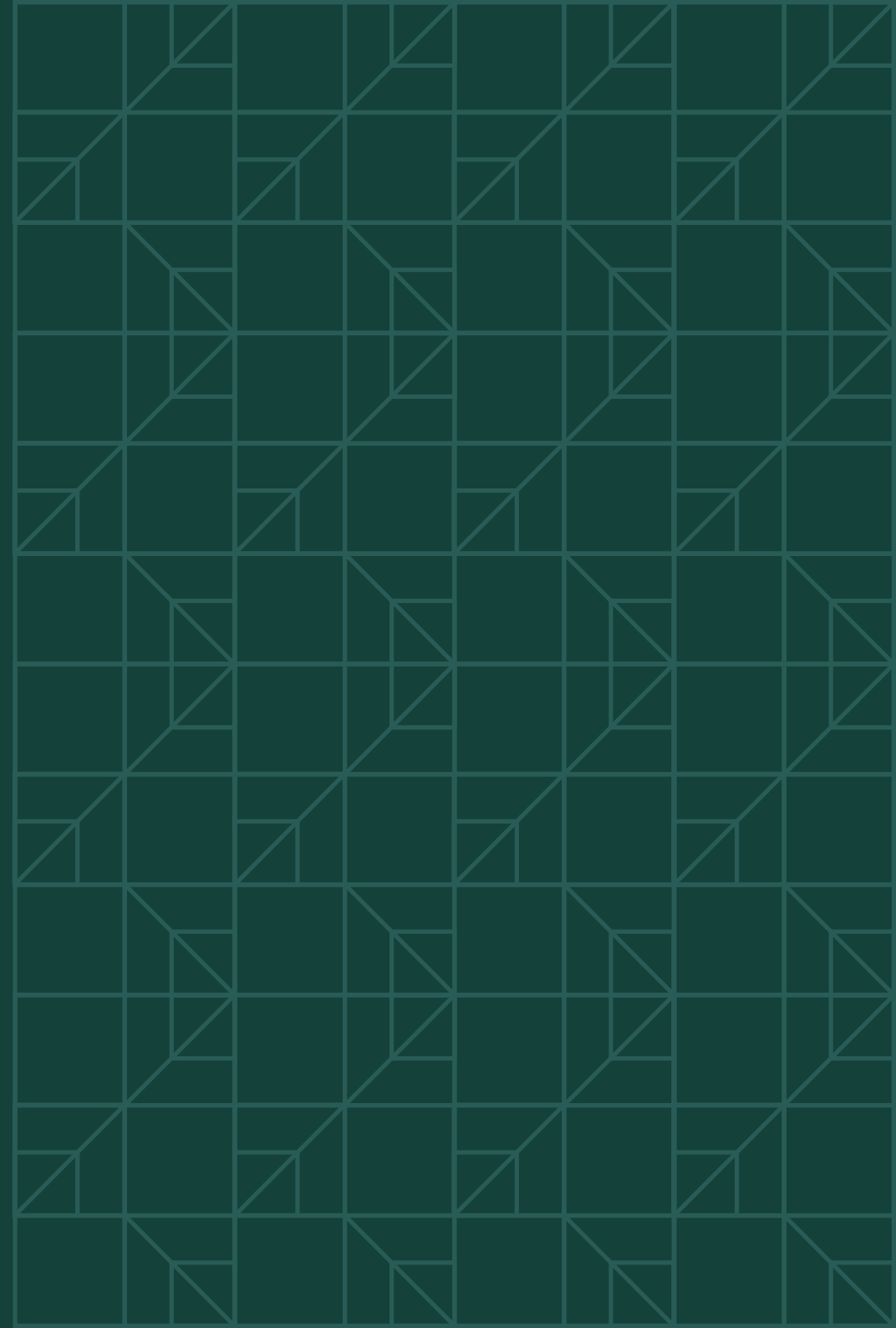
Large enterprises that have not yet implemented sustainable development standards, as well as medium-sized enterprises, are more cautious about the timeline for implementing ESG standards and submitting reports, suggesting a potential reporting period of two to three years.

«Honestly, it took a year and a half to implement because it was really not easy. But in the end, we did it accordingly. For 2015, I remember issuing the report in December 2016. It was challenging because it was new. I think it will be the same with this standard because this standard is more demanding.» (In-depth interview, large enterprise, agriculture)

«At least 2 years. (...) I don't fully understand what we'll need to implement specifically. Give me a concrete list of what I need to do: this, this, and this. Then I'll understand. (...) No, I understand it's not financial (indicators). We don't have production facilities. Most of what you listed, we already have in principle. About gender equality and social standards. In principle, it's already there. We need to understand specifically how it will be measured. Otherwise, it's just shooting in the dark to say we'll manage in six months. I don't understand what we're talking about.» (Focus group discussion, medium enterprise, IT and telecom)

■ Overall
 ■ Large and medium-sized enterprises
 ■ Small enterprises

Results, Challenges, Recommendations



The global situation regarding business readiness for ESG implementation

81%

of companies not required to comply with CSRD still plan to report (Workiva, 2025)

85%

of companies intend to continue reporting on sustainability, even if regulatory requirements change (Workiva, 2025)

90%

of global companies plan to increase their investments in ESG over the next 3 years (KPMG, 2024)

87%

of ESG professionals consider adapting reporting processes to new regulations challenging (PWC, 2024)

Problem #1

Low level of practical knowledge about sustainable development and ESG among Ukrainian businesses

Do you know what a sustainable business is?



15%

I have a good understanding of what it is

32%

I have a general idea, without details

21%

I've heard something about it, but I'm not sure what it is

29%

This is the first time I've heard of it

Do you consider your business sustainable?

30%

Yes, completely

43%

Rather yes

15%

Rather no

5%

Definitely no

Knowledge of sustainability standards

9%

IFRS S1/S2

7%

GRI

8%

CSRD (ESRS)

8%

UN Global Compact

Well understand + plan to implement or have already implemented



Lack of accessible information on the implementation of standards and reporting in the context of ESG adoption

71%

of companies consider the lack of accessible information on the implementation of standards and reporting as a challenge in implementing ESG standards

86%

of companies believe that additional guidelines and clarifications on the application of standards would facilitate the implementation of ESG

Low level of practical knowledge about sustainable development and ESG among Ukrainian businesses

Threats:

- Gap between awareness and actual knowledge.
- Low awareness of ESG standards
- Lack of structured educational support
- Risks of a superficial approach

Recommendations:

- **For businesses:** Invest in employee training and integrate ESG into the development strategy.
- **For the government:** Implement informational and educational programs on ESG and support businesses in applying standards.
- **For NGOs:** Organise training sessions, share best practices, and provide expert support to companies.

Plans of the Green Transition Office to build practical knowledge on sustainability and ESG among Ukrainian businesses

Goal — to build not only awareness but also practical capacity for businesses to implement sustainability.

- Regular **publications (white papers)** in an accessible format: Explaining ESG standards (CSRD, ESRS, GRI, etc.), ESG management approaches, and preparing a series of other materials on DMA, XBRL, and Omnibus.
- **Webinars and open discussions** based on publications: Sharing practical cases and addressing business questions.
- Launch of the **ESG Knowledge Hub project** - an online platform that will serve as a key source of knowledge and practical ESG materials for Ukrainian companies.

Examples of existing initiatives in Ukraine to promote awareness of sustainable development and ESG

The Ministry of Economy and the Ministry of Finance

coordinate the reform through an interagency working group, developing the national ESG reporting strategy (Cabinet of Ministers Resolution, 18.10.2024).

National Bank of Ukraine

The regulator actively promotes the development of sustainable finance and supports Ukrainian banks in implementing ESG principles, aligning the financial system with international standards.

Independent Association of Banks of Ukraine (NABU)

A subcommittee on ESG implementation in the banking sector has been established to develop unified approaches and recommendations for banks regarding sustainable finance.

Federation of Employers of Ukraine (FEU)

Initiates educational programs to support businesses.

European Business Association (EBA)

Operates an Industrial Ecology and Sustainable Development Committee.

Examples of existing initiatives in Ukraine to promote awareness of sustainable development and ESG

CSR Development Center

- Organises a longstanding CSR case competition among Ukrainian businesses.
- Offers online courses on CSR and informational projects on sustainable development.
- Hosts business breakfasts covering various sustainability topics.

UN Global Compact

- Conducts acceleration programs for businesses, provides training sessions, shares best practices, and offers expert support to companies.
- Climate Ambition Accelerator – A global certified program for companies seeking to measure greenhouse gas emissions and set Science-Based Targets (SBT) for their reduction.
- Business and Human Rights – A global certified program promoting corporate responsibility in human rights.
- Communication on Progress (CoP) – A global sustainability reporting framework for businesses.

Business-Format Group

- Organises the ESG & Compliance Forum, bringing together compliance officers and ESG leaders from leading Ukrainian companies to discuss sustainability issues and regulatory compliance.

Problem #2

Despite the high support for ESG standards among Ukrainian businesses, there is a need for clear instructions and regulations

How do you feel about the implementation of ESG standards in Ukraine?



When approximately will your company be able to provide its first report?

(after the approval of instructions and standards)

5%

Already ready to submit or already submitting such reports

39%

In a year

18%

In 2 years

7%

In 3 years

1%

In 4 years

7%

In 5 years

High support for ESG standards among Ukrainian businesses, but a need for clear instructions and regulations

Threats:

- High risk of business disappointment in the absence of clear rules and instructions.
- Ambiguity in the regulatory environment may hinder actual implementation.
- Significant need for methodological support for companies preparing ESG reports for the first time.

Recommendations:

- **For the Government:** Expedite the adoption of national sustainable development legislation and provide detailed guidelines for businesses.
- **For NGOs:** Develop accessible recommendations and methodological materials for businesses, facilitate discussions on regulations with government authorities and companies.

The plans of the Green Transition Office regarding explanations and instructions for businesses on how to report on ESG

The goal is to provide businesses with practical tools and clear instructions for transitioning to European reporting standards.

- We are working on the creation of the **ESRS Navigator** – an interactive product for Ukrainian businesses.
- We are cooperating with the Ministry of Finance to clarify the **scope of companies** subject to mandatory reporting.
- We are actively engaged in the **global agenda** (participating in EFRAG and IFRS working groups on ESG reporting) to translate it to Ukraine.
- Simultaneously, **translations of ESRS into Ukrainian** are being carried out:
 - ESRS standards (coordinated by the Ministry of Finance).
 - All current official guidelines – with the participation of the Green Transition Office.

Examples of existing initiatives in Ukraine regarding explanations and instructions for businesses on how to report on ESG

The Government

Current and upcoming sustainability reporting requirements are outlined in the Law of Ukraine “On Accounting and Financial Reporting in Ukraine,” which includes the Methodological Recommendations for Preparing a Management Report.

Office of Sustainable Solutions

Provides guidance on building an ESG matrix and effectively using ESG reporting for Ukrainian companies.

Big Four and other consulting firms

Offer paid services for professional ESG report preparation, including company status analysis, data collection and processing, and compliance analysis with international standards.

Problem #3

Uncertainty of legislation regarding the implementation of ESG standards

Unclear legislation regarding the implementation of ESG standards

75%

of companies consider unclear legislation regarding the implementation of ESG standards to be a problem

69%

of companies believe that the introduction of mandatory legislation will support the implementation of ESG

86%

believe that the phased implementation of standards with a possible transition period would improve their readiness for ESG adoption

Uncertainty of legislation regarding the implementation of ESG standards

Threats:

- High uncertainty about future legislative requirements creates risks for businesses.
- Lack of clear guidelines and official translations of standards complicates preparation.
- Regulatory uncertainty within the EU itself affects the pace of ESG standards implementation in Ukraine.

Recommendations:

- **For the government:** Postpone mandatory reporting deadlines while simultaneously developing the necessary laws, translating standards, and providing detailed guidance for businesses.
- **For businesses:** Actively participate in discussions on new regulations, begin preparing for reporting, and study European best practices.
- **For NGOs:** Provide analytical and advisory support to businesses for adapting to new regulatory requirements.

Plans of the Green Transition Office for clarifying ESG standards and legislation

Our goal is to make the ESG reporting preparation process in Ukraine clear, gradual, and beneficial for businesses.

- We **cooperate with the government** (Ministry of Economy, Ministry of Finance, National Bank of Ukraine) on the development of effective ESG legislation.
 - Our approach is to ensure the softest possible regulation with deferred implementation timelines, as provided by EU directives.
- We organized a **public discussion** involving the government, businesses, and civil society regarding the implementation of the ESG Reporting Strategy (approved by the Cabinet of Ministers on 18.10.2024).

Upcoming plans:

- Regular discussions and clarifications on changes to national legislation
- Detailed explanations of how changes in the EU (Omnibus) will affect Ukrainian businesses

Problem #4

Lack of qualified personnel
for ESG implementation

Employees qualifications in the context of ESG implementation

77%

of companies consider the lack of qualified personnel and insufficient qualifications of existing employees to be a problem

89%

of companies believe that training current employees will improve their readiness to implement ESG

72%

of companies believe that hiring new employees with strong ESG competencies will improve their readiness to implement ESG

Lack of qualified personnel for ESG implementation

Threats:

- Businesses will be forced to spend significant resources and time to build ESG teams and functions.
- High competition for qualified professionals due to a limited supply on the labor market.
- Lack of quality educational programs for developing ESG expertise in business.

Recommendations:

- **For business:** Invest in upskilling and reskilling current employees; consider outsourcing ESG functions.
- **For the government:** Encourage the creation of professional ESG training programs in cooperation with universities and business schools.
- **For NGOs:** Develop training platforms and educational initiatives for business; facilitate knowledge sharing between companies.

Plans of the Green Transition Office regarding the formation and development of ESG qualifications for Ukrainian business

The goal is to build the professional capacity of businesses to implement ESG approaches at all levels.

We are introducing a comprehensive approach to ESG skills development:

- **Academic level** - collaboration with universities to integrate ESG into educational programs.
- **Business education** - support for the creation of modules for managers, specialized courses, and certifications.
- **Fast-track formats** - organization of trainings, short intensives, and thematic webinars.

Based on our research and market analysis, we have already developed a practical ESG education development plan for businesses, which will launch in 2025.

Examples of existing initiatives in Ukraine aimed at enhancing ESG qualifications

DTEK Academy / ASDE

ESG Sustainability Leadership Program

PwC

Course “ESG Reporting – From Theory to Practice”, covering GRI, TCFD, IFRS S1/S2 standards and reporting practices.

PAEW

ESG-2024 – for Ukrainian business.

Academy of the Association of Sustainable Development Experts (ASDE)

ASDE + KNEU

“Sustainable Finance Management” – new MBA program

Federation of Employers of Ukraine (FEU)

Climate platform with online courses and training for companies.

Examples of existing initiatives in Ukraine aimed at enhancing ESG qualifications

ESGLiga & PAEW

Transformational course “ESG Standards: From Theory to Practice”, tailored for CSR directors, legal counsels, and investment managers.

UN Global Compact

SDG Innovation Accelerator for Young Professionals – a nine-month program aimed at developing innovative solutions to achieve the Sustainable Development Goals.

CSR Development Center

“Professional Development Program 2.0: Course for ESG Managers”

Problem #5

The challenge of collecting and processing large volumes of data for ESG reporting

The necessity of collecting and processing large volumes of data in the context of ESG implementation

68%

of companies consider the need to collect and process large volumes of data as a challenge in implementing ESG standards

65%

of companies consider the need to use specialised software for preparing reports in the new digital format as a challenge

87%

of companies believe that the emergence of digital solutions to optimise reporting processes will improve their readiness to implement ESG

The need to optimise business processes within the company in the context of ESG implementation

63%

of companies consider the need to restructure business processes when implementing ESG standards to be a challenge

67%

of companies consider the additional costs of reporting as a challenge when implementing ESG standards

Examples of existing initiatives in Ukraine related to the development of digital ESG infrastructure

Threats:

- High time and financial costs for setting up ESG data collection and processing systems.
- Most companies lack ready-to-use solutions for ESG information management.
- Regulatory requirements for reporting in XBRL format demand additional technical resources and infrastructure.

Recommendations:

- **For business:** Invest in ESG data management systems and consider either in-house or ready-made solutions to automate reporting.
- **For government:** Develop a digital infrastructure for ESG reporting submission (compatible with XBRL).
- **For NGOs:** Support the development of practical guidance on ESG reporting digitalization and assist businesses in selecting appropriate data management tools.

Plans of the Green Transition Office regarding the development of digital ESG infrastructure

Participation in the development of a unified **ESG reporting database**:

- For the Government of Ukraine as a tool for monitoring and controlling the implementation of the EU Directive (CSRD)
- For various stakeholders as a tool for business transparency

Development of a universal **ESG data management system**:

- For Ukrainian businesses, especially SMEs, which lack resources to hire external consultants
- A tool that will facilitate the implementation of new regulations and reduce the risk of negative perception
- Reduction of ESG reporting costs for businesses

Examples of existing initiatives in Ukraine related to the development of digital ESG infrastructure

Crosscheck

A B2B SaaS platform aimed at accelerating the sustainability certification process. The platform helps companies prepare for audits faster and more efficiently, reducing the risk of errors and optimizing internal processes.

Products developed by Big Four companies and some Ukrainian IT companies are also designed to improve the collection and processing of sustainability-related data.

Summary of the research

The research on the readiness of Ukrainian businesses to implement ESG standards is an open-access product, and we encourage all interested stakeholders to use its findings.

The Green Transition Office will continue conducting this research on an annual basis.

Ukrainian businesses are generally optimistic about the possibility of implementing mandatory ESG standards. In particular, the majority are ready to comply with mandatory ESG reporting requirements within a short time frame - but under certain conditions.

Ukrainian businesses need support in implementing ESG:

1. Building knowledge on sustainable development and ESG
2. Providing clear instructions for implementing sustainability reporting
3. Adopting clear and understandable legislation to regulate ESG requirements
4. Creating conditions for the professional development of current and future sustainability and ESG specialists
5. Developing universal digital solutions for ESG data collection, processing, and reporting

A key issue is the professionalization of the ESG and sustainability field in Ukrainian business.



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