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### **CURRENT TRENDS IN THE IMPLEMENTATION OF SUSTAINABLE DEVELOPMENT GOALS' INDICATORS BY AGRO-INDUSTRIAL FORMATIONS**

**Abstract.** *The subject of research is agro-industrial formations and their role in the fulfilment of the sustainable development goals. The purpose of the study is to analyse the readiness of enterprises to non-financial reporting about their activity in sustainable development. The relevance of the topic is confirmed by the new reporting standards developed in 2022 by the European Union, the US Securities and Exchange Commission, and the International Sustainability Standards Board that require companies to assess the materiality of sustainability topics. The study examined in detail the indicators of sustainable development goals that are worsening according to the Sustainable Development report and the actions agribusinesses do for sustainable development program.*

**Keywords:** *sustainable development, agriculture, sustainable development goals, non-financial (social) reporting, agricultural sustainability.*

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### **СУЧАСНІ ТЕНДЕНЦІЇ У ВИКОНАННІ ІНДИКАТОРІВ ЦІЛЕЙ СТАЛОГО РОЗВИТКУ АГРОПРОМИСЛОВИМИ ФОРМУВАННЯМИ**

**Анотація.** *Об'єктом дослідження є агропромислові формування та їх роль у досягненні цілей сталого розвитку. Метою дослідження є аналіз готовності підприємств до нефінансової звітності про свою діяльність у сфері сталого розвитку. Актуальність теми підтверджується новими стандартами звітності, розробленими у 2022 році Європейським Союзом, Комісією з цінних паперів і бірж США та Міжнародною радою зі стандартів сталого розвитку, які вимагають від компаній оцінювати суттєвість тем сталого розвитку. У дослідженні детально проаналізовано індикатори цілей сталого розвитку, які погіршуються згідно зі Звітом зі сталого розвитку, а також дії агробізнесу щодо програми сталого розвитку.*

**Ключові слова:** *сталий розвиток, сільське господарство, цілі сталого розвитку, нефінансова (соціальна) звітність, стійкість сільського господарства.*

**Introduction.** According to the Sustainable Development report [1], Ukraine is ranked on the 44<sup>th</sup> out of 167 countries by measuring the total progress towards achieving all 17 Sustainable Development Goals (SDGs). The report says that 38,6% SDG indicators are achieved or on track by Ukraine, 30% indicators have limited progress and 31,4% – are worsening [1]. The main goals that remain major challenges are SDG 3. Good health and well-being, SDG 8. Decent work and economic growth, SDG 15. Life on land and SDG 16. Peace, justice and strong institutions [1]. We think that at least 3 of these goals can be achieved by developing the agriculture sector of the national economy, after all agriculture is one of the main sectors of the national economy that formulates the gross domestic product and can produce organic products that will ensure people's good health, well-being, and will support decent work and economic growth as part of agro-industrial complex.

The main subjects who ensure the fulfillment of the Sustainable Development Goals are the country itself and enterprises, from our point of view. The Ministry of Economy of Ukraine represented the National report "Sustainable Development Goals: Ukraine" [2] where they developed the SDG's national system which includes 86 tasks of national development and 172 indicators for its monitoring. Since the SDGs' approval by the UN Summit, there has not been any tasks and indicators for the small companies and enterprises as an important part of each

country's economy. Only in 2022 the European Union, the US Securities and Exchange Commission, and the International Sustainability Standards Board set up new reporting standards that require companies to assess the materiality of sustainability topics across their value chains by companies and then consider which of more than 1,000 data points to disclose. Other disclosures will consist of qualitative information, such as how the corporate strategy accounts for sustainability opportunities and risks. All the information requires independent assurance (beginning at the limited level). Companies that are now subject to the EU's Non-Financial Reporting Directive will have to follow the Corporate Sustainability Reporting Directive for fiscal years starting on or after January 1, 2024 (filing reports in 2025 financial year) [3]. In turn, the Cabinet of Ministers of Ukraine adopted a resolution "On Approval of the Strategy for Implementation of Sustainability Reporting by Enterprises" that defines the purpose, goals and main tasks to ensure the formation and disclosure of information on sustainable development by Ukrainian enterprises on the basis of uniform methodological principles adopted in the European Union's member states [4]. The adoption of the resolution requires new challenges and tasks to the national economy that confirms the relevance of the study.

The number of scientists including T. Voronko-Nevidnycha [5], I. Gaidutskyi [6], L. Kononenko (Salovska) [7], H. Lema [8], O. Solodovnik [9], M. Dykha [10], S. Strapchuk [11], O. Kubatko [12], O. Hutorov, A. Burlyay [13] and others researched into the concept of the sustainable development and the enterprises' role in its fulfilment. But the recent changes in sustainability reporting adopted by European Union and Ukraine, in particular, require more detailed analysis of current state and readiness of the enterprises to sustainability reporting.

**The purpose of the study.** The purpose of the study is to analyse the level of fulfilment of the Sustainable Development Goals' indicators by Ukraine as a country and the level of readiness of the enterprises to report about their activity in sustainable development's system.

**Results.** At the United Nations Summit of the Future there were developed indicators for each Goal which helps to analyse the level of fulfilment for each indicator and Goal, in particular. In turn, the Ministry of Economy of Ukraine represented the SDG's national system which includes 86 tasks of national development and 172 indicators for its monitoring that are developed including the specific economy of Ukraine [2]. According to the UN Summit report for 2024 SDG 8, 15, 16 are the least achieved goals by Ukraine [1]. To fully understand the reason of worsening, we suggest to look at the indicators that were developed by UN Summit and the Ministry of Economy of Ukraine presented in table 1.

Table 1

**Sustainable Development Goals' Indicators developed by United Nations Summit and the Ministry of Economy of Ukraine**

SDG	Name	UN Summit's Indicators	The Ministry of Economy of Ukraine
8	Decent work and economic growth	<ol style="list-style-type: none"> <li>1. Adjusted GDP growth</li> <li>2. Victims of modern slavery</li> <li>3.</li> <li>4. Unemployment rate</li> <li>5. Fundamental labor rights are effectively guaranteed</li> <li>6. Fatal work-related accidents embodied in imports</li> <li>7. Victims of modern slavery embodied in imports</li> </ol>	<ol style="list-style-type: none"> <li>1. Index of physical volume of Gross Domestic Product (GDP)</li> <li>2. The share of gross capitalisation of fixed capital in GDP</li> <li>3. The share of exports of goods using high and medium-level technologies in the production of the total volume of goods exports</li> <li>4. Ukraine's place in the rating according to the Global Innovation Index</li> <li>5. Coefficient of return on fixed assets</li> <li>6. Growth rate of labour productivity</li> <li>7. Material intensity of GDP</li> <li>8. Employment rate of the population aged 20–64</li> </ol>

End Table 1

SDG	Name	UN Summit's Indicators	The Ministry of Economy of Ukraine
			<p>9. The share of young people who do not work, do not study and do not acquire professional skills, in the total number of people aged 15–24</p> <p>10. Number of victims of accidents at work, which led to disability for 1 working day or more</p> <p>11. The number of deaths from accidents at work</p> <p>12. The share of employees employed in jobs with harmful working conditions in the total number of full-time employees</p> <p>13. The number of employees in medium and small business entities</p> <p>14. The share of added value in the production costs of medium and small business entities</p> <p>15. The share of small and medium-sized enterprises with credit or line obligations in their total number</p> <p>16. Ukraine's place in the Doing Business ease rating</p>
15	Life on land	<p>1. Mean area that is protected in terrestrial sites important to biodiversity</p> <p>2. Mean area that is protected in freshwater sites important to biodiversity</p> <p>3. Red List Index of species survival</p> <p>4. Permanent deforestation</p> <p>5. Imported deforestation</p>	<p>1. Area of territories and objects of the nature reserve fund</p> <p>2. The share of the area of the national ecological network in the total territory of the country</p> <p>3. Foresting of the country's territory</p> <p>4. Wood reserves in forests</p> <p>5. The number of defined and implemented tasks to achieve a neutral level of land degradation</p> <p>6. The area of ploughed land (arable land)</p> <p>7. Land area of organic production</p> <p>8. The area of agricultural land of extensive use (haymaking, pastures)</p> <p>9. The area of the territories of the nature reserve fund in the mountainous regions</p>
16	Peace, justice and strong institutions	<p>1. Homicides</p> <p>2. Crime is effectively controlled</p> <p>3. Unsentenced detainees</p> <p>4. Birth registrations with civil authority</p> <p>5. Corruption Perceptions Index</p> <p>6. Children involved in child labor</p> <p>7. Exports of major conventional weapons</p> <p>8. Press Freedom Index</p> <p>9. Access to and affordability of justice</p> <p>10. Timeliness of administrative proceedings</p> <p>11. Expropriations are lawful and adequately compensated</p>	<p>1. The number of criminal offences</p> <p>2. The number of victims of physical and sexual violence</p> <p>3. The number of victims of human trafficking or other illegal transactions on the transfer of a person under criminal proceedings</p> <p>4. The number of "street children"</p> <p>5. The number of victims of sexual exploitation</p> <p>6. The level of citizens' trust in the court</p> <p>7. The level of citizens' awareness of the right to free legal aid</p> <p>8. The share of high-level risks in the totality of national risks in the system of preventing and counteracting the legalisation of proceeds from crime, the financing of terrorism and the proliferation of weapons of mass destruction</p> <p>9. The number of weapons and ammunition seized from the population, organised groups and criminal organisations</p>

*End Table 1*

SDG	Name	UN Summit's Indicators	The Ministry of Economy of Ukraine
			10. The number of criminal offences under Art. 263 of the Criminal Code of Ukraine (illegal handling of weapons, ammunition or explosives) 11. The indicator of perception of corruption in the public sector by business circles and experts 12. The share of the population satisfied with the latest experience of using public services 13. The share of the population satisfied with the experience of using infrastructure facilities and the level of provision of social services in key areas in Donetsk and Luhansk regions 14. The share of the population satisfied with the level of provision of services in the field of administrative management in Donetsk and Luhansk regions 15. The area of demined territory in Donetsk and Luhansk regions 16. Index of Social Unity and Reconciliation

Source: [1, 2].

We can see that the Indicators developed for SDG 8 are focussed on Gross Domestic Product's growth, decreasing of modern slavery's level, ensuring labour rights, decreasing unemployment rate etc [1]. In the National report "Sustainable Development Goals: Ukraine" the Ministry additionally included using the technologies in the goods production, Ukraine's place in the rating according to the Global Innovation Index, the number of employees in medium and small business entities, the share of small and medium-sized enterprises with credit or line obligations in their total number, Ukraine's place in the Doing Business ease rating in order to create institutional and financial opportunities for self-realisation of the potential of the economically active part of the population and the development of the creative economy [2].

According to the SDG 15 of the UN Summit report [1], the main indicators define the mean percentage area of terrestrial and freshwater Key Biodiversity Areas that are protected, the index of species survival, permanent and imported deforestation while the Indicators from the SDG's national system explores the land area of organic production, the area of agricultural land extensive use, the area of the territories of the nature reserve fund in the mountainous regions in addition [2].

In turn, SDG 16 "Peace, justice and strong institutions" is especially important in Today's Ukraine since 24<sup>th</sup> of February 2022, the beginning of full-scale war at the territory of Ukraine. The National Report [2] includes the analysis of social unity and reconciliation (Index of Social Unity and Reconciliation). Other than that, the indicators from the National Report are similar to the UN Summit Report. We should note that the indicators mentioned in the National Report were developed before the full-scale war and mainly focused on the Donetsk and Luhansk regions (the share of population satisfied with the experience of using infrastructure facilities, level of provision of social services in key areas, with the level of provision of services in the field of administrative management, the area of demined territory), so with the beginning of the full-scale armed aggression of the Russian Federation against Ukraine, there was a need to actualise local tasks and indicators of the Sustainable Development Goals. To this end, together with the United Nations Development Program in Ukraine, a series of strategic sessions were held with the participation of representatives of central executive

authorities and state institutions, as a result of which proposals for changes to localised tasks and indicators were developed [14].

The driving factor that caused enterprises' involvement in fulfilling of the sustainable development goals became the Corporate Sustainability Reporting Directive (CSRD) [3] that modernises and strengthens the rules concerning the social and environmental information that companies have to report beginning from 2024. The new rules will ensure that investors and other stakeholders have access to the information they need to assess the impact of companies on people and the environment and for investors to assess financial risks and opportunities arising from climate change and other sustainability issues [3].

In order to meet the EU's process to fulfilment of sustainable development goals (SDG), the Cabinet of Ministers of Ukraine adopted a resolution "On Approval of the Strategy for Implementation of Sustainability Reporting by Enterprises" [4]. The Strategy [4] defines the purpose, goals and main tasks to ensure the formation and disclosure of information on sustainable development by Ukrainian enterprises on the basis of uniform methodological principles adopted in the EU member states. This is an important condition in the context of Ukraine's acquisition of the EU candidate status [4]. We should note that according to the Strategy [4] the introduction of the preparation in accordance with the European Sustainable Development Reporting Standards (ESRS), submission and publication of sustainable development reporting is expected in the 2<sup>nd</sup> stage of Strategy's implementation that covers 2026–2030.

At the same time, some Ukrainian enterprises have already started to develop their own sustainability strategies. One of them is an international food and agri-tech company "MHP" that can be a good example for the companies who only start to learn about sustainable development and how to include it to their activity. According to the company's website, the company implements a comprehensive social policy that covers several strategic areas [15]:

1. Community development and support for local initiatives. MHP invests in constructing and repairing critical infrastructure in local communities.

2. Health and well-being programs.

3. Training for local leaders to enhance management skills and foster sustainable regional development.

4. Support for small businesses and micro-enterprises.

5. Systematic support for the armed forces and military personnel. MHP runs an individualized care program for soldiers, veterans, and their families.

6. Supporting the cultural projects and organising volunteer clean-up events with MHP's employees to improve the environment and tidy up local communities.

One more good example of including sustainable development goals in day-to-day agricultural company's activity is the innovative and low-carbon sunflower oil production in Ukrainian agribusiness "Kernel". The company brings the sustainable and climate-resilient practices at every stage of the oil production [16]:

1. Planning: sampling and analysis of soil characteristics, data consolidation and analysis in the farm management system, artificial intelligence and machine learning for precise and sustainable agriculture, continuous research and development for new evidence-based solutions.

2. Sowing: optimization of nitrogen nutrition and use of nitrification inhibitors, using biopreparations, cover crops, minimizing soil tillage.

3. Harvesting: artificial intelligence for yields estimation, differentiation by carbon footprint.

4. Final product: utilizing 'green' electricity to power the production of bottled sunflower oil.

The difference between practices of both agribusinesses is caused mainly by the types of activity that in turn can help other businesses to develop their own sustainable development program according to the type of activity they conduct.

**Conclusion.** The involving of companies in the UN sustainable development program by setting up new reporting standards that require companies to assess the materiality of sustainability topics across their value chains was the right decision in order to complete Global Goals by 2030, from our point of view. We should note that about 50000 companies are globally affected including those in the following categories: the companies with securities listed on an European Union-regulated market, unlisted European Union's companies of a certain size (including European Union's subsidiaries of companies headquartered outside the European Union, which may be covered by the parent companies' consolidated reporting) and unlisted European Union's parent companies with total holdings of a certain size [3]. The analysis of the sustainable development activity of the biggest Ukrainian agricultural companies Kernel and MHP shows the readiness to report in the future, once the adopted resolution "On Approval of the Strategy for Implementation of Sustainability Reporting by Enterprises" will be fully processed and ready to be used in the national economy.

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