
**Intergovernmental Working Group of Experts on International
Standards of Accounting and Reporting
(ISAR)**

**38th SESSION
9 – 12 November 2021**

Thursday, 11 November 2021

**Agenda item 3. Review of practical implementation, including
measurement, of core indicators for entity reporting on the
contribution towards the attainment of the Sustainable
Development Goals**

Presented by

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Vice President

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**SUSTAINABILITY REPORTING FOR SMEs
ON CONTRIBUTION TO THE SUSTAINABLE DEVELOPMENT GOALS
IN THE EURASIAN REGION**

Bernatskaia Olga,
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The International Committee on Sustainable Development of the professional organizations of accountants and auditors of the Eurasian region

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Case study of SMEs in the Eurasian region: purpose

The purpose of this report is to present a regional case study of the reporting of seven SMEs selected in the Eurasian region: three SMEs in Russia (UkuLab LLC, Vetline LLC, APH RUS LLC), two SMEs in Belarus (ProConsultingBy LLC, Itlect LLC), two SMEs in Kazakhstan (DL Construction Group LLP, UHY SAPA Consulting LLP), on their contribution to the SDG Agenda based on indicators proposed by UNCTAD in the GCI.

Case study of SMEs in the Eurasian region: research objects

Russia			Belarus		Kazakhstan	
UkuLab LLC	VETLINE LLC	APH RUS LLC	ProConsultingBy LLC	Itlect LLC	DL Construction Group LLP	UHY SAPA Consulting LLP
Small	Small/medium	Medium	Micro	Small	Small	Medium
Laboratory research, technical regulation and standardisation, metrology, R&D in natural and technical sciences, educational activities	Production of veterinary medicines, wholesale of veterinary medicines, feed additives	Wholesale of agricultural machinery and other equipment, spare parts, machinery service, installation and repair of machinery and equipment	Continued Professional Education	Software development	Making aerated concrete blocks	Auditing activities

Case study of SMEs in the Eurasian region: research objects

GCI indicators	Russia			Belarus		Kazakhstan	
	UkuLab LLC	VETLINE LLC	APH RUS LLC	ProConsultingBy LLC	Itlect LLC	DL Construction Group LLP	UHY SAPA Consulting LLP
Disclosed	28	28	27	30	30	32	29
Information provided in part	-	4	1	-		-	-
No data	5	1	5	3	3	1	4

Economic area indicators

A. Economic area	Russia			Belarus		Kazakhstan	
	UkuLab LLC	VETLINE LLC	APH RUS LLC	ProConsultingBy LLC	Itilect LLC	DL Construction Group LLP	UHY SAPA Consulting LLP
A.1.1 Revenue	disclosed fully	disclosed fully	disclosed fully	disclosed fully	disclosed fully	disclosed fully	disclosed fully
A.1.2 Value added	disclosed fully	disclosed fully	disclosed fully	disclosed fully	disclosed fully	disclosed fully	disclosed fully
A.1.3. Net value-added	disclosed fully	disclosed fully	disclosed fully	disclosed fully	disclosed fully	disclosed fully	disclosed fully
A.2.1 Taxes and other payments to the Government	disclosed fully	disclosed fully	disclosed fully	disclosed fully	disclosed fully	disclosed fully	disclosed fully
A.3.1 Green investments	disclosed fully	disclosed fully	disclosed fully	disclosed fully	disclosed fully	disclosed fully	disclosed fully
A.3.2 Community investment	disclosed fully	disclosed fully	disclosed fully	disclosed fully	disclosed fully	disclosed fully	disclosed fully
A.3.3. Total expenditures on research and development	disclosed fully	disclosed fully	disclosed fully	disclosed fully	disclosed fully	disclosed fully	disclosed fully
A.4.1 Percentage of local procurement	disclosed fully	disclosed fully	disclosed fully	disclosed fully	disclosed fully	disclosed fully	disclosed fully
Total figures disclosed	8	8	8	8	8	8	8

Disclosure of economic area indicators (%)



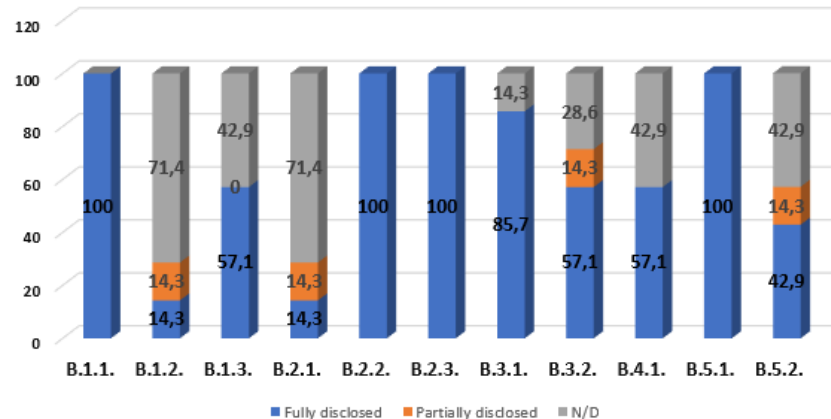
Economic area indicators: Russia

GCI Indicators	Value (Ukulab LLC)	Source	Availability (Yes/No)	Value (Vetline LLC)	Source	Availability (Yes/No)	Value (APH RUS LLC)	Source	Availability (Yes/No)	Comment on the indicator's applicability to SME's (Ukulab LLC)	Comment on the indicator's applicability to SME's (Vetline LLC)	Comment on the indicator's applicability to SME's (APH RUS LLC)
A.1.1 Revenue	\$ 327564	Financial Statements	Yes	\$ 8249433	Financial Statements	Yes	\$ 17722926	Financial Statements	Yes	Indicator consistent with financial statements		
A.1.2 Value Added	\$ 150455	Financial Statements	Yes	\$ 137721	Financial Statements	Yes	\$ 1190514	Financial Statements	Yes	Indicator consistent with financial statements		
A.1.3. Net Value Added	\$ 126320	Financial Statements	Yes	\$ 111151	Financial Statements	Yes	\$ 1033044	Financial Statements	Yes	Indicator consistent with financial statements		
A.2.1 Taxes and other payments to Government	\$ 63052	Financial Statements	Yes	\$ 648046	Financial Statements	Yes	\$ 3360582	Financial Statements	Yes	Indicator consistent with financial statements		
A.3.1 Green Investment	0% of revenue	Financial Statements	Yes	0% of revenue	Financial Statements	Yes	0,0% of revenue	Financial Statements	Yes	There is no "green" investment		
A.3.2 Community Investment	0,0% of revenue	Financial Statements	Yes	0,0% of revenue	Financial Statements	Yes	0,0% of revenue	Financial Statements	Yes	There is no investment in communities		
A.3.3 Total expenditures on R&D	\$ 2910 of revenue	Financial Statements	Yes	\$ 144804	Financial Statements	Yes	0,0% of revenue	Financial Statements	Yes	Research and development expenditure carried out as planned for 2020	Indicates the total research and development costs incurred in the period. Reflected as part of the intangible assets line in the company's balance sheet.	No research and development costs
A.4.1 Percentage of local procurement	100% of all purchases	Financial Statements	Yes	57,46% of all purchases	Financial Statements	Yes	22,8% of all purchases	Financial Statements	Yes	Absolute value of indicator \$ 186611	Absolute value of indicator \$ 4881013	Absolute value of indicator \$ 3897534

Environmental area indicators

B. Environmental area	Russia			Belarus		Kazakhstan	
	UkuLab LLC	VETLIN E LLC	APH RUS LLC	ProConsultingBy LLC	Itflect LLC	DL Construction Group LLP	UHY SAPA Consulting LLP
B.1.1 Water recycling and reuse	disclosed fully	disclosed fully	disclosed fully	disclosed fully	disclosed fully	disclosed fully	disclosed fully
B.1.2 Water use efficiency	disclosed fully	Partly	N/D	N/D	N/D	N/D	N/D
B.1.3 Water stress	disclosed fully	disclosed fully	disclosed fully	N/D	N/D	disclosed fully	N/D
B.2.1 Reduction of waste generation	N/D	Partly	N/D	N/D	N/D	disclosed fully	N/D
B.2.2 Waste reused, re-manufactured and recycled	disclosed fully	disclosed fully	disclosed fully	disclosed fully	disclosed fully	disclosed fully	disclosed fully
B.2.3 Hazardous waste	disclosed fully	disclosed fully	disclosed fully	disclosed fully	disclosed fully	disclosed fully	disclosed fully
B.3.1 Greenhouse gas emissions (scope 1)	N/D	disclosed fully	disclosed fully	disclosed fully	disclosed fully	disclosed fully	disclosed fully
B.3.2 Greenhouse gas emissions (scope 2)	N/D	Partly	N/D	disclosed fully	disclosed fully	disclosed fully	disclosed fully
B.4.1 Ozone-depleting substances and chemicals	N/D	N/D	N/D	disclosed fully	disclosed fully	disclosed fully	disclosed fully
B.5.1 Renewable energy	disclosed fully	disclosed fully	disclosed fully	disclosed fully	disclosed fully	disclosed fully	disclosed fully
B.5.2 Energy efficiency	N/D	Partly	N/D	disclosed fully	disclosed fully	disclosed fully	N/D
Total figures disclosed	6	6	6	8	8	10	7

Disclosure of environmental area indicators (%)



<https://mgroen.ru/calculation>

<https://sro150.ru/kalkulyatory/303-kalkulyator-vybrosov-dioksida-ugleroda-co>

Environmental area indicators: Kazakhstan

GCI Indicators	Value (DL Construction Group LLP) (in a thousand dollars)	Source	Availability (Yes/No)	Value (UHY SAPA Consulting LLP) (in a thousand dollars)	Source	Availability (Yes/No)	Comment on the indicator's applicability to SME's (DL Construction Group LLP)	Comment on the indicator's applicability to SME's (UHY SAPA Consulting LLP)
B.1.1 Water recycling and reuse	Zero	Company estimates	Yes	Zero	Company estimates	Yes	They will not apply, but they can be applied. The indicator can be disclosed if the equipment is installed. It depends on the decision	
B.1.2 Water use efficiency	N/A	N/A	N/A	N/A	N/A	N/A	The tenant does not disclose the details. If data is provided, then the indicator can be disclosed.	
B.1.3 Water stress	Ground - 100%. Consumption volume 1795 m3.	Company records	Yes	N/A	N/A	N/A	Applicable. The data is obtained from company records.	The tenant does not disclose the details. If data is provided, then the indicator can be disclosed.
B.2.1 Reduction of waste generated	75 tons. 75/\$16600 = 0.005	Financial Statements	Yes	Not measured	Not measured	N/A	The waste is taken to a landfill site. Because recycling residues can be more detrimental to the environment than disposing of them	Waste generation is not monitored and no records are kept
B.2.2. Waste reused, re-manufactured and recycled	Zero	Company records.	Yes	Zero	Company records.	Yes	The organisation does not have the equipment to process waste safely. The waste is taken to a landfill site. As the recycling of residues may be more detrimental to the environment than their disposal.	Not recyclable
B.2.3 Hazardous waste	Al powder. 268kg (100%). 268/\$16600 = 0.016	Financial Statements	Yes	Zero	Company records.	Yes	The company uses Al powder for the gassing process. The substance is explosive when heated to high levels. No harmful substances are released after the reaction has taken place.	No production, no emissions
B.3.1 Greenhouse gas emissions (scope 1)	10868 kgCO ₂ e	Company records.	Yes	Zero	Company records.	Yes	Butane / propane gas 7200 liters. (10868 kgCO ₂ e) Carbon Dioxide (CO ₂) Emissions Calculator (https://sro150.ru/)	No production, no emissions
B.3.2 Greenhouse gas emissions (scope 2)	7470 kgCO ₂ e	Financial Statements	Yes	Zero	Company records.	Yes	Electricity consumption - 16,599 kWh. (7470 kgCO ₂ e). Emissions Calculator (https://sro150.ru/)	No production, no emissions
B.4.1 Ozone depleting substances and chemicals	Zero	Company records.	Yes	Zero	Company records.	Yes	No production, no emissions	
B.5.1 Renewable energy	Zero	Company records.	Yes	Zero	Company records.	Yes	The company does not use renewable energy sources. These technologies are expensive for our organisation, with a high payback period	Renewable energy sources are not used. Utility organizations were not provided with data.
B.5.2 Energy efficiency	14KWh per \$1	Farm estimates	Yes	N/A	N/A	N/A	Electricity consumption - 16,599 kWh (1,659,900 watts), which is equivalent to \$1,184. 14 kW for \$1.	The landlord is responsible for the payment for the use of electrical energy. Does not disclose the indicator.

Social area indicators

C. Social area	Russia			Belarus		Kazakhstan	
	UkuLab LLC	VETLINE LLC	APH RUS LLC	ProConsultingBy LLC	Itlect LLC	DL Construction Group LLP	UHY SAPA Consulting LLP
C.1.1 Proportion of women in managerial positions	disclosed fully	disclosed fully	disclosed fully	disclosed fully	disclosed fully	disclosed fully	disclosed fully
C.2.1 Average hours of training per year per employee	disclosed fully	disclosed fully	disclosed fully	disclosed fully	disclosed fully	disclosed fully	disclosed fully
C.2.2 Expenditure on employee training per year per employee	disclosed fully	disclosed fully	disclosed fully	disclosed fully	disclosed fully	disclosed fully	disclosed fully
C.2.3 Employee wages and benefits as a proportion of revenue, with breakdown by employment type and gender	disclosed fully	disclosed fully	disclosed fully	disclosed fully	disclosed fully	disclosed fully	disclosed fully
C.3.1 Expenditures on employee health and safety as a proportion of revenue	disclosed fully	disclosed fully	disclosed fully	disclosed fully	disclosed fully	disclosed fully	disclosed fully
C.3.2 Frequency/incident rates of occupational injuries	disclosed fully	disclosed fully	disclosed fully	disclosed fully	disclosed fully	disclosed fully	disclosed fully
C.4.1 Percentage of employees covered by collective agreements	disclosed fully	disclosed fully	disclosed fully	disclosed fully	disclosed fully	disclosed fully	disclosed fully
Total figures disclosed	7	7	7	7	7	7	7

Disclosure of social area indicators (%)

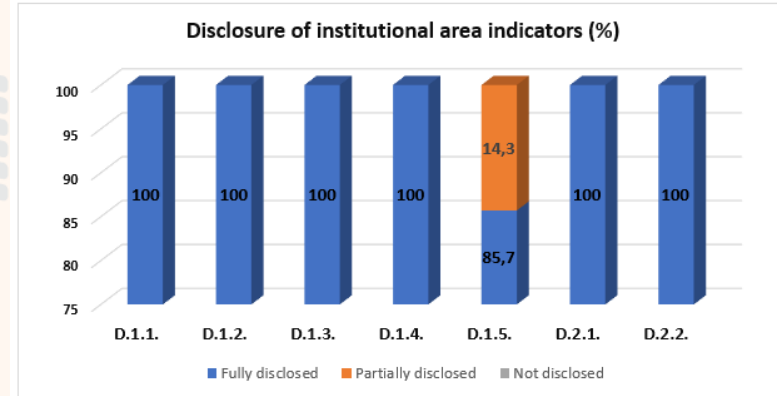


Social area indicators: Kazakhstan

GCI Indicators	Value (DL Construction Group LLP) (in a thousand dollars)	Source	Availability (Yes/No)	Value (UHY SAPA Consulting LLP) (in a thousand dollars)	Source	Availability (Yes/No)	Comment on the indicator's applicability to SME's (DL Construction Group LLP)	Comment on the indicator's applicability to SME's (UHY SAPA Consulting LLP)
C.1.1 Proportion of women in managerial positions	0,33%	Financial Statements	Yes	0,0%	Financial Statements	Yes	There is one managerial position in the company	There are no women in leadership positions
C.2.1 Average hours of training per year per employee	Zero	Financial Statements	Yes	20 hours per employee	Financial Statements	Yes	No employee training was conducted in 2020	The training was conducted in accordance with the training plan for 2020
C.2.2 Expenditure on employee training per year per employee	\$0 per employee	Financial Statements	Yes	95\$ per employee	Financial Statements	Yes	In 2020, there were no expenditures on employee training	Training costs incurred in accordance with the training plan for 2020
C.2.3 Employee wages and benefits as a proportion of revenue	22.5% of revenue	Financial Statements	Yes	20% of revenue	Financial statements	Yes	Women \$1,1 thousand + \$0,152 pay for the employee. Men \$5,6 + \$0,625 pay for the employee. Staff members: 1) \$1.7, full employment, permanent work. 2) 30-50 years – \$0.84 3) Over 50 years old – \$0.84. Freelance employees - \$5 up to 30 years old, male gender, region of Kazakhstan	Women \$ 26.3 + \$ 2.4 pay per employee. Men \$ 9.8 + \$ 1.4. pay for the employee. Staff members: 1) \$ 36., Full employment, full-time work. 2) 30-50 years old - \$ 11.9. 3) Over 50 years old - \$ 24.1.
C.3.1 Expenditures on employee health and safety as a proportion of revenue	0,32% of revenue	Financial Statements	Yes	0.05% of revenue	Financial Statements	Yes	Contract for compulsory accident insurance for employees during the performance of their work duties	\$100, employee accident insurance
C.3.2 Frequency / incident rates of occupational injuries	Zero	Company records	Yes	Zero	Company records	Yes	No occupational injuries in 2020	
C.4.1 Percentage of employees covered by collective agreements	0,0%	Company records	Yes	0,0%	Company records	Yes	There is no collective bargaining agreement	

Institutional area indicators

D. Institutional area	Russia			Belarus		Kazakhstan	
	UkuLab LLC	VETLINE LLC	APH RUS LLC	ProConsultingBy LLC	Itlect LLC	DL Construction Group LLP	UHY SAPA Consulting LLP
D.1.1 Number of board meetings and attendance rate	disclosed fully	disclosed fully	disclosed fully	disclosed fully	disclosed fully	disclosed fully	disclosed fully
D.1.2. Number and percentage of women board members	disclosed fully	disclosed fully	disclosed fully	disclosed fully	disclosed fully	disclosed fully	disclosed fully
D.1.3 Board members by age range	disclosed fully	disclosed fully	disclosed fully	disclosed fully	disclosed fully	disclosed fully	disclosed fully
D.1.4. Number of meetings of audit committee and attendance rate	disclosed fully	disclosed fully	disclosed fully	disclosed fully	disclosed fully	disclosed fully	disclosed fully
D.1.5 Compensation: total compensation per board member (both executive and non-executive directors)	disclosed fully	disclosed fully	Partly	disclosed fully	disclosed fully	disclosed fully	disclosed fully
D.2.1 Amount of fines paid or payable due to settlements	disclosed fully	disclosed fully	disclosed fully	disclosed fully	disclosed fully	disclosed fully	disclosed fully
D.2.2 Average number of hours of training on anti-corruption issues, per year per employee	disclosed fully	disclosed fully	disclosed fully	disclosed fully	disclosed fully	disclosed fully	disclosed fully
Total figures disclosed	7	7	6	7	7	7	7



Institutional area indicators: Belarus

GCI Indicators	Value (ProConsultingBy LLC)	Source	Availability (Yes/No)	Value (Itlect LLC)	Source	Availability (Yes/No)	Comment on the indicator's applicability to SME's (ProConsultingBy LLC)	Comment on the indicator's applicability to SME's (Itlect LLC)
D.1.1 Number of board meetings and attendance rates	Zero	Company records	Yes	Zero	Company records	Yes	The company does not have a board of directors	
D.1.2 Number and percentage of female board members	0,0%	Company records	Yes	0,0%	Company records	Yes	The indicator is 0 due to the absence of a board of directors in the company	
D.1.3 Board members by age range	Under 30 - 0; 30-50 years old - 0, Over 50 years old - 0.	Company records	Yes	Under 30 - 0; 30-50 years old - 0, Over 50 years old - 0.	Company records	Yes	The indicator is 0 due to the absence of a board of directors in the company	
D.1.4 Number of meeting of audit committee and attendance rate	Zero	Company records	Yes	Zero	Company records	Yes	There is no audit committee in the company	
D.1.5 Compensation: total compensation per board member	Zero	Company records	Yes	Zero	Company records	Yes	The indicator is 0 due to the absence of a board of directors in the company	
D.2.1 Amount of fines paid or payable due to settlements	Zero	Financial statements	Yes	Zero	Financial statements	Yes	No penalties on injunctions in 2020	
D.2.2 Average number of hours of training on anti-corruption issues, per year per employee	Zero	Company records	Yes	Zero	Company records	Yes	No anti-corruption training in 2020	

The main conclusions drawn from the study

- 1. SMEs in Russia, Belarus, Kazakhstan can disclose economic and social indicators, irrespective of the accounting applied in the country (national accounting standards or IFRS).**
- 2. SMEs in Russia, Belarus, and Kazakhstan find it challenging to disclose environmental indicators. This is due to the specifics of the SME sector, the size and structure of the organisations, and SMEs' financial capacity and constraints. Additionally, it is related to the lack of knowledge of technical tools that can be used to determine the indicator. It may also be due to a reluctance to disclose data by another entity (e.g., landlord).**
- 3. For SMEs, the institutional area indicators are, in most cases, not applicable and equal to zero. Therefore, the indicators are not very informative for external users. Institutional domain indicators need to be revised in order better to adapt the meaning of the domain to SME reporting.**
- 4. In view of paragraphs 1-3 above, it is recommended to develop the Guidelines on core indicators for reporting by SMEs on their contribution to the Sustainable Development Goals. It is possible that a separate Guidelines for SMEs would improve the understanding of sustainability reporting and accelerate SMEs' application of this reporting.**



" The results of the regional case study (Russia, Belarus, Kazakhstan) confirmed the opportunity and potential of SMEs to report on sustainability. SMEs' openness to sustainability reporting opens up new horizons for SMEs: increasing the efficiency of company processes, attracting investment, integrating into the international community, and accessing regional and international markets."

Olga Bernatskaia, Vice-President, CPA Russia



" The development and implementation of sustainability reporting among SMEs has good potential. In our research, we concluded that for SMEs in Russia that are focused on long-term development, a responsible approach to the outside world and cross-border integration, sustainability reporting is a useful tool both for external development and for achieving goals internally ."

**Svetlana Kovalskaya, Accounting Expert,
CPA Russia**

"SMEs are used to keeping records solely on economic indicators, and in limited numbers at that. SME sustainability reporting allows SME management to analyse the company's internal processes. From there, organise, deliver or restructure process accounting and achieve company transparency. The Belarusian companies that participated in the case study formed a positive attitude towards such reporting. We saw the promise of Belarusian companies through this reporting and new opportunities for SMEs."

Valentina Neizvestnaya, Expert Belorussia



" The reporting discloses indicators that SMEs never disclose anywhere. Therefore, for openness of information both for SME management in Kazakhstan and especially for investors, this reporting is important. SMEs should learn from the experience of large companies in preparing and publishing reports, because large companies have investors. The emergence of reporting that can be done by SMEs makes the SME sector an investment-friendly."

Artem Mitsuk, Auditing Expert, Kazakhstan



Thank you!



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