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

**UNCTAD-ISAR – IAAER Workshop  
Impact of COVID 19 on company financial and sustainability  
reporting**

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Presented by

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Financial Management”  
Ukraine



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# IMPACT OF COVID-19 ON COMPANIES' ACTIVITIES: INDICATORS, METHODOLOGY OF CALCULATION, DATA SOURCES

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# REQUIREMENTS FOR INDICATORS DISCLOSED IN ENTITIES' NON-FINANCIAL REPORTING, INCLUDING INDICATORS CHARACTERIZING THE IMPACT OF COVID-19 \*

Universality, complexity and interconnectedness

possibility of intersectoral comparison

disclosure of information on at least one aspect of the activity (economy, environment, social issues)

possibility of consistent calculation of indicators

focus on long-term goals and strategy of the enterprise

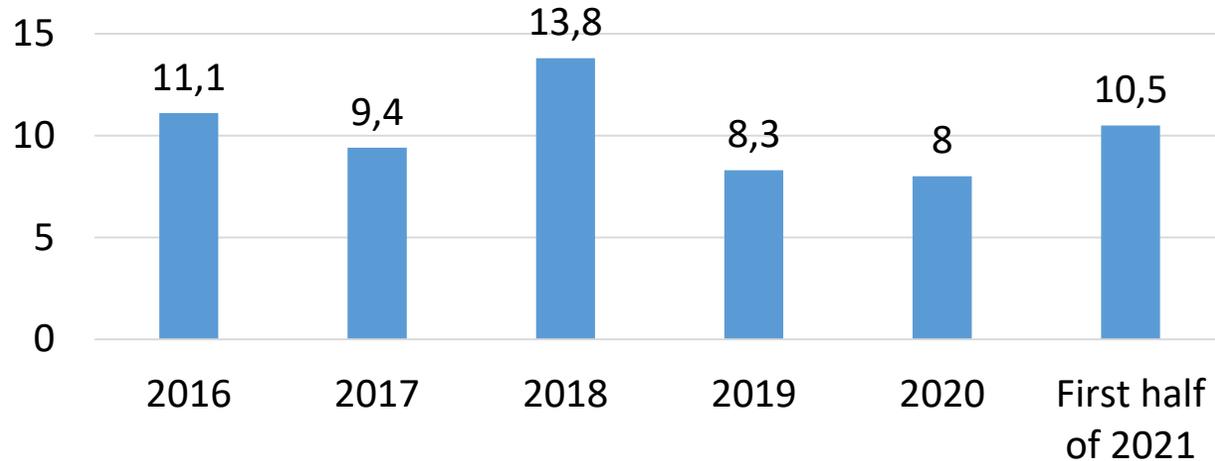
transparency (openness and transparency for stakeholders)

the possibility of disclosure both in the consolidated financial reporting and in the financial reporting of individual legal entities

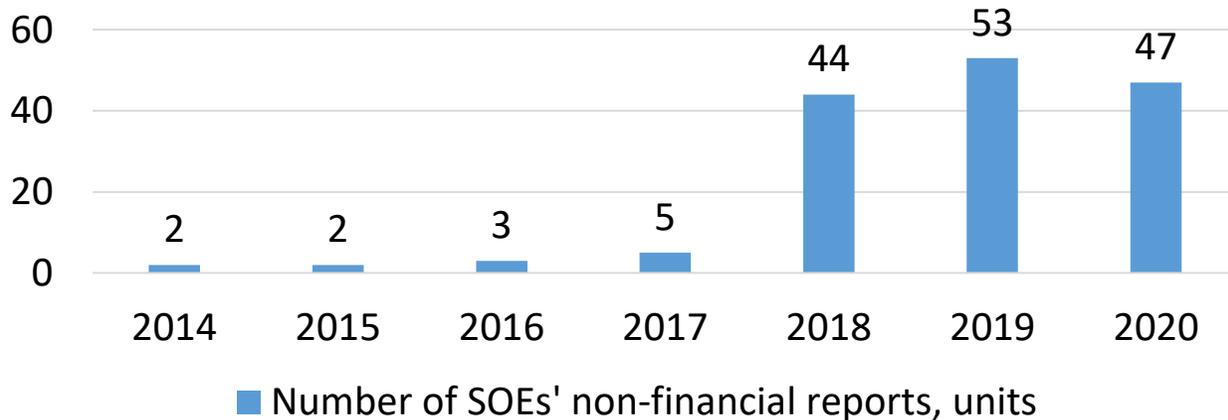
\* formed on the basis of EU directive requirements (*Directive 2013/34/EU, Directive 2014/95/EU*) and recommendations of international documents (*Guidance on core indicators for entity reporting on contribution towards implementation of the Sustainable Development Goals, hereinafter - GCI*)

# EMPIRICAL ANALYSIS OF UKRAINIAN STATE-OWNED ENTERPRISES' (SOE) NON-FINANCIAL REPORTING

The share of the public sector of the economy\*, %



Dynamics of preparation and publication of non-financial reports of Ukrainian SOEs included in Top 100 SOEs of Ukraine



Methodology of study of TOP 100 Ukrainian SOEs' non-financial reporting

<b>1. Selection of respondent enterprises</b>	TOP 100 state-owned enterprises of Ukraine (by the book value of assets)**
<b>2. Data collection and aggregation</b>	Study of the non-financial reporting of the respondent enterprises. Study and assessment of the conceptual framework for respondents' reports in the context of the Minimum reporting requirement for sustainability reporting set by UNCTAD for inclusion in the indicator 12.6.1***
<b>2.1 Method of data collection</b>	Systematic targeted observation; expert evaluation
<b>3. Overview of expert evaluation outcomes</b>	Review of practice, identification of features and general trends in company reporting
<b>4. Information sources</b>	Non-financial reports of state-owned enterprises posted on their corporate websites

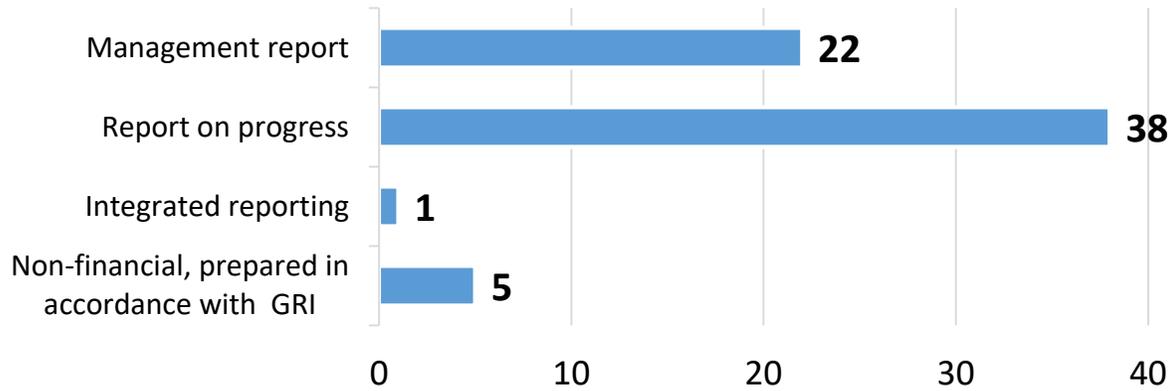
\*\* Ministry of Economy of Ukraine (2019). TOP 100 STATE-OWNED COMPANIES IN UKRAINE IN 2018. Press Center of the Ministry of Finance of Ukraine. URL: <https://me.gov.ua/News/Detail?lang=uk-UA&id=5b766e9d-5da7-411a-9037-7085c5da1bca&title=Top100-DerzhavnikhPidprimstvU2018-RotsiOtrimaliZagalniiPributokV25-3-MlrdGrn&isSpecial=true>

\*\*\* UNCTAD (2020). Methodology for SDG indicator 12.6.1. URL: [https://environmentlive.unep.org/media/docs/projects/draft\\_proposal\\_methodology\\_12\\_6\\_1\\_may\\_2019.pdf](https://environmentlive.unep.org/media/docs/projects/draft_proposal_methodology_12_6_1_may_2019.pdf)

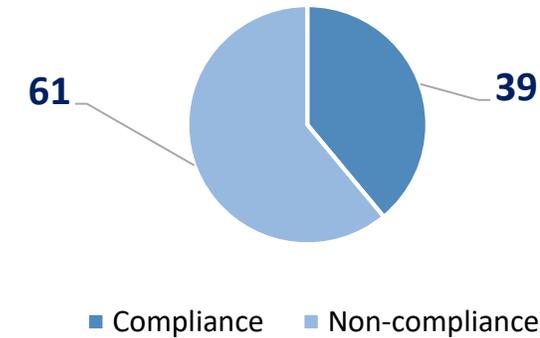
\* Ministry of Economy of Ukraine (2021). The share of the public sector of the economy. URL: <https://www.me.gov.ua/Documents/List?lang=uk-UA&id=3f9cbf0b-24bf-48f8-8360-04d559e41d60&tag=UpravlinniaDerzhavnimSektoromEkonomikils>

# EMPIRICAL ANALYSIS OF UKRAINIAN STATE-OWNED ENTERPRISES' (SOE) NON-FINANCIAL REPORTING. CORE RESULTS

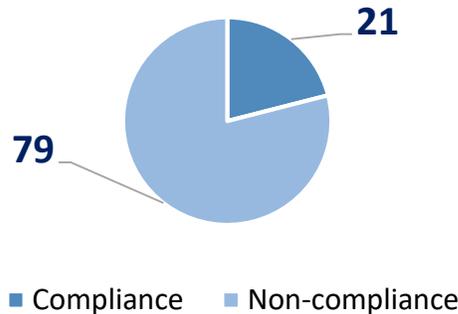
### Types of studied non-financial reports of TOP 100 SOEs of Ukraine



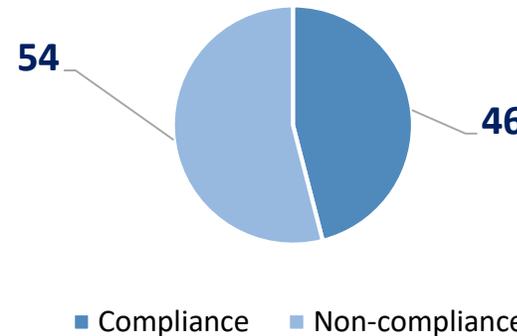
### Compliance of SOEs non-financial reports with minimum requirements in Environmental area, %



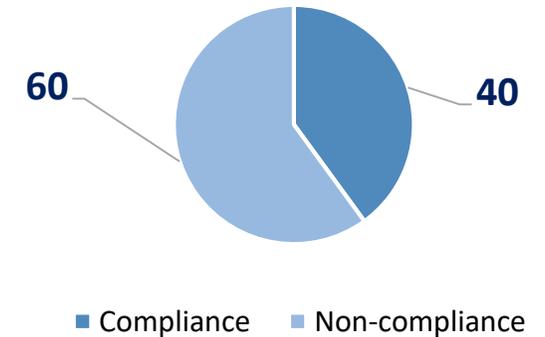
### Compliance of SOEs non-financial reports with minimum requirements in Institutional area, %



### Compliance of SOEs non-financial reports with minimum requirements in Economic area, %



### Compliance of SOEs non-financial reports with minimum requirements in Social area, %



# INTERNATIONAL RECOMMENDATIONS ON DISCLOSURE THE INFORMATION IN ENTITIES' SUSTAINABILITY REPORTING UNDER COVID-19 PANDEMIC

Document, Initiative, Information platform	Content
SDG Action Manager (UN Global Compact) ( <a href="https://www.unglobalcompact.org/take-action/sdg-action-manager">https://www.unglobalcompact.org/take-action/sdg-action-manager</a> )	Information and analytical database for assessing the contribution of companies towards the attainment of SDGs
Paper “Linking the SDGs and the GRI Standards” (GRI) ( <a href="https://www.globalreporting.org/media/lbvnxb15/mapping-sdgs-gri-update-march.pdf">https://www.globalreporting.org/media/lbvnxb15/mapping-sdgs-gri-update-march.pdf</a> )	A document containing the tools for comparing SDGs with GRI standards in order to inform the public about the progress of enterprises in attaining 17 SDGs
Tackling Coronavirus (COVID-19): contributing to a global report (OECD) ( <a href="https://www.oecd.org/coronavirus/country-policy-tracker/#Othermeasuresincludingstructuralpolicymeasures">https://www.oecd.org/coronavirus/country-policy-tracker/#Othermeasuresincludingstructuralpolicymeasures</a> )	Information and analytical platform containing data on the impact of COVID-19 on the performance and contribution of enterprises to combating the spread of coronavirus disease
Business and COVID-19 (World Business Council on Sustainable Development, WBCSD) ( <a href="https://www.wbcsd.org/COVID-19/Member-companies">https://www.wbcsd.org/COVID-19/Member-companies</a> )	Information platform that allows to accumulate data on changes in the performance of enterprises caused by COVID-19
Paper “Summary of Covid-19 Financial Reporting Considerations” (IFAC) ( <a href="https://www.ifac.org/knowledge-gateway/supporting-international-standards/discussion/summary-covid-19-financial-reporting-considerations">https://www.ifac.org/knowledge-gateway/supporting-international-standards/discussion/summary-covid-19-financial-reporting-considerations</a> )	The document, the main provisions of which are aimed at assisting compilers of financial reporting in presenting the main challenges of financial reporting in terms of COvid-19
IOSCO Statement on Importance of Disclosure about COVID-19 IOSCO/OR/02/2020 від 29.05.2020 (IOSCO) ( <a href="https://www.iosco.org/library/pubdocs/pdf/IOSCOPD655.pdf">https://www.iosco.org/library/pubdocs/pdf/IOSCOPD655.pdf</a> )	Document aimed at promoting the disclosure of timely and high-quality financial information together with transparent and public information on the impact of COVID-19 on the issuer's performance, financial state, liquidity and future prospects
Paper “Sustainable public finances through COVID-19” (ACCA) ( <a href="https://www.accaglobal.com/content/dam/ACCA_Global/professional-insights/SPF_Covid19/AlexMetcalfe.MichaelTaylor.SustainableFinances.Covid19.pdf">https://www.accaglobal.com/content/dam/ACCA_Global/professional-insights/SPF_Covid19/AlexMetcalfe.MichaelTaylor.SustainableFinances.Covid19.pdf</a> )	Document aimed at providing methodological assistance to governments in designing macroeconomic indicators adjusted for the impact of COVID-19 in order to ensure the implementation of a qualitative forecast for future periods

# STRUCTURE OF THE INFORMATION REFLECTING THE IMPACT OF COVID-19 ON COMPANIES' THE ACTIVITIES AND THEIR CONTRIBUTION TOWARDS THE COUNTERACTING THE PANDEMIC

	Areas of information disclosure (according to GCI), to which proposals are made:		Total
	Economic	Social	
<b>Number of additional indicators, including:</b>	<b>6</b>	<b>9</b>	<b>15</b>
financial	6	4	10
non-financial:	-	5	5

# RECOMMENDATIONS FOR DISCLOSURE OF INFORMATION IN THE MANAGEMENT REPORT ON THE IMPACT OF COVID-19 ON COMPANIES' ACTIVITIES (prepared in accordance with the requirements of Directive 2013/34/EU, implemented to Ukrainian legislation)

Directions of forming the information in the management report recommended by national legislation	Proposals for including additional indicators
<b>Liquidity and Liabilities</b>	<ol style="list-style-type: none"><li>1. Spending on investment projects, the implementation of which is suspended due to COVID-19, thousand UAH</li><li>2. Volume of credit resources attracted by the enterprise during the COVID-19 pandemic, thousand UAH</li><li>3. Changes in the amount of cash flows during the COVID-19 pandemic, thousand UAH</li></ol>
<b>Research and Development</b>	<ol style="list-style-type: none"><li>4. Amount of spending on measures to overcome the COVID-19 pandemic at the community level, thousand UAH</li><li>5. Amount of spending incurred to support research and development in combating the spread of COVID-19, thousand UAH</li><li>6. The amount of spending incurred to ensure the digitalization of business processes at the enterprise in terms of counteracting the spread of COVID-19, thousand UAH</li></ol>

# METHODOLOGY APPROACHES TO CALCULATE THE INDICATORS REFLECTING THE IMPACT OF COVID-19 ON COMPANIES' THE ACTIVITIES AND THEIR CONTRIBUTION TOWARDS THE OVERCOMING THE PANDEMIC. ECONOMIC AREA BY GCI

No	Indicator	Calculation Method
1	Spending on investment projects, the implementation of which is suspended due to COVID-19	The amount of spending incurred on investment projects, the implementation of which is suspended due to COVID-19, thousand UAH
2	Volume of credit resources attracted by the enterprise during the COVID-19 pandemic	The volume of all attracted credit resources during the reporting period in terms of maturity (long-term and current), thousand UAH. In order to improve the perception of information by stakeholders and demonstrate the impact of COVID-19 on solvency, optimization of settlements with the company's counterparties, it is recommended to show the dynamics of changes in the volume of loans received by the company by calculating the growth rate.
3	Changes in the amount of cash flows during the COVID-19 pandemic	Forecast and actual amount of cash inflows from various activities (operating, investment, financial), net cash flow. It is recommended to present information in absolute (thousand UAH) and relative terms
4	Amount of spending on measures to overcome the COVID-19 pandemic at the community level	The amount of spending aimed at measures to overcome COVID-19 pandemic at the local community level includes total spending of the enterprise during the reporting period on the implementation of charitable projects, measures, investment projects to combat the spread of the COVID-19 pandemic in the country (region), where it performs main operating activity, thousand UAH. It is recommended to determine the ratio that shows the share of this spending in the total spending of the enterprise. The ratio is calculated by dividing the amount of spending incurred on measures to overcome the pandemic COVID-19 at the local community level by total spending of the enterprise in the reporting period,%
5	Amount of spending incurred to support research and development in combating the spread of COVID-19	The amount of spending incurred by the enterprise during the reporting period on research and development to combat the spread of the pandemic COVID-19, thousand UAH. It is recommended to determine the ratio that shows the share of this spending in the total spending of the enterprise. The ratio is calculated by dividing the amount of spending incurred on digitalization of major business processes by the total spending of the enterprise in the reporting period,%
6	The amount of spending incurred to ensure the digitalization of business processes at the enterprise in terms of counteracting the spread of COVID-19	The amount of spending incurred by the company on digitalization of major business processes in connection with the transition to remote work (for example, the cost of providing remote access to jobs through the introduction of cloud technologies), thousand UAH. It is recommended to determine the ratio that shows the share of this spending in the total spending of the enterprise. The ratio is calculated by dividing the amount of spending incurred by the enterprise on digitalization of major business processes by the total spending of the enterprise in the reporting period,%

# RECOMMENDATIONS FOR DISCLOSURE OF INFORMATION IN THE MANAGEMENT REPORT ON THE IMPACT OF COVID-19 ON COMPANIES' ACTIVITIES (prepared in accordance with the requirements of Directive 2013/34/EU, implemented to Ukrainian legislation)

Directions of forming the information in the management report recommended by national legislation	Proposals for including additional indicators
Social aspects and personnel policy	<ul style="list-style-type: none"> <li>7. Frequency of morbidity cases of COVID-19, units</li> <li>8. The amount of spending incurred on sick leave notes during the COVID-19 pandemic, thousand UAH</li> <li>9. The amount of spending incurred to create safe working conditions in the context of combating COVID-19, thousand UAH</li> <li>10. The amount of spending on payment of fines for improper working conditions in the context of combating COVID-19, thousand UAH</li> <li>11. The amount of spending incurred on additional health insurance of employees (life insurance), thousand UAH</li> <li>12. Duration of employees' training on combating COVID-19, h</li> <li>13. Duration of employees' remote work in the conditions of COVID-19, h / week</li> <li>14. Level of transitioning to remote work,%</li> <li>15. Staff reduction ratio,%</li> </ul>

# METHODOLOGY APPROACHES TO CALCULATE THE INDICATORS REFLECTING THE IMPACT OF COVID-19 ON COMPANIES' THE ACTIVITIES AND THEIR CONTRIBUTION TOWARDS THE OVERCOMING THE PANDEMIC. SOCIAL AREA BY GCI

No	Indicator	Calculation Method
7	Frequency of morbidity cases of COVID-19	The ratio of incapacity days for work due to COVID-19 to working hours multiplied by 100%. Number of cases among employees on COVID-19, units
8	The amount of spending incurred on sick leave notes during the COVID-19 pandemic	The amount of spending on payment of arrears to employees due to temporary incapacity (due to COVID-19), thousand UAH. It is recommended to provide information on the share of spending on payment of arrears to employees due to temporary incapacity(due to COVID-19) in the total amount of arrears of payments to employees due to temporary incapacity for work, including payment of the first five days,%
9	The amount of spending incurred to create safe working conditions in the context of combating COVID-19	The amount of spending incurred to create safe working conditions in the context of combating COVID-19, in particular: the cost of purchasing disinfectants, the cost of training workers, the cost of purchasing personal protective equipment, etc., thousand UAH
10	The amount of spending on payment of fines for improper working conditions in the context of combating COVID-19	The amount of spending incurred on payment of fines to the state budget for violation of current legislation in the field of combating the spread of coronavirus, thousand UAH
11	The amount of spending incurred on additional health insurance of employees (life insurance)	The amount of spending incurred on individual medical insurance of employees of the enterprise against coronavirus disease, thousand UAH
12	Duration of employees' training on combating COVID-19	Total hours of staff training on safety and conduct during the COVID-19 pandemic, hours
13	Duration of employees' remote work in the conditions of COVID-19	Total hours of remote work during the COVID-19 pandemic, hours / week
14	Level of transitioning to remote work	The share of remote work of employees in the total number of hours worked per week. It is determined by dividing the number of hours worked remotely by the total amount of working hours and multiplying by 100%; %
15	Staff reduction ratio	The ratio of the number of laid off employees for the reporting period to the average number of employees for the corresponding period,%. It is recommended to indicate the age and gender of redundant workers

# EXPECTED RESULTS FROM THE IMPLEMENTATION OF THE PROPOSED LIST OF CORE INDICATORS WHICH SHOW THE IMPACT OF THE PREVENTION OF THE SPREAD OF DISEASE COVID-19 ON THE ENTERPRISE PERFORMANCE AND ITS CONTRIBUTION TO COMBATING THE SPREAD AND CONSEQUENCES

- avoidance of information asymmetry;
- enabling users to compare company reports over different periods, reports of different companies;
- implementation through sustainability indicators of monitoring the attainment of the Sustainable Development Goals at the national and global levels;
- ensuring the disclosure of the impact of COVID-19 on the enterprises performance and evaluation of the enterprises policy on its overcoming

- reduction of reliability and comparability of information included in non-financial reporting;
- violation of the order and late submission of non-financial reporting;
- deterioration of interaction with business partners, state, public, international bodies, etc.;
- failure to comply with the principles of social responsibility to society;
- lack of information on enterprise performance in conditions of uncertainty (in particular, -caused by the pandemic COVID-19)



# THANK YOU!

The presentation was prepared within the following research studies:

“Regulatory and organization basis for non-financial reporting in Ukraine” (number of registration: 0121U109967);

“Accounting and analysis as management functions of state-owned enterprises in terms of the application of International Financial Reporting Standards” (number of registration: 0121U110030);

“Fiscal and Monetary Security of the National Economy under Global Challenges and Threats Posed by the COVID-19 Pandemic” (application ID: 2020.01/0546)