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Features of implementation of ESG management criteria in Ukrainian agriculture in the context of global challenges and EU integration

Abstract. This study addressed the significance of implementing ESG (Environmental, Social, Governance) management criteria in Ukrainian agriculture in the context of integration with the European Union during wartime and post-war reconstruction, which is becoming increasingly relevant due to the requirements of sustainable development and environmental protection, which are becoming an integral part of accession agreements. The purpose of this study was to substantiate the necessity of implementing ESG management criteria in the activities of Ukrainian agricultural enterprises to ensure sustainable development and integration of Ukraine into the EU during the period of martial law and post-war reconstruction. The key methods used included comparative analysis, evaluation method, SWOT analysis, and data synthesis. The aspects of environmental sustainability, social responsibility, and corporate governance and their interrelationships with the development of agriculture and rural areas in Ukraine were considered in detail. The study identified the value of environmental sustainability in the context of current challenges, such as climate change, soil degradation, and the need to preserve biodiversity, accommodate social aspects, ensure decent working conditions, develop rural communities, and improve the quality of life of the population through the implementation of responsible finance principles. The study identified strengths, weaknesses, opportunities, and threats that may arise on the path towards implementing ESG criteria in the management of agricultural enterprises through a SWOT analysis. Strengths include Ukraine's natural potential, fertile land, and agricultural traditions. Weaknesses include insufficient infrastructure, financial resources, and technical support. Opportunities include integration into European markets, attracting foreign investment, and developing

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innovative technologies. Threats include the impact of climate change, geopolitical risks, and economic instability. The above analysis of the benefits of ESG criteria for the agricultural sector has its practical value, as it can help agricultural enterprises improve their production potential, increase their competitiveness in the market, and become potentially attractive to investors

Keywords: reconstruction; principles of responsible finance; management; sustainable development; decision-making; social responsibility

INTRODUCTION

Implementation of strong environmental and social standards in line with European requirements is a prerequisite for Ukraine's integration into the European Union (EU) and attraction of international investment. This will enable the Ukrainian agricultural sector not only to resume its operations after the war, but also to become a competitive international player, as compliance with EU standards opens access to European markets and creates opportunities for financial support that will help ensure the long-term sustainability of economic development, reduce the adverse environmental impact and improve the quality of life of the population in the post-war reconstruction of Ukraine.

The reports of the Intergovernmental Panel on Climate Change (IPCC) clearly outline the situation (AR6 synthesis report, 2023). The intergovernmental body IPCC of the United Nations disseminates information on climate change caused by human activity, informs governments about the state of these changes, including natural, economic, and social impacts and risks. The UN Department of Economic and Social Affairs publishes the Global Sustainable Development report (2023). It highlights the key transformations necessary in various sectors and contains key findings from various sources, practical examples, and tools for progress towards the Sustainable Development Goals. According to the conclusions of the IPCC, human-induced impacts are leading to critical changes in ecosystems, which cause severe economic, social, and environmental risks (AR6 synthesis report, 2023). These changes are critical to understanding how adapting agriculture to new environmental conditions can increase its resilience. The UN's Global Sustainable Development report (2023) also highlighted the need for transformation in various sectors, including agriculture, to achieve the Sustainable

Development Goals. Thus, the report contains practical examples and tools that can be used to promote the integration of ESG (Environmental, Social, Governance) criteria in agriculture.

The academic community has been actively researching the impact of ESG criteria on the development of the agricultural sector in different countries. N.F. Takril *et al.* (2023) concluded that ESG considerations can positively affect financial performance by increasing operational efficiency, improving the reputation of enterprises, and attracting sustainable investment. They also noted that transparency in corporate reporting increases investor confidence, which helps to increase investment in agriculture. In the context of Ukraine's post-war reconstruction, V. Metelytsia & T. Gagalyuk (2024) argued that small and medium-sized agricultural enterprises are the most flexible in implementing ESG criteria, as their operating structure allows them to adapt new approaches to resource management more quickly. This has also increased their competitiveness in markets with high environmental requirements. The researchers emphasised that attracting international investors is only possible if companies meet ESG requirements, which is becoming a crucial aspect in the recovery of the Ukrainian agricultural sector.

M. Kirzhetska & Yu. Kirzhetskyy (2022) showed that the integration of ESG criteria helps to increase the return on assets of enterprises, which makes them more attractive to investors. This study confirmed that the implementation of ESG strategies helps to improve the financial performance of companies, as investors are increasingly paying attention to the environmental and social aspects of business when making investment decisions. This approach helps to increase the efficiency of resource use and attract capital. D. Zatonatskiy (2023) investigated the prospects of ESG investment in the rebuilding

of Ukraine's critical infrastructure after the war, emphasising that international investors are actively supporting projects related to the restoration of agricultural enterprises, especially those that implement environmentally friendly technologies and socially responsible management approaches. This study has demonstrated the potential to attract large investments in Ukraine's agricultural sector through the implementation of ESG approaches. The researcher also noted that companies that adhere to ESG principles have better opportunities to attract international loans and grants, which can be a valuable tool for their development in an unstable economy.

T. Mirzoyeva & N. Gerasimchuk (2023) noted that in the conditions of the 21st century, when business conditions are rapidly transforming and the level of risks is constantly increasing, agribusiness representatives should carefully approach risk assessment and correlate the results with the principles of ESG strategy, as well as general business management. For Ukrainian agricultural producers, which are forced to operate under martial law and, accordingly, experience a lack of resources and disruption of logistics, integration into the risk management system and implementation of the principles and criteria of the ESG strategy by the enterprise may become a new vector of development, the significance of which is the purpose of this study. In the context of sustainable development and Ukraine's integration into the EU during the period of martial law and post-war recovery, the objective of the study was to substantiate the ESG criteria in the management of agricultural enterprises through the use of SWOT analysis, identification of threats and opportunities, strengths and weaknesses of ESG strategies during a full-scale invasion, considering Ukraine's European integration transformations.

MATERIALS AND METHODS

The present study employed a combination of methods to analyse the feasibility and significance of implementing ESG criteria in Ukrainian agriculture. The comparative analysis method was employed to study in detail the implementation of ESG criteria in agricultural enterprises in Ukraine and the EU. It helped to identify key differences and similarities in the approaches to

environmental, social, and governance aspects of agriculture between these regions. The study used Stakeholder theory (n.d.) to help explain how organisations consider the interests of individuals or groups affected by their actions. The study reviewed a wide range of international materials, including research by leading European academic institutions and reports by the European Commission, which analyse achievements in sustainable development and the implementation of environmental standards in EU countries. The sources were used to explore the best practices of European agricultural enterprises that have already implemented ESG criteria and demonstrated the effectiveness of these measures in practice (EU agri-food trade..., 2024).

In the context of Ukraine's integration into the EU, the introduction of ESG criteria in agriculture is essential for increasing the competitiveness of Ukrainian enterprises in the international market. A detailed study of the practices of EU countries can serve as an effective basis for developing suitable recommendations for the implementation of these standards in Ukraine. The comparative analysis identified the key challenges faced by Ukrainian agricultural enterprises in implementing ESG criteria, including limited funding, regulatory barriers, and the need to modernise production processes. The assessment methodology included data analysis through a holistic approach and detailed analysis of a wide range of data from various sources. One of the key sources of information for assessing the impact of ESG criteria on Ukrainian agriculture was statistical data obtained from the State Statistics Service of Ukraine (n.d.). The data enabled the assessment of economic indicators of agriculture at the national level, including the productivity of enterprises, the level of employment in the sector, and the volume of agricultural production.

These data allowed for a detailed analysis of the economic situation in the agricultural sector, which helped to identify key trends and challenges faced by agricultural enterprises in the current crisis. Additionally, data from the Ministry of Agrarian Policy and Food of Ukraine was instrumental in identifying government initiatives and regulations in the agricultural sector, particularly in the implementation of sustainable

practices (Crop production..., 2024). The study was also based on data from the Kyiv School of Economics, which conducted in-depth research on the impact of the war and martial law on the Ukrainian economy and the agricultural sector (The explosion..., 2023; Neiter *et al.*, 2024). The analysis of these data helped to determine how the war affected production capacity, export opportunities, and the overall economic stability of agriculture, and to analyse key areas for the recovery of the agricultural sector after the end of the conflict, as well as possible scenarios for the development of agriculture in the wartime and post-war periods. International sources, such as the reports of the IPCC (AR6 synthesis report, 2023) and Food and Agriculture Organization (FAO) (Climate-smart agriculture, n.d.) provided valuable information for assessing the climate indicators and environmental challenges faced by Ukrainian agriculture. The data from these sources allowed for an assessment of how climate change is affecting crop yields, water availability, and other major environmental factors. This helped to develop recommendations for adapting agriculture to climate change through the implementation of sustainable practices and ESG criteria. The SWOT analysis was applied to identify the strengths and weaknesses of the implementation of ESG criteria in agriculture (internal factors), as well as opportunities and threats (external factors).

The synthesis method was employed to summarise data from various sources, which provided a holistic understanding of the state of Ukrainian agriculture and its readiness to implement ESG criteria. The synthesis method was also used to identify the state of research on the impact of changes in the management of agricultural enterprises since the reorientation to ESG criteria in the EU. Additionally, the study examined the Directive of the European Parliament and of the Council No. 2014/95/EU (2014), which regulate sustainable development and disclosure of non-financial and diversity information, obliging large companies that are of public importance to publish non-financial reports. These reports included information on environmental, social, and human resources issues, respect for relevant human rights, anti-corruption actions, and governance issues.

EU reporting on environmental, social, and governance issues has become increasingly important since 2016, when the Paris Climate Agreement was ratified (Law of Ukraine No. 1469-VIII, 2016). It served as a tool for assessing companies' compliance with sustainability standards, which is a key factor for investors and other stakeholders. For countries seeking integration into the EU, the implementation of these reports has become not only a requirement of the times, but also a prerequisite for achieving European business standards starting in 2025 (Takril *et al.*, 2023). That is, the study is based on a wide range of methodological tools, which enabled a thorough assessment of the benefits of implementing ESG criteria and the development of recommendations for their integration into the agricultural sector of Ukraine and, specifically, into the management of agricultural enterprises.

RESULTS AND DISCUSSION

According to the IPCC, human activity, mainly through greenhouse gas emissions, has caused global warming, with the Earth's surface temperature rising by 1.1°C between 1850 and 2020. Thus, global greenhouse gas emissions are accelerating. This is caused by unstable energy use, land use, lifestyles, and consumption and production patterns in regions, between countries, and within them (AR6 synthesis report, 2023). It was argued that various measures are being implemented around the world to prevent further temperature increases and reduce greenhouse gas emissions. Through the signing of various international initiatives and agreements, agricultural companies are implementing the UN Sustainable Development Goals (n.d.), which aim to help companies and enterprises develop without adversely affecting the environment and while maintaining the stability of social and cultural systems.

It was found that there are governmental and commercial proposals that help to transition to the principles of sustainable development through financial instruments. For example, the FAO's Climate-smart agriculture (n.d.) programme aims to increase the resilience of agriculture to climate change, particularly through precision agriculture and natural resource

management. There are also various funds, such as the Green Climate Fund (n.d.), which aim to finance projects that contribute to reducing greenhouse gas emissions and adapting to climate change, including in agriculture. At the same time, various types of non-financial management reports of companies, including environmental, economic, and social components, emphasise the determination to act and responsibility for food security and society at large.

It was found that Ukraine is a top player among producers and suppliers of agricultural products in Europe. In 2023, the country ranked third among the EU's largest exporters with EUR 11.8 billion, accounting for 7% of EU imports and playing a significant role in the implementation of the UN Sustainable Development Goals. However, due to the active hostilities, the agricultural sector has suffered tremendous losses and destruction, affecting the welfare and lives of Ukrainians. During the war, Ukrainian companies (most of them) operate at a loss, but are trying to introduce new management approaches to support the country's economy and wartime society (Ukrainian agriculture..., 2023). The study found that to boost European investment, it is increasingly necessary to introduce and implement sustainable development goals, and the introduction of ESG management criteria may be most suitable for transforming the agricultural sector.

ESG criteria is a set of criteria used to assess a company's performance in three key aspects and is a valuable source of information for investors to assess the company's sustainable development indicators, identify risks, and evaluate long-term growth potential. It was found that the ESG complex can be divided into three aspects. *Environmental aspect* focuses on the company's impact on the environment and includes an assessment of the consumption of natural resources, such as water, energy, and raw materials. The analysis of greenhouse gas emissions and their adaptation for further use is a vital element of the environmental criterion (Kovalenko *et al.*, 2021), and companies that use it strive to minimise the amount of waste that goes to landfills (Green Climate Fund, n.d.; Lagodiyenko *et al.*, 2024). It was also found that the use of biomass reduces the amount of waste

in agriculture and, in the case of biogas, leads to the return of biodiversity and overall environmental improvement (Bielik *et al.*, 2024). In contrast to the environmental aspect, *the social aspect* reflects the company's interaction with its stakeholders, such as employees, consumers, and the community, and covers equality issues, including gender issues, as companies strive to provide equal opportunities for all employees, regardless of their gender, race, age, or other characteristics. It was found that another major aspect is the creation of an inclusive working environment where each employee feels valued and can develop professionally, as labour standards are also a critical element of the social aspect (ensuring fair working conditions, occupational safety, social protection, etc.). At the same time, *the governance aspect* considers the principles of corporate governance in a company, including the structure of the board of directors, ethical standards, internal control, and risk management, as sound corporate governance contributes to the effective functioning of the company and increases investor confidence. It was found that the structure of the board of directors should ensure a balance in the management of business processes, which would allow for objective and balanced decisions, as ethical standards include adherence to the principles of honesty, transparency, and responsibility in business activities. Companies should have clear policies to prevent corruption, conflicts of interest, and other misconduct.

The study found that internal controls help ensure that a company's operations and processes follow established standards and regulatory requirements. This includes conducting regular audits, monitoring and assessing risks, and implementing mitigation measures (What is ESG..., 2024). The development of managerial responsibility is crucial because, apart from transparency to the state, it also contributes to the economic development of the business itself, as job creation increases trade and company profits, while financing start-ups helps to find business partners, which ultimately helps to generate economic benefits (Tiurina *et al.*, 2021). The implementation of ESG criteria contributes to the development of responsible business and helps companies attract investors who focus

on sustainability indicators when making investment decisions. Companies with solid ESG ratings have better access to capital, reduced risks, and increased trust from customers and partners, while companies that have already integrated ESG principles into their operations have a competitive advantage because they can adapt to new requirements faster and avoid possible fines and sanctions. The study showed that with the beginning of the full-scale invasion, Ukraine's European integration processes gained new relevance and intensity, which led to the granting of candidate status for EU membership on 23 June 2022 (Ukraine receives..., 2022). The granting of the status meant that Ukraine

now had to work especially hard to quickly bring all aspects of its policies and legislation in line with EU norms and rules (Starikova, 2022). It was argued that Ukrainian agricultural policy and national legislation regulating agricultural activities and food production play a significant role in this process.

The study noted that Ukraine, due to its fertile soils, favourable climate, and favourable geographical location, is one of the leading exporters of grain crops, sunflower oil, sugar, as well as meat and dairy products (The impact of Russia's war..., 2023; Kamakaula, 2024). Agriculture has always been a major part of the economy, providing a sizeable share of GDP and jobs (Table 1).

Table 1. GDP structure in Ukraine in 2018-2022, %

Sector	2018	2019	2020	2021	2022
Agriculture	10.1	9	9.3	10.9	8.2
Trade	13.2	13.2	13.9	13.6	12.4
State Social Insurance Administration	6	6.7	7.3	6.2	21.1
Education and Healthcare	6.6	6.7	7.1	6.8	6.6
Construction	2.3	2.7	2.8	2.8	1.2
Utility services	3.5	3.5	3.3	3.7	4.8
Processing industry	11.5	10.8	10.1	10.3	7.6
Extractive industry	6	5.6	4.6	6.4	5.7
Other services	25.5	27.8	27.5	25.3	20.7

Source: compiled by the authors based on data from Gross domestic product for 2022 (2023) and State Statistics Service of Ukraine (n.d.)

The study provided evidence of the above theses on agribusiness development through

examples of investments in the industry in 2015-2022 (Fig. 1).

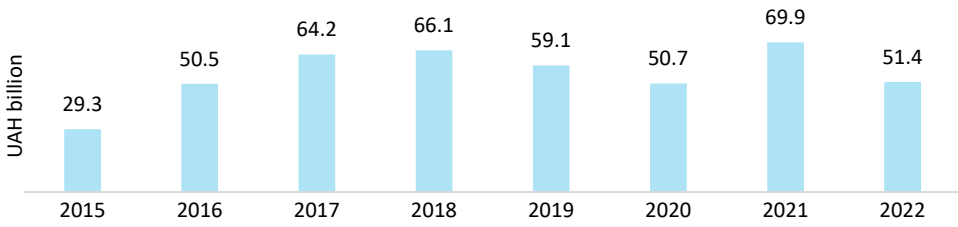


Figure 1. Capital investments in agriculture, forestry, and fisheries, 2015-2022, UAH billion

Source: compiled by the authors based on data from the State Statistics Service of Ukraine (n.d.)

In 2021, capital investments in agriculture, forestry, and fisheries amounted to UAH 69.95 billion, which is 26% greater than in 2022 (UAH 51.44 billion), according to the State Statistics Service of Ukraine (n.d.). Due to the war, investments declined to the level of 2020, with domestic companies focusing more on internal and external investments rather than on state support as in EU countries. This helped the industry to survive financially in 2022 and be more flexible. Since 2022, the Ukrainian agricultural sector has suffered tremendous losses due to the full-scale invasion. According to the Kyiv School of Economics, the total losses after the large-scale invasion amounted to USD 10.3 billion, with Zaporizhzhia, Kherson, and Luhansk regions suffering the most (Neiter *et al.*, 2024). Under these conditions, monthly costs, despite the losses, are increasing due to internal market conditions, as the key factors of negative changes for agriculture are rising production prices, restrictions in logistics routes, and reduced supply volumes (Fig. 2).

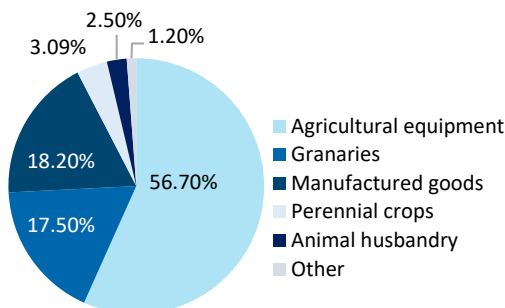


Figure 2. Breakdown of agricultural losses by category

Source: compiled by the authors based on data from R. Neiter *et al.* (2024)

According to the Ukrainian Agribusiness Club, despite lower production costs and improved logistics, grain production in 2023 was largely unprofitable (Crop production..., 2024). The primary reasons for this were low global grain prices and high competition on international markets. Low prices meant that even with reduced production costs, farmers were unable

to achieve profitability. Another factor that contributed to grain losses was a decline in investment in advanced technologies and machinery, and a lack of funding, particularly for tractors, combines, drones, and precision farming systems (The new era of ESG..., 2023).

The situation with oilseeds was better. Sunflower cultivation had insignificant losses, while soybeans and rapeseed brought a small profit, as oilseeds have a higher added value compared to grains, which allows for higher revenues at unstable prices (The new era of ESG..., 2023). It was found that the profitability of grains and oilseeds increased in 2023 compared to 2022, but low international market prices did not allow the industry to achieve considerable profitability. Apart from economic challenges, Ukraine's agricultural sector faced major environmental problems. Military operations in the country have led to extensive contamination of agricultural land, with 156,000 square kilometres of landmines, including agricultural areas, as of mid-2024, greatly hampering field cultivation and sowing (Humanitarian demining of Ukraine..., n.d.). Destroyed military equipment releases heavy metals, explosives, and combustion products that enter the soil and water resources. These processes adversely affect future yields and product quality. The weapons left in the fields not only render cultivation impossible, but also endanger the lives of employees, destroy crops, and deteriorate the situation in the region (Ukraine: The impact..., 2024).

All these factors seriously affect both the social and economic development of the agricultural sector: lower incomes, lower quality of life, job losses, environmental pollution, and increased health problems. The explosion of the Kakhovka HPP caused at least \$2 billion in direct damage (2023) to Ukraine. Damage to infrastructure, flooding of agricultural land and settlements led to major economic losses, the recovery of which requires extensive financial resources and time, further complicating the recovery of the agricultural sector and the country's economy overall (Neiter *et al.*, 2024), thus highlighting the relevance of implementing ESG criteria (Table 2).

Table 2. SWOT analysis of ESG criteria implementation in the management of agricultural enterprises

Strengths	Weaknesses
1) Reputation improvement: • implementation of ESG criteria improves the reputation of agricultural companies among consumers, partners, and investors; • companies with a sound ESG rating are perceived as more responsible and reliable, which helps to increase trust and loyalty. 2) Efficiency improvement: • compliance with environmental standards can lead to lower energy and resource costs; • optimisation of waste management and implementation of eco-technologies contribute to increased production efficiency. 3) Access to financing: • investors are increasingly paying attention to ESG indicators when making investment decisions; • companies with strong ESG ratings have better access to preferential loans and investment funds.	1) High initial costs: • implementation of ESG criteria may require considerable initial investments in advanced technologies and infrastructure; • the costs of staff training and adapting internal processes may be extensive. 2) Complexity of compliance with standards: • compliance with ESG standards may require complex and ongoing monitoring and reporting activities; • the lack of clear national standards and regulatory requirements may complicate the implementation and future development of ESG standards.
Opportunities	Threats
1) Expansion of sales markets: • companies that have implemented ESG criteria can access new markets where environmental and social standards are valued by consumers; • increased export potential of products certified according to ESG standards. 2) Business resilience improvement: • implementation of ESG principles and criteria helps to reduce the risks associated with environmental disasters and social conflicts; • improved resilience to climate change and external economic shocks. 3) Innovations and development: • implementation of ESG criteria stimulates the development of advanced technologies and innovations, which contributes to the overall development of the industry; • attraction of investments in research and development aimed at improving the sustainability and efficiency of production.	1) Competition and uneven playing field: • companies that implement ESG criteria may face competitors that do not adhere to such standards and may offer products at lower prices; • lack of a level playing field in the market may reduce the competitiveness of companies investing in sustainability. 2) Risks of regulatory changes: • uncertainty in the regulatory environment may create risks for companies implementing ESG criteria; • changes in legislation or the introduction of new requirements may increase compliance and adaptation costs. 3) Economic challenges: • economic instability and fluctuations in agricultural prices may affect companies' ability to invest in ESG initiatives; • pandemics, wars, and other global challenges may reduce the priority of sustainable development compared to business survival.

Source: compiled by the authors

SG criteria outlined in the SWOT analysis will help improve the economic and environmental situation not only for concrete regions affected by the hostilities, but also for Ukraine overall. The implementation of ESG criteria is a key factor in improving the environmental situation and restoring natural resources in the regions affected by military operations. It was noted that severe environmental damage, particularly soil, water, and air pollution, requires immediate action. It was suggested that integrating environmental standards into the activities of agricultural enterprises would be a significant step,

which would enable more efficient management of natural resources, reduce greenhouse gas emissions, and contribute to environmental remediation. Particular attention should be paid to the restoration of agricultural land and the introduction of renewable energy sources such as solar panels, biogas units, and wind farms. This will not only reduce the carbon footprint of the agricultural sector, but also create conditions for energy independence at the enterprise level.

The study found that the social aspect of ESG will contribute to the restoration of communities and improve the quality of life in rural

areas, as the hostilities have contributed to the destruction of social infrastructure and affected the economic stability of communities. Creating new jobs, ensuring fair working conditions, and supporting local initiatives are crucial elements of rebuilding the social structure. It was noted that companies can contribute to the development of social infrastructure by investing in the construction of schools, hospitals, roads, and other facilities, which will substantially affect the economic growth of the regions. It is also vital to support the development of small and medium-sized enterprises, as they are the backbone of the local economy. It is also expected that the integration of ESG criteria will minimise financial, operational, and environmental risks, which will contribute to the long-term stability of the business, as transparency in reporting, business ethics, and adherence to the principles of corporate social responsibility increase the trust of investors, partners, and consumers. Companies that implement effective internal control and audit systems are better equipped to identify and eliminate problems, while maintaining reliable market stability.

Having analysed the significance of ESG implementation in agriculture, the opinion of I.O. Makarenko (2023) can be agreed with, who noted that disclosure of information related to ESG criteria can bring considerable benefits to Ukrainian companies, helping them to identify and manage risks and opportunities, improving their long-term financial performance and sustainability. W. Fang (2024) valuable study confirmed that ESG disclosure plays a significant role in increasing enterprise value. Disclosing a company's environmental, social, and governance performance can build investor confidence, mitigate the risks associated with uneven knowledge distribution, and thus increase a firm's reputation and value.

At the same time, O. Lagodiyenko (2022) emphasised that the efficiency of the corporate sector in the modern world is associated with obtaining a cumulative effect at the level of business structures, which determines the company's ability to increase its competitiveness by adhering to ESG principles. The researcher noted that compliance with ESG requirements is crucial for the entire chain of business relations.

Companies that form part of the business chain, take part in it, but do not follow these requirements, have been excluded from the system, even despite their solid business performance. I. Gernego *et al.* (2024) confirmed that the development of ESG projects at the international level is leading to the emergence of increasingly specialised financial practices and instruments aimed at supporting private initiatives to combat climate change. In other words, development and support in this area will only grow, and future recovery will require new management methods. One can also agree with the researchers' opinion that the fundamental feature of ESG investing is its ability to create added value through environmental, social, and governmental impacts.

International global rankings demonstrate ESG investment trends across national economies, regions, and industries. Implementation of ESG criteria is not only an environmental necessity, but also an important fact for increasing the competitiveness and financial sustainability of agricultural enterprises. S.H.M. Radzi *et al.* (2023) shared this view and suggested that companies that fully understand and focus on sustainability can identify risks that may not have been previously identified. On the other hand, companies with more effective ESG practices will have more access to financing and efficiency improvements, resulting in cost savings. Companies that support these initiatives can overcome competitive obstacles as ESG gains market traction, which will benefit organisations as it can exceed consumer expectations while building resilience and sustainability in the long term.

According to the Stakeholder theory (n.d.), a company should consider the needs of all its stakeholders, including the environment, communities, and employees, rather than just focusing on increasing shareholder wealth. Since this theory assumes that companies actively assess and address ESG issues, it follows that the theoretical link between ESG and corporate performance that can develop is long-term value creation. According to A. Clément *et al.* (2022), the factual ESG performance is best suited to estimate the probability that an organisation will exist in the future. This allows for a broader analysis to be made for effective management

decision-making. This was predicted by O. Lagodiyenko (2022), I.O. Makarenko (2023), and W. Fang (2024). It is vital that further research also examines the impact of ESG criteria on the economic stability of rural communities.

It is especially relevant to investigate how ESG can contribute not only to the recovery of agricultural enterprises, but also to the sustainable development of rural areas. Considering the challenges associated with full-scale invasion, ESG criteria can become one of the key tools for achieving Ukraine's economic sustainability at the international level. The present study argued that reporting as an assessment of the implementation of environmental, social, and governance criteria increases the level of trust in the company, both on the part of investors and the state. The study concurred with the opinions of the above-mentioned researchers, as the Ukrainian business environment needs to create clear and transparent mechanisms that will help to convey the significance of implementing ESG criteria to large, medium-sized, and small companies.

CONCLUSIONS

Implementation of ESG criteria is critical to ensure the sustainability and competitiveness of Ukrainian agricultural enterprises in the context of integration into the EU. ESG strengths include Ukraine's natural potential, the reputation of agricultural companies among consumers, partners, and investors, and companies with a solid rating are perceived as more responsible and reliable, which helps to increase trust and loyalty. Weaknesses include inadequate infrastructure, lack of clear national standards and regulatory requirements, which complicates the implementation and future development of ESG standards. The study identified opportunities, including attracting investment, increasing the export potential of products certified according to international ESG standards, and threats that

may hinder the implementation of the criteria (economic instability, climate change, the impact of volatility in agricultural prices, and the ability of companies to invest in initiatives, etc.)

Compliance with environmental, social, and governance standards helps agricultural companies improve resource efficiency, optimise internal processes, and reduce their adverse environmental impact. Particular focus should be placed on managing natural resources and reducing greenhouse gas emissions, which contributes to sustainable agriculture. ESG criteria are not only an environmental and social standard, but also a vital element of corporate governance. Companies that actively implement transparent reporting and risk management systems gain considerable competitive advantages in international trade, which plays a key role in integrating Ukraine's economy with the international market, as investors and partners increasingly rely on sustainability indicators when making investment decisions. Despite the significant upfront costs associated with implementing ESG, the long-term benefits include access to new markets, the ability to attract international investment, and improved reputation. This is of particular relevance for the recovery of war-affected regions of Ukraine, where environmental and social sustainability will contribute to faster recovery under conditions of sustainable business and entrepreneurial development. The issue of ESG implementation is new to the Ukrainian agricultural sector and requires further research to explore the adaptation of these criteria to local conditions, as well as to develop practical tools for effective implementation in multiple segments of the agricultural sector.

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None.

CONFLICT OF INTEREST

None.

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Особливості впровадження управлінських критеріїв ESG у сільському господарстві України в контексті глобальних викликів та ЄС інтеграції

Анотація. Стаття присвячена важливості впровадження управлінських критеріїв ESG (Environmental, Social, Governance) в сільське господарство України в контексті інтеграції з Європейським Союзом у воєнний час та період повоєнного відновлення, що набуває актуальності у зв'язку з вимогами сталого розвитку та збереження навколишнього середовища, котрі стають невід'ємною частиною вступних угод. Метою дослідження було обґрунтування зазначеної важливості впровадження управлінських критеріїв ESG у діяльність сільськогосподарських підприємств України для забезпечення сталого розвитку та інтеграції України в ЄС у період дії воєнного стану та післявоєнної відбудови. Основними методами стали порівняльний аналіз, метод оцінки, SWOT-аналіз та синтез даних. Детально розглядалися аспекти екологічної стійкості, соціальної відповідальності та корпоративного управління і їх взаємозв'язки з розвитком сільського господарства та сільської місцевості в Україні. Проведене дослідження визначило важливість екологічної стійкості в умовах сучасних викликів, таких як: зміна клімату, деградація ґрунтів та необхідність збереження біорізноманіття, врахування соціальних аспектів, забезпечення гідних умов праці, розвиток сільських громад та підвищення якості життя населення за рахунок впровадження принципів відповідального фінансування. Дослідження через проведений SWOT-аналіз ідентифікувало сильні та слабкі сторони, можливості та загрози, які можуть виникнути на шляху впровадження ESG-критеріїв в управління сільськогосподарськими підприємствами. До сильних сторін належать природний потенціал України, наявність родючих земель та традиції сільського господарства. Слабкі сторони включають недостатній рівень інфраструктури, фінансових ресурсів і технічної підтримки. Можливості пов'язані з інтеграцією до європейських ринків, залученням іноземних інвестицій та розвитком інноваційних технологій. Загрози включають вплив кліматичних змін, геополітичні ризики та нестабільність економічної ситуації. Поведений аналіз переваг критеріїв ESG для аграрного сектору має свою практичну цінність, адже здатен допомогти сільськогосподарським підприємствам поліпшити виробничий потенціал, підвищити конкурентоспроможність на ринку та стати потенційно привабливими для інвесторів

Ключові слова: відбудова; принципи відповідального фінансування; управління; сталий розвиток; управлінські рішення; соціальна відповідальність