

# Policy Paper on the Alignment of Ukraine with EU Standards on Corporate Sustainability Due Diligence and Business and Human Rights (Chapters 20 & 30)

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## Introduction

This shadow report assesses Ukraine's current state of alignment with European Union standards on corporate sustainability due diligence and business and human rights frameworks, particularly within the context of Chapters 20 (Enterprise and Industrial Policy) and 30 (External Relations) of the EU accession negotiations. These chapters are pivotal for ensuring that Ukraine's economic development and international engagements are grounded in ethical business practices that contribute to broader EU sustainability objectives. These objectives span environmental responsibility, social policy, good governance, sustainable finance and responsible supply chains, thereby reflecting the holistic nature of corporate sustainability.

This report examines Ukraine's readiness to adhere to the foundational principles outlined in the UN Guiding Principles on Business and Human Rights (UNGPs) and the OECD Guidelines for Multinational Enterprises, and EU directives that together constitute the EU's legal framework on corporate sustainability. This includes, most notably, the milestone Corporate Sustainability Due Diligence Directive (CSDDD), the Forced Labour Regulation (FL Ban), the Corporate Sustainability Reporting Directive (CSRD) and the EU Deforestation Regulation (EUDR).

The report analyses Ukraine's existing legal and policy frameworks to identify gaps and deficiencies in alignment, and concludes with actionable recommendations for the Ukrainian government and other stakeholders. These recommendations will underscore the necessity of specific policies, like the CSDDD, but also a broader national framework that enables the implementation of all EU corporate sustainability framework, in order to contribute to a stable, ethical and competitive economy in Ukraine. Moreover, the report will emphasize that business projects, including those related to Ukraine's reconstruction, particularly those funded by international aid, should meet mandatory Human Rights and Environmental Due Diligence (HREDD) requirements.

Methodologically, this report is based on an assessment of publicly available legislation, policy documents, and initiatives undertaken by the Ukrainian government and other stakeholders. Information was compiled via desk-based research and analysis of secondary source documentation.

While Ukraine has adopted a number of policy documents referencing responsible business conduct, these efforts are largely fragmented, lack a cohesive national vision, and suffer from insufficient political will for implementation, and lack a concrete action plan. This results in an inadequate and inconsistent landscape for meeting mandatory EU standards on corporate sustainability and human rights, and for embedding the concept of responsible business conduct into the core of the nation's economy.

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The following sections of this report will first detail the current state of business and human rights policy and legal framework in Ukraine, with a specific focus on the gaps and missing elements, also taking into account the multiple elements of corporate sustainability, as described in the EU framework. The second section of this report will provide a series of recommendations targeted toward legislative and policy enhancements within the negotiation process, as well as strategic initiatives needed for a better alignment with EU Directives, and a call to action for relevant stakeholders.

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## 1. Current State of Business and Human Rights Policy and Legal Framework in Ukraine: Gaps and Missing Elements

Ukraine has taken initiatives to promote responsible business conduct, thus demonstrating its aspirations towards EU integration.

These initiatives include:

<p>Development of a Model for CSDDD Implementation</p>	<p>The development of a model for implementing the CSDDD, initiated and supported by UNDP in Ukraine, is a positive step. It includes an analysis of the implications of the CSDDD for Ukraine as a candidate country to EU membership. Further expert discussions on this model for CSDDD implementation are planned to be conducted in cooperation with the Ministry of Economy of Ukraine in 2025. Moreover, the current discussion at the EU level about a specific model for implementing the CSDDD, especially with regard to requirements for companies operating in candidate countries, is ongoing. This lack of a clearly defined implementation framework from the EU side creates further challenges for Ukraine's efforts.</p>
<p>Awareness-Raising Efforts</p>	<p>There are ongoing initiatives to increase awareness of the corporate sustainability framework, such as online courses. Basic and advanced courses – ‘Business and Human Rights’ and ‘Heightened Human Rights Due Diligence’ – were developed with UNDP in Ukraine’s support and in cooperation with academia and CSOs in Ukraine. The courses are available on the governmental platform Diia. Informational brochures and conferences (in particular in partnership with the Ministry of Economy of Ukraine; some of these initiatives were specifically focused on CSDDD implementation in Ukraine) were also developed and organized. The existing awareness-raising program on business and human rights are mostly donor supported which means these initiatives are sporadic and insufficient to create systemic change.</p>
<p>Inter-Ministerial Working Group</p>	<p>An inter-ministerial working group has been established to ensure Sustainable Development Goals (SDGs) are achieved, and to facilitate collaboration among different ministries and government bodies, but so far it has had limited and undefined functions. At the same time, tasks for achieving the Sustainable Development Goals by 2030 and indicators of their achievement, approved by the Cabinet of Ministers of Ukraine</p>

	on November 29, 2025, № 1190-p, contains no provisions for responsible business conduct or corporate responsibility to respect human rights. Also, there is no other publicly available information about the functioning of this working group.
Policy and Program Documents	Some policy and program documents such as the Concept of Realization of the State Policy on Development of Socially Responsible Business in Ukraine for the period up to 2030, the National Human Rights Strategy of 2021 and National Economic Strategy for the period up to 2030 recognize the importance of responsible business conduct, business and human rights. However, they are not aimed at the implementation of the EU corporate sustainability framework or any kind of incorporation of HREDD into Ukrainian business practices. There is a lack of adequate implementation mechanisms and monitoring.

Despite the positive steps mentioned above, Ukraine’s efforts to adhere to responsible business conduct has been largely fragmented. The country lacks a comprehensive national action plan and relies on largely voluntary initiatives, which is insufficient to meet mandatory EU standards. These efforts are mostly aimed at increasing awareness among companies, government institutions and NGOs about business and human rights, particularly the CSDDD. While these initiatives set a positive trajectory, there are significant gaps in the actual implementation of these policies and in the adoption of EU standards. The existing efforts to integrate EU standards into Ukrainian law are unsystematic and lack effective coordination among various governmental and non-governmental stakeholders.

### 1.1. Identification of Gaps in the Current Framework

Ukraine’s current legal and policy framework on responsible business conduct exhibits significant shortcomings. It is not yet fully aligned with the UN Guiding Principles on Business and Human Rights (UNGPs), the OECD Guidelines, and the EU legal framework on corporate sustainability. This broader EU framework encompasses legislation beyond the CSDDD, including the Forced Labour Regulation, the Corporate Sustainability Reporting Directive (CSRD) and the EU Deforestation Regulation (EUDR):

- Lack of comprehensive legislation
- Fragmented and unsystematic implementation
- Insufficient enforcement mechanisms
- Lack of redress mechanisms
- Insufficient liability regimes

- Limited environmental impact assessment (EIA)
- Limited stakeholder engagement
- Lack of preparedness for new Directive implementation (CSDDD)

Lack of comprehensive legislation

Ukraine does not possess a single, stand-alone law explicitly requiring corporate sustainability due diligence (human rights and environment due diligence) across all sectors, which would be aligned with the UN Guiding Principles on Business and Human Rights (UNGPs), the OECD Guidelines or the EU legal framework on corporate sustainability. There are no binding requirements for companies to conduct human rights and environmental due diligence in their value chains, nor mechanisms in place that would address specifically forced labour risks and deforestation to meet the EU standards.

This gap means in practical terms that there is no common minimum standard to guide companies' responsibilities. There may be fragmented or partial regulation in specific sectors (e.g., environmental impact assessments), but there is no unifying legal expectation for the majority of businesses. A key aspect of the EU's CSDDD and overall sustainability framework is the emphasis on due diligence across the entire 'value chain', including suppliers, subcontractors, and other business relationships. A stand-alone legislation in Ukraine would explicitly mandate that companies' due diligence efforts extend across their entire chain of activities, both upstream (raw materials, manufacturing, transport of inputs) and downstream (sale of product and transportation to point of sale), as opposed to simply managing their immediate suppliers.

CSDDD	Ukraine's current framework does not meet the minimum standards of the CSDDD, as it fails to mandate comprehensive human rights and environmental due diligence, including preventive actions, remedies, and monitoring obligations.
Forced Labour Regulation	There are no specific legal requirements or mechanisms for companies to actively assess and address risks related to forced labour or child labour within their operations or supply chains, as is required under the EU's Forced Labour Regulation.
EUDR	The absence of legal frameworks to guarantee the legal and sustainable provenance of commodities affected by deforestation makes it difficult for

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	companies to implement the standards demanded by the EU Deforestation Regulation.
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These gaps result in the lack of a clear legal avenue for affected parties or rights holders to bring cases against companies that cause harm through their operations or supply chains. In general, this incomplete framework fails to create a culture of responsible business conduct, by making it voluntary or optional rather than mandatory.

**A single, stand-alone law would:**

- **Mandate HREDD:** Establish clear requirements for HREDD by all businesses of a certain size and level of operation, in all sectors and aspects: risk identification, mitigation, remediation, tracking, and communication (as set by UNGPs and EU directives).
- **Apply Across the Value Chain:** Explicitly cover all tiers of the value chain, requiring companies to take responsibility for the actions of their suppliers and subcontractors.
- **Create an Independent Oversight Body:** Establish a state body with the mandate and resources to monitor compliance, conduct investigations, and impose sanctions on companies that fail to meet their legal obligations.
- **Ensure Access to Justice:** Provide victims of business-related harms with the right and the means to seek recourse, including by establishing a robust legal framework for liability.
- **Incorporate international standards:** Reference international standards such as the UNGPs, OECD Guidelines, ILO conventions, and EU directives and regulations.
- **Include specific clauses relating to different sectors:** Include clauses to ensure the proper application of human rights and environmental standards according to the specificities of each sector.
- **Provide an inclusive approach to engagement:** Mandate engagement of all relevant stakeholders (including local communities, civil society and trade unions).
- **Include reporting requirements:** Define specific reporting requirements in line with the CSRD.

Fragmented and unsystematic implementation

The absence of a unified, coordinated approach to business and human rights and corporate sustainability in Ukraine is a critical flaw that goes beyond the mere lack of comprehensive legislation. It highlights a deeper issue: the failure to create a cohesive and strategic national

framework for promoting responsible business conduct. This results in a disjointed and often ineffective collection of policies and initiatives.

<p><i>Absence of a National Action Plan on Business and Human Rights (NAP on BHR)</i></p>	<p>The most glaring example of this fragmented approach is the fact that, despite commitments to implement the UNGPs, Ukraine still lacks a dedicated, overarching NAP on Business and Human Rights. A well-developed NAP serves as a central roadmap for all stakeholders, outlining: Concrete objectives and targets related to business and human rights; A detailed timeline for action; Clear division of responsibilities between different government ministries and other authorities; A framework for cross-sectoral cooperation and stakeholder engagement; Mechanisms for monitoring, reporting, and accountability. Without such a NAP, Ukraine's existing efforts are piecemeal, inconsistent, and lack strategic direction, coordination and political will.</p>
<p><i>Lack of Coherence Between Policy Areas</i></p>	<p>Even when policies exist in some areas, they are often disconnected and do not align with a holistic view of corporate sustainability. The responsibility for issues related to human rights and corporate sustainability is scattered across different ministries and state bodies, all with their own agendas and interpretations of the problems. This lack of a formal, functional coordinating body has resulted in: Duplication of efforts and resources; Conflicting priorities and policies; Confusion among stakeholders and businesses about how to approach and fulfil their obligations.</p>

Despite some of the legal documents referencing or recognizing the importance of the UNGPs and OECD Guidelines, their practical implementation and interpretation is inconsistent across sectors, ministries and between the different levels of implementation (national, regional or local). Such inconsistencies signal Ukraine's lack of real commitment to making corporate sustainability a central tenet of its economic and international relations strategy. It is impossible to ensure effectiveness and consistent application of standards through disjointed initiatives.

#### Insufficient enforcement mechanisms

The lack of implementation supervision and redress mechanisms hinders the effectiveness of existing policies. The voluntary nature of different initiatives linked to responsible business

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conduct, the UNGPs and the CSDDD causes a situation in which CSR actions like charity activities are considered by companies as manifestations of responsible business conduct.

- *Lack of Implementation Supervision*

**No Dedicated Monitoring Body:** Ukraine lacks an independent body or agency with the explicit mandate and resources to monitor compliance with policies related to corporate sustainability (including HREDD and other EU standards). This means there is no entity actively tracking or verifying whether companies are actually implementing the steps they are expected to take.

**Inadequate Resources:** Governmental bodies that have limited responsibilities for enforcement may be hindered by insufficient financial resources, a lack of properly trained personnel and of technological tools to oversee and handle complex corporate sustainability issues, thus undermining their effectiveness in practice.

- *Emphasis on Voluntary Initiatives*

**Unenforceable Standards:** The heavy reliance on voluntary initiatives, codes of conduct, and "best practices" creates a system where companies can choose to prioritize profit over ethical and sustainable practices. While these efforts can lead to positive change for companies committed to ethical behaviour, the lack of legal obligation allows companies that do not see direct economic benefits to ignore these measures, thus undermining their effectiveness and preventing the systemic changes that are needed.

**Substitution of CSR for Due Diligence:** Companies often substitute charity work or other forms of corporate social responsibility (CSR) for a robust HREDD process. This means resources are allocated to initiatives that may improve the companies' image while allowing for real underlying structural human rights or environmental issues to continue unchecked. There is a need for more clarity in the policy framework on what constitutes effective and responsible behaviour.

**Undermining Credibility:** In the absence of a clear, mandated approach to due diligence, there is no real way to ensure transparency, accountability, and consistent implementation of even voluntary measures. This can create a greenwashing issue where companies publicize positive images of "responsible" action, while overlooking key abuses within their operations.

### Lack of redress mechanisms

The absence of effective and accessible remedy mechanisms for victims of business-related human rights and environmental harm is a serious flaw in the Ukrainian legal and institutional framework. This lack of redress leaves those affected by negative business impacts in a vulnerable position, with limited means to secure justice. This undermines the core principle of

accountability that is fundamental to effective human rights and corporate sustainability frameworks.

<p><i>Limited Access to Judicial Remedies</i></p>	<p>Pursuing a case through the Ukrainian court system is often excessively costly and time-consuming, especially for individuals, communities, and CSOs with limited financial resources. The legal system is still undergoing reform and the judiciary lacks expertise on complex BHR cases and has no capacity to understand business due diligence. This lack of capacity and knowledge also creates a major gap for access to justice.</p> <p>There is a limited international cooperation regarding civil cases, which means victims of abuses by Ukrainian companies in other jurisdictions often cannot bring those companies to Ukrainian courts, and if they do so, they face additional legal hurdles.</p>
<p><i>Limited Transparency and Impartiality</i></p>	<p>Existing complaint mechanisms within companies are often not transparent and accountable to affected stakeholders. They lack impartiality and are often geared towards protecting company interests rather than ensuring an effective remedy for victims.</p>
<p><i>Absence of a Class Action Framework</i></p>	<p>The lack of a class action framework means that cases where a single violation effects many rights holders at the same time (e.g. in cases of pollution or forced eviction) can only be handled individually, which poses a major hurdle for access to effective redress.</p>

Insufficient liability regimes

Ukrainian civil law contains elements of due care and negligence, but those are not directly linked to the HREDD and lacks effective court practice to indicate an effective liability mechanism.

Ukraine's delict law, based on Article 1166 and 1167 of the Civil Code of Ukraine, requires proof of "fault" (negligence), causation, and damage. This fault-based approach places an unreasonable burden of proof on the plaintiff (typically an individual, community, or CSO), who will have more limited access to information and resources than the company. The law makes no connection to HREDD obligations, meaning that there is no clear basis for a plaintiff to demonstrate that a company was negligent for not undertaking human rights and environmental due diligence.

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There are no clear guidelines or jurisprudence on the application of "due care" and "negligence" within the context of business operations and human rights. Therefore, it is difficult for judges to interpret existing standards in line with the UNGPs or EU directives.

In many situations, particularly those related to supply chain or widespread environmental damage, it is extremely difficult to prove a direct causal link between the actions of a specific company and the harms experienced by victims. This can create a shield for companies to act with impunity by obscuring their responsibility.

There is no specific legal obligation for companies to observe human rights. The existing Ukrainian law on corporations does not include explicit liability provisions specifically for human rights abuses. It only provides for civil liability in cases of damages or for criminal liability in case of grave infringements.

Existing environmental liability regimes are similarly ineffective and lack clear pathways for victims of environmental degradation to obtain redress. The liability for harm to the environment is too narrowly defined by the state and lacks specific references to human rights and impacts of environmental damages on local communities, also placing responsibility for enforcement on agencies with very limited capacity to carry out investigation and oversee adequate sanctions in line with EU legislation.

Ukrainian law does not clearly and explicitly hold companies liable for the actions of their subsidiaries or subcontractors if they fail to ensure those entities adhere to human rights. This means that responsibility for abuses that occur in supply chains is difficult to assign and companies are not held to account.

There is a lack of legal precedents and jurisprudence to develop more effective practices concerning corporate civil liability for human rights abuses. This means that there is no predictability in the judgments or rulings and judicial practices are uneven.

#### Limited environmental impact assessment (EIA)

The existing EIA law is limited in scope and has no supervising body that oversees and monitors its implementation, and that imposes effective sanctions for violations. This law does not align with the EU's broader environmental requirements for corporate sustainability and does not address sustainable sourcing and deforestation.

The current Ukrainian EIA law is primarily focused on assessing the impact of individual projects. This approach is often too narrow and misses the cumulative environmental effects of business operations as well as the impact that companies may have across their value chains, thus rendering the assessment too limited to be effective.

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Determining the projects that trigger EIA requirements is inconsistent. Certain sectors or activities that pose significant environmental risks may be exempt or treated less rigorously than other sectors. This creates loopholes in the system.

The relevant governmental bodies in Ukraine are also often tasked with promoting economic development, which creates an inherent conflict of interest and undermines their impartiality in overseeing companies' environmental performance.

There is a lack of a clear and accessible process for stakeholders to report violations and challenge decisions made based on inadequate EIAs. This contributes to a weak system of accountability and limits redress for those harmed by environmentally unsound activities.

The EIA system does not currently address the issue of deforestation, illegal logging, or the use of unsustainable resources by businesses. The EIA framework does not address the entire supply chain, and lacks guidance for companies to apply due diligence in that area.

The existing EIA framework does not link its standards to the broader principles of corporate sustainability. It remains primarily focused on the environmental impact of singular projects, and is therefore not designed to encourage companies to see human rights and environmental standards as part of a holistic business model.

#### Limited stakeholder engagement

There is insufficient engagement with diverse stakeholders, including civil society organizations (CSOs), local communities, and trade unions in policymaking processes. Local communities, who are often directly impacted by business operations (for example, those living near industrial zones), are rarely engaged in decision-making processes that affect their lives and the quality of their environment. They have a particular knowledge of their context and therefore are an invaluable resource. When consultations do occur, they are often unequal, lacking mechanisms for the views of local communities to be heard and taken seriously. Due to limited access to information and financial resources, these communities are frequently marginalized in such discussions.

#### Lack of preparedness for new Directive implementation (CSDDD)

Ukraine is largely unprepared for the specific requirements of the Forced Labour Regulation, the Corporate Sustainability Due Diligence Directive, and the EU Deforestation Regulation. There are no clear policies, guidelines, or mechanisms in place to enable Ukrainian businesses to align with the standards required by these directives.

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## 2. Recommendations and Call for Action for Stakeholders

To address these gaps and align more closely with EU standards, the following strategic actions are recommended:

- Legislative and policy enhancement
- Strategic initiative to better align with EU legislation
- Call for action to various stakeholders

### 2.1. Suggestions for Legislative and Policy Enhancements Ukraine has to Adopt within the Negotiation Process:

*Develop a Comprehensive and Integrated Corporate Sustainability Law:* Enact a single, stand-alone law that mandates comprehensive corporate sustainability due diligence (CSDD) across all sectors, explicitly incorporating human rights and environmental due diligence. This legislation must be fully aligned with the requirements and minimum standards of the EU legal framework on corporate sustainability. This framework goes beyond the CSDDD itself, and the new Ukrainian law should specifically incorporate and address the requirements outlined in the EU Forced Labour Regulation, the EU Deforestation Regulation (EUDR), and the Corporate Sustainability Reporting Directive (CSRD). It must also include specific provisions for due diligence across all value chains, and specific remedies for rights holders impacted by those operations.

*Develop and Implement a Coherent National Action Plan for Business and Human Rights (NAP):* Create a holistic and strategic NAP based on the UN Guiding Principles, the OECD Guidelines and all relevant EU Directives (CSDDD, EUDR, Forced Labour ban and CSRD), which aims to establish a coherent national strategy that addresses all the shortcomings of the current fragmented landscape. The NAP should outline concrete objectives, responsibilities, and timelines for all relevant ministries and state bodies and foresee monitoring mechanisms.

*Establish a Robust and Independent Enforcement and Redress Mechanism:* Establish an independent body with sufficient financial and human resources to oversee compliance with the new legislation and all relevant EU corporate sustainability standards. This body should have broad powers to conduct investigations, receive and process complaints from a wide array of stakeholders, and impose meaningful, proportionate and dissuasive penalties for non-compliance. Crucially, this body must also: Establish clear, efficient, and accessible mechanisms for reporting and investigating BHR issues, particularly in supply chain and extraterritorial violations; Develop a fully functional and accessible remedy mechanism for

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those harmed by BHR abuses, that includes financial compensation, injunctions and guarantees of non-repetition; Provide guidelines to ensure accountability, impartiality, and transparency of the investigation and redress process.

*Mandate Stakeholder Engagement:* Enact a clear legal framework that requires obligatory and transparent multi-stakeholder consultations on all policies and decisions that impact local communities and other rights holders. Stakeholders must be engaged throughout the policy cycle, including development, implementation, and monitoring phases. Stakeholder engagement should go beyond pro forma consultations and include procedures to ensure their perspectives are genuinely considered and incorporated into policymaking.

*Align with International Standards and EU Directives:* Guarantee that all new legislation and policies are rigorously aligned not only with the UNGPs and the OECD Guidelines, but also with the entire scope of the EU legal framework on corporate sustainability and all other relevant international standards, such as those elaborated by the ILO and other human rights organizations.

*Proactively Engage with the EU for Implementation:* Given the evolving nature of the CSDDD and other EU directives and regulations, Ukraine should actively seek cooperation with the EU to get clarity on the implementation process, to recommend the development of specific guidance tailored for candidate countries, and propose a clear timeline for the implementation of EU legislation in Ukraine. Such guidance should take into consideration the specific situation of SMEs and companies with supply chains across borders.

## **2.2. Strategic Initiatives Needed for Better Alignment with EU Directives:**

*Implement Comprehensive Training and Awareness Programs:* Develop and roll out widespread, comprehensive, and targeted training programs for businesses, government officials, CSOs and rights holders, focusing on the CSDDD, EUDR, CSRD, Forced Labour Ban, and all other relevant EU standards for corporate sustainability. The training should use existing resources (such as above-mentioned courses), but should be expanded to cater to all relevant stakeholders and different levels of knowledge.

*Promote Self-Assessment Tools:* Make the use of self-assessment tools for companies publicly available on platforms such as Diia Business mandatory for all state-owned enterprises and for all large enterprises to enable them to evaluate and enhance their compliance with human rights and environmental sustainability standards. Further, provide resources to develop specific guidance for SMEs to conduct their own assessments and develop self-improvement action plans. Develop similar tools adapted for other stakeholders, including public bodies and rights-holders.

*Strengthen Multi-Stakeholder Engagement:* Create and implement formal, legally mandated mechanisms for regular, transparent, documented consultations with CSOs, local communities,

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trade unions, and academia. This should guarantee their active involvement in policy development, implementation and monitoring, and further promote multi-stakeholder collaborations at national and local levels.

*Prioritize Capacity Building and Empowerment of Stakeholders:* Support CSOs, local communities, trade unions, business associations and businesses in implementing HREDD processes, provide technical and financial assistance. The focus should be on empowering stakeholders, so they can actively participate, take on leadership roles and lead change, and not only be passive recipients of policy decisions.

*Establish a National Monitoring and Evaluation Mechanism:* Implement a national M&E mechanism, with specific indicators, to track the implementation of legislation and policies and monitor their effectiveness in ensuring actual change in business practices. The M&E mechanism must include both process- and outcome-based indicators; such mechanism must also ensure regular, public reporting on the implementation of the mechanism and its effectiveness. The M&E framework should be comprehensive and include all relevant aspects of the EU framework and should consider both quantitative (data) and qualitative indicators (stakeholders' experiences and perceptions).

*Promote the "Smart Mix" Approach:* Reinforce the need for a "smart mix" of measures, combining mandatory regulations, monitoring and clear enforcement and redress mechanisms, alongside voluntary initiatives, awareness programs, capacity building, and guidance. This approach will guarantee the effective implementation of the framework for corporate sustainability in Ukraine.

### **2.3. Call for Action for Various Stakeholders (National and International):**

#### **Government of Ukraine:**

- Prioritize the enactment of a comprehensive, stand-alone law that meets the standards of the applicable EU legislation and that incorporates all relevant corporate sustainability standards.
- Allocate sufficient financial and human resources for the effective implementation, enforcement, monitoring and evaluation of new legislation, policies and initiatives. This also includes investment in capacity building for public and private stakeholders as well as for the Judiciary and local communities.
- Establish a comprehensive cross-governmental coordination mechanism to ensure policy alignment, coherence, and efficient implementation of the national framework on corporate sustainability.
- Create and implement a robust National Action Plan for Business and Human Rights (NAP), in line with the UNGPs, the OECD Guidelines and all relevant EU requirements

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(CSDDD, EUDR, CSRD and Forced Labour ban). The plan shall outline specific, concrete objectives, indicators, responsibilities and deadlines for all the identified actions.

International Community (European Commission, EU Member States, and International Donors):

- Provide technical, financial, and capacity-building assistance to Ukraine to support the implementation of EU standards and the creation of an effective and accessible redress mechanism, in compliance with the UNGPs, the OECD guidelines and the EU framework.
- Provide expert support, training materials and facilitate knowledge sharing on the implementation of the CSDDD, EUDR, CSRD, Forced Labour ban and other EU legislation on corporate sustainability. Tailored guidance, adapted to the context of candidate countries, should be provided.
- Monitor the implementation of EU standards closely within the accession process, and provide recommendations for addressing gaps and barriers to full compliance.
- Actively support civil society organizations and initiatives that are working towards promoting corporate sustainability, human rights and accountability.
- Emphasize the importance of transparency and accountability by supporting the establishment of public reporting systems, grievance mechanisms and access to justice for the victims.
- Intensify diplomatic efforts to support Ukraine in the integration of EU standards and in adopting a holistic approach towards BHR, good governance, the environment and sustainable finance.

## **Conclusion**

Ukraine has demonstrated a willingness to align with EU standards on corporate sustainability and human rights, and the current geopolitical context provides a strong incentive for strengthening the connection between business activity, human rights and sustainability and to prioritize such connection as a crucial part of EU accession process.

However, a substantial shift is needed to move from a fragmented and primarily voluntary approach to a mandatory, systemic, and enforceable framework. This report highlights the critical gaps and areas for improvement, underscoring that achieving full alignment with EU standards requires that Ukraine has a more robust legislative foundation, effective enforcement mechanisms, inclusive stakeholder engagement, dedicated resources, and further clarity concerning implementation of the full scope of EU legislation.

The ongoing evolution of the EU legal framework on corporate sustainability at the EU level, and the corresponding lack of finalized implementation models, adds another layer of uncertainty for candidate countries. Therefore, Ukraine should actively engage in discussions with the EU to

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seek clarity on the implementation process and advocate for tailored guidance for candidate countries. The actions outlined in this report are not only vital for meeting EU accession requirements but are also essential for building a sustainable, ethical, and competitive economy in Ukraine, ensuring protection for its people and environment, and for integrating responsible business conduct into all areas of the country's economy.

While Ukraine has adopted a number of policy documents referencing responsible business conduct, these efforts are largely fragmented, lack a cohesive national vision, and suffer from insufficient political will for implementation, as well as an absence of a concrete action plan. This report further argues that this must change in order for Ukraine to properly achieve its EU integration aspirations.