

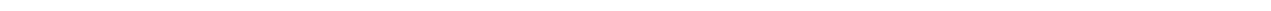
January 2025

Responsible Business Conduct in Ukraine – gaps and call to action

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Introduction

This brief is based on a [policy paper](#) that 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.

Both 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.

The following analysis acknowledges 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. It outlines major gaps and shortcomings both in policy and legislation that needs to be addressed within the Negotiations phase for the country to fully adhere to:

- 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)

This body of legislation represents a significant shift in the way companies must operate, both within the EU and in their global supply chains. It is crucial for Ukraine both in terms of its euro-integration and recovery process. The brief concludes with actionable recommendations for the Ukrainian government and other stakeholders. These recommendations underscore the necessity of not only specific policies, like the CSDDD, but also a broader national framework that enables the implementation of all EU corporate sustainability frameworks, to contribute to a stable, ethical and competitive economy in Ukraine.

Methodologically, this report is based on an assessment of publicly available legislation, policy documents and initiatives undertaken by the Ukrainian government and other stakeholders in recent 2023–2024 years. Information was compiled via desk-based research and analysis of secondary source documentation.

Current state of play

In recent years Ukraine has demonstrated some proactive initiatives toward promoting responsible business conduct, particularly as part of its EU integration aspirations.

These include:

- Development of a model for CSDDD Implementation based on EU Directive and other EU member-states experience of Due Diligence legislation adaptation and implementation
- Awareness-raising and educational efforts for business and public servants to familiarise them with the existing framework in field
- Creation of the inter-Ministerial working group to ensure the achievement of Sustainable Development Goals (SDGs), and to facilitate collaboration among different ministries and government bodies
- Policy and program documents such as the Concept of Realisation 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 which recognise the importance of responsible business conduct and business and human rights framework.

However, despite the positive steps mentioned above, substantial efforts and business inclusion into the development of a comprehensive framework of responsible business conduct had been largely fragmented. A lack of a comprehensive national action plan (NAP) and the reliance on largely voluntary initiatives creates an incomplete and inadequate picture for meeting mandatory EU legislation.

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, the actual implementation of these policies and the comprehensive adoption of EU legislation reveal significant gaps.

The existing efforts to integrate EU legislation into Ukrainian law are unsystematic and lack effective coordination among various governmental and non-governmental stakeholders. This results in an inadequate and inconsistent landscape for meeting mandatory EU regulation on corporate sustainability and human rights, and for embedding the concept of responsible business conduct into the core of the nation's economy.

Key policy and legislations gaps to be addressed in Ukraine

Lack of legislation	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 specifically address forced labour risks and deforestation to meet the EU standards. The absence of such a law creates a significant hurdle in aligning with the EU's corporate sustainability framework.
Implementation gaps	Ukraine still lacks a dedicated, overarching National Action Plan (NAP) on Business and Human Rights. 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 problem.
Insufficient enforcement mechanisms	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). The heavy reliance on voluntary initiatives, codes of conduct and "best practices" creates a system where companies can choose to prioritise profit over ethical and sustainable practices. Companies often substitute charity work or other forms of corporate social responsibility (CSR) for a robust HREDD process.
Limited stakeholder engagement	When consultations do occur, they are often unequal, lacking mechanisms for the views of local communities to be heard and taken seriously.
Lack of redress mechanisms	Pursuing a case through the Ukrainian court system is often excessively costly and time-consuming, especially for individuals, communities, and CSOs. There is limited international cooperation regarding civil cases.
Liability regimes are insufficient	There is no specific legal obligation for companies to observe human rights. Existing environmental liability regimes are similarly ineffective, lacking clear pathways for victims of environmental degradation to obtain redress.
Environmental impact assessments (EIA)	The existing EIA law is limited in scope and has no supervising body that oversees and monitors its implementation, and imposes effective sanctions for violations. This provision does not meet the EU's broader environmental requirements.

Recommendations

For the Ukrainian Government

- Develop Comprehensive Legislation – namely introduce a stand-alone law mandating HREDD, covering all sectors and aligning with EU directives.
- Create a National Action Plan (NAP) – an overarching strategy that includes clear objectives, timelines, and responsibilities for ministries and agencies.
- Establish an Independent oversight body with resources to monitor compliance, investigate breaches, and impose penalties.
- Enhance Stakeholder Engagement – institutionalise inclusive consultations with CSOs, communities, and business representatives across all policy stages.
- Invest in Training Programmes for government officials, judiciary, and businesses to ensure effective implementation and compliance with EU standards.

For the EU

- Provide financial and technical assistance to strengthen Ukraine’s legislative and institutional framework.
- Make adoption of Corporate Sustainability directives a central component of EU accession requirements.
- Offer tailored guidance, tools, and training to Ukrainian stakeholders to address gaps and ensure compliance.
- Support partnerships between Ukrainian government entities, CSOs, and businesses for collaborative policy development.

For Other Stakeholders

- International organisations, donors, CSOs and academia: Lead awareness and capacity-building initiatives, leveraging international support to advocate for systemic reforms.
- Businesses including global business operating in Ukraine: Conduct self-assessments and voluntarily align with EU standards, setting a proactive example for others.

Conclusion

Ukraine has demonstrated a willingness to align with EU standards on corporate sustainability and human rights. The current geopolitical context provides a strong incentive for strengthening the connection between business activity, human rights and sustainability and to prioritise 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.

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

Key messages for decision-makers

EU-Ukraine Negotiations is a Critical Opportunity	<ul style="list-style-type: none">● The EU accession negotiation framework offers Ukraine a perfect platform to commit to RBC principles and incorporate mandatory directives into its national framework.● Effective adoption of these standards is pivotal, especially given the extensive recovery efforts post-war and the involvement of international and Ukrainian businesses in EU markets.
EU Pivotal Role	<ul style="list-style-type: none">● The EU should integrate RBC standards into its negotiation framework with Ukraine.● Technical, financial, and capacity-building support is essential to help Ukraine overcome systemic challenges, meet directive requirements, and ensure alignment.