

CORPORATE REPORTING ON SUSTAINABLE DEVELOPMENT IN UKRAINE: ANALYSIS OF THE CURRENT STATE OF LEGAL REGULATION AND PROSPECTS FOR IMPLEMENTATION

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Abstract. This article focuses on studying the current legal regulations and prospects for implementing corporate reporting on sustainable development in Ukraine. It analyzes the implementation of European standards for corporate reporting on sustainable development, identifies the challenges and obstacles that arise when introducing corporate reporting into national business practice and legislation.

The implementation of corporate sustainability reporting is closely related to legal practice and theory need to develop legislation that will create a legal basis for this type of reporting in Ukraine. Reporting entities will have reporting obligations, which in turn are associated with the issues of disclosure of information on activities and legal liability. Reporting on the sustainable development of enterprises will have a significant impact inter alia on labour, corporate and financial legislation. It will influence information law and privacy legislation, as the data disclosed in a company's sustainability report will reflect the impact of its activities on social, environmental and governance aspects. Thus, corporate reporting on sustainable development will have a broad impact, comprising both private and public relations, on their legal regulation, and therefore on both private and public law.

Keywords: sustainable development, corporate sustainability reporting, harmonization with EU law, legal regulation, CSRD, ESRS.

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INTRODUCTION

In 2015, the UN Summit on Sustainable Development adopted the document “Transforming Our World: The 2030 Agenda for Sustainable Development” (UN General Assembly, 2015), which defined the Sustainable Development Goals. Ukraine, as a UN member state, has joined the global process of sustainable development, adapting the SDGs to the Ukrainian context. This became the basis for the creation of a national strategic framework for sustainable development for Ukraine until 2030, the development of the legislative and statistical system, as well as social changes. In 2019, the President of Ukraine approved the Sustainable Development Goals of Ukraine for the period up to 2030 (President of Ukraine, 2019), which serve as guidelines for the development of draft forecast and program documents, as well as draft regulations to ensure a balance between economic, social and environmental aspects of sustainable development of Ukraine. Thus, since 2019, the issue of sustainable development in Ukraine and the achievement of the Sustainable Development Goals has been topical in science and practice.

One of the important vectors in ensuring sustainable development of Ukraine is the formation and implementation of state policy in the field of corporate reporting on sustainable development based on uniform methodological principles adopted in the EU Member States. For further effective implementation of corporate reporting on sustainable development in the business practice of Ukraine, the national legislation of Ukraine should be harmonized with the EU acts that constitute the regulatory framework on this issue. However, so far, Ukraine has not joined such acts, which prevents it from fulfilling its obligations to acquire full membership in the EU.

Sustainability reporting is a new issue not only for businesses but also for legislators. The introduction of sustainable development reporting in Ukraine from scratch causes quite a lot of discussions in the public and private spheres, ranging from legal regulation to effective implementation. The implementation of corporate sustainability reporting in Ukraine is closely related to legal practice and theory, which is due to the need to develop legislation that will create a legal basis for this type of reporting in Ukraine. Reporting entities will have reporting obligations, which in turn are associated with the issues of disclosure of information on activities and legal liability. Reporting on the sustainable development of enterprises will have a significant impact on labour, corporate and financial, information law and legislation. The information reflected in the company’s sustainability report can have both positive and negative effects on the personal non-property rights of the reporting entity or its employees. Thus, corporate reporting on sustainable development will have an impact on private and public relations, on their legal regulation, and therefore on private and public law. This circumstance forms the need for scientific research on the declared topic.

For the effective implementation of corporate sustainability reporting in Ukraine, the primary task is to develop effective legislation that would meet the current realities of business structures of the country and, at the same time, respect the basic principles and requirements for corporate reporting on sustainable development in the EU. Therefore, from a legal point of view, it is important to study the current state of legal regulation to identify the shortcomings, and shed light on areas in need to be improved.

Ukraine must develop and implement legislation on corporate reporting on sustainable development within a clearly defined timeframe. This causes certain challenges. First of all, the issue of sustainable development in Ukraine is insufficiently regulated at the legislative level and is not fully consistent with EU acts. Second, there are no norms for the regulation of corporate reporting of enterprises. In fact, at the legislative level, the main figures who should monitor compliance with the legislation in the field of corporate reporting of sustainable development enterprises have not been identified.

Third, there are no norms that would provide for the type of responsibility and the grounds for liability of business entities neither for non-submission/late submission of reports, nor for inaccurate/incomplete information.

Moreover, the following problems have been found in scientific sources: the lack of a unified methodology for adapting the ESRS to the national context, the lack of business awareness of the requirements of new reporting, the lack of a formed digital infrastructure and audit procedures, as well as unresolved issues of integrating non-financial data into the accounting system (Hanusych, Shimon, 2025, p.28). These problematic issues are not exhaustive, but they showcase the problem of implementing corporate reporting on sustainable development imperatively in the absence of clear legislative requirements.

Thus, the legal study of corporate reporting of enterprises on sustainable development, raises significant questions regarding the legal regulation of this area. In particular, what needs to be done to improve the legal regulation of corporate reporting on sustainable development?

Is the current level of regulation sufficient for the implementation of corporate reporting of enterprises in business practice in Ukraine?

The purpose of the article is to study the current state of legislation of corporate reporting on sustainable development in Ukraine, identify shortcomings in the legal framework, and propose directions for improving the legislation on corporate reporting of enterprises on sustainable development in Ukraine.

THEORETICAL FRAMEWORK

The topic of the article has a borderline, interdisciplinary character and touches on issues that are the subject of research in economic and legal science. It is worth noting that today, at the theoretical and legal level of Ukraine, there are no scientific publications that would be devoted to the legal analysis of corporate reporting issues of enterprises on sustainable development. The reason for this is the lack of regulatory support for this area. The introduction of corporate reporting on sustainable development in Ukraine is of interest mainly to scientists of economic sciences. In particular, Ovsyuk, N., & Afanasieva I. (2025), Fomina, O., Semenova, S. and Korol, S. (2025), Onyshchenko, S., Yehorycheva, S., Karpenko, Ye., & Vovchenko, O. (2025), Pasinovych, I., Myskiv, G. (2023). Representatives of economic sciences (Ovsyuk & Afanasieva, 2025) also emphasize that “taking into account modern realities and existing socio-economic challenges, problematic issues of organization, development of methods for implementation, formation and submission of reports on sustainable development by domestic enterprises are becoming more acute. In particular, the issues of systematization of legal regulation require a thorough study». Fomina, O., Semenova, S. and Korol, S. (2025) also emphasize the importance of overcoming key obstacles, such as insufficient methodological and institutional framework, the need for resource provision, and adaptation of national legislation to European standards (Fomina, Semenova, Korol, 2025). Bezverkhyyi, notes that the lack of uniform approaches to the implementation of ESRS at the national level in Ukraine, the failure to adopt relevant legislative initiatives to implement the best European practices, makes it impossible to implement ESRS in national reporting practice (Bezverhyyi, 2024, p. 135).

In our opinion, economic processes cannot exist without their proper legal regulation. Thus, the issues of corporate reporting of enterprises on sustainable development require legal scientific analysis, since it is the norms of law that are equipped with the processes of implementing the introduction of corporate reporting on sustainable development of enterprises in Ukraine. Those topical issues that are considered in economic scientific publications are significantly different from legal research, since the state of legal regulation is interesting for legal research - the presence of gaps and collisions in legal regulation, the system of legislation, the features of subjects and objects as elements of legal relations, control overdue diligence and the issue of responsibility.

The article primarily relies on qualitative analysis typical of legal science. At macro-level the paper applies systems theory and the idea of reflexivity and responsiveness in law (Hurri, 2014). Responsiveness means the ability of the legal system to respond to the expectations and needs of society, while

reflexivity indicates the legal order's ability to maintain its own identity under the pressure of these external societal expectations and needs. While responsiveness means conversion ability, reflexivity means resilience. The identity of the legal order is maintained by the rule of law. In accordance with the aims and goals of the paper, we focus on the social expectations and needs at the intersection between the need for Ukrainian's compliance with the EU legal framework vis-a-vis the importance to maintain stability and authenticity in the Ukrainian's legal system, especially in the context of corporate reporting on sustainable development. This approach allowed us to examine and assess the ability of the Ukrainian judiciary to remain involved in the EU integration process in this context, while maintaining its ability to reflect local realities and needs.

METHODOLOGY

Methodologically, the paper employs a variety of research methods based on legal studies, including legal doctrine and comparative law, as well as sociocultural approaches to law and problem-solving methodologies. Legal doctrinal study is used to map and compare relevant legal and policy frameworks applicable to corporate reporting on sustainable development in Ukraine.

Normative argumentation and comparative law is used to compare the regulation of corporate sustainability reporting in Ukraine's national legislation and that of individual EU member states. This method is also used to study the Draft Law "On Amendments to the Law of Ukraine 'On Accounting and Financial Reporting in Ukraine' regarding the introduction of sustainability reporting" and its compliance with EU standards. Additionally, this method is used to compare the terminological apparatus employed in EU acts, the draft law, and strategies.

We apply problem-solving methodologies from legal informatics to explore the challenges and opportunities that EU legal and policy frameworks offer in the Ukrainian context. This analysis revealed the current state of Ukraine's national legislation regarding corporate reporting on sustainable development.

This mixed method, coupled with a comprehensive literature review, allowed us to analyze the current state of research on this issue within the fields of economics and law in Ukraine. We selected legislative sources from official legislative databases in Ukraine and the European Union.

RESULTS AND DISCUSSION

1. Implementation of European Standards on Corporate Reporting on Sustainable Development in Ukraine

A crucial aspect in achieving the Sustainable Development Goals for Ukraine is the introduction of corporate sustainability reporting into Ukrainian business practices in accordance with European standards. This issue is especially relevant today, given that Ukraine was granted the status of a candidate for EU membership on 23 June 2022 (European Commission, 2022).

Under the influence of European integration, Ukraine has an obligation to harmonize its national legislation with the requirements of the European Union. Legislation in the areas of accounting and auditing is no exception, since it has a close relationship with sustainable development.

As stated in Article 114 of the Association Agreement between the European Union and its Member States (hereinafter referred to as the Association Agreement), on the one hand, and Ukraine, on the other: "The Parties recognize the importance of adapting the current legislation of Ukraine to the legislation of the European Union. Ukraine ensures the gradual compatibility of existing laws and future legislation with the EU acquis. This adaptation will start from the date of signature of this Agreement and will gradually be extended to all elements of the EU acquis referred to in Annex XVII to this Agreement" (European Union & Ukraine, 2014). Thus, the most important tasks of Ukraine in the European integration processes are the obligation to bring its legislation in line with the EU

acquis. In this process, the implementation of corporate reporting on sustainable development into the legislation of Ukraine is one of the most complex and active directions.

The legal basis for corporate sustainability reporting in the European Union is created by Directive (EU) 2022/2464 – contains requirements for corporate reporting on sustainable development, determines the scope of reporting and reporting entities, (European Parliament & Council of the European Union, Directive 2013/34/EU is the basic act on the financial reporting of undertakings (European Parliament & Council of the European Union, Directive 2013/34/EU, 2013 and European Sustainability Reporting Standards (ESRS), which details the content and format of corporate sustainability reporting (European Commission, Regulation (EU) 2023/2772, 2023). It is these acts that Ukraine should pay attention to when creating an appropriate system of legal norms for corporate reporting on sustainable development on the way to adapting national legislation in accordance with European standards.

The European Commission, considering Ukraine's preparation for membership, screened the country's legislation for compliance and noted in its report that "Ukraine needs to prepare to align with the 2022 EU Directive EU 2022/2464 on corporate sustainability reporting" (European Commission, Ukraine 2023 Report).

Directive 2022/2464 and Directive 2013/34/EU require large, small and medium-sized enterprises, as well as parent enterprises of large groups, to include in a separate section of their management report the information necessary to understand the impact of enterprises on sustainable development factors, as well as the information necessary to understand how sustainable development issues affect the development, efficiency and position of enterprises.

That information under Directive (EU) 2022/2464 must be disclosed in accordance with the European Sustainability Reporting Standards (ESRS) adopted by the European Commission Delegated Regulation (EU) 2023/2772 of 31 July 2023, which defines the content and structure of this information (European Commission, Regulation (EU) 2023/2772, 2023).

As of today, Ukraine has not implemented the key acts of the European Union regulating sustainability reporting. This creates barriers to the fulfilment of the state's international obligations related to the process of acquiring full membership in the EU. In reality, a situation has arisen in which there is an urgent need for quick and effective implementation of corporate reporting on sustainable development according to European standards in the shortest possible time frame in national business practice, but there is no national legislation of Ukraine on this issue - only attempts are being made, EU acts have not been implemented, the business environment does not fully comply with European standards.

The availability of open access to non-financial information about the company's activities, its impact on social and environmental spheres, is one of the key factors in ensuring the sustainable development of the enterprise, increasing its investment attractiveness and competitiveness, and the auditor's opinion set out in the report ensures the reliability of such information.

It is seen that the implementation of reporting on the sustainable development of enterprises in legislation and practice in Ukraine will have a positive result for the public and private sectors. The state will comply with the requirements of the European Union regarding the harmonization of legislation with EU acts, fulfilling European integration obligations. For the private sector, a positive result will be manifested in the fact that enterprises will build their business reputation and investment attractiveness cleanly and transparently. In general, all interested parties will have the opportunity to receive data on the social and environmental aspects of the enterprise's activities, along with information on the economic results of its activities. This will be especially important in light of Ukraine's post-war reconstruction and attracting foreign investment for reconstruction.

2. Analysis of the State of Corporate Reporting on Sustainable Development Legislation in Ukraine

The study of the legal regulation of certain relations involves clarifying several key questions: Is there legislation that regulates these relations? Is the current legislation sufficient for effective legal

regulation? Analyzing the national legislation of Ukraine, we can point to the existence of general and special acts that provide regulation of the reporting of enterprises on sustainable development in Ukraine. First, the Decree of the President of Ukraine dated September 30, 2019, No. 722 “On the Sustainable Development Goals of Ukraine for the period up to 2030” (President of Ukraine, 2019) defined the Sustainable Development Goals of Ukraine for the period up to 2030. Second, in 2024, the Order of the Cabinet of Ministers of Ukraine “Some issues of ensuring the achievement of the Sustainable Development Goals of Ukraine” approved the Objectives for achieving the Sustainable Development Goals for the period up to 2030 and indicators of their achievement (Cabinet of Ministers of Ukraine, 2024).

Since 2024, an active stage of formation and implementation of state policy in the field of reporting on sustainable development of enterprises has begun based on uniform methodological principles adopted in the EU member states. In the national legislation of Ukraine today, there are only a few regulations which refer to reporting on sustainable development. In fact, the legislation of Ukraine on corporate reporting on sustainable development is in its infancy.

In 2024, the Cabinet of Ministers of Ukraine approved the Strategy for the Introduction of Sustainability Reporting by Enterprises and approved the Operational Plan for the Implementation of the Strategy for the Introduction of Sustainable Reporting by Enterprises in 2024-2026 (hereinafter referred to as the Strategy). The purpose of this Strategy is to introduce the submission of sustainable development reporting in Ukraine by 2030, which will ensure the adaptation of national legislation to EU legislation, will facilitate the access of Ukrainian enterprises to international capital markets and attract foreign investment (Cabinet of Ministers of Ukraine, Strategy, 2024).

The Strategy provides for two stages of corporate reporting implementation - the first stage is to be achieved during 2024-2025, while the second during 2026-2030. It should be noted that at the first stage of the implementation of the Sustainable Development Reporting Strategy (2024-2025), the primary task is to create a regulatory framework for the preparation, submission and publication by enterprises of sustainable development reporting that meets the principles of the EU. These should particularly include legislative acts that regulate the procedure for establishing and operating an interdepartmental working group on introducing sustainable development reporting by enterprises. They should also include legislative acts that introduce the preparation, submission, and publication of sustainability reports in Ukraine in accordance with European standards. Additionally, they should include legislative acts that regulate auditing the reporting of sustainable development enterprises, as well as an effective mechanism for monitoring the quality of such audit services.

In pursuance of the Strategy, on February 7, 2025, the Ministry of Finance of Ukraine published the draft Law “On Amendments to the Law of Ukraine “On Accounting and Financial Reporting in Ukraine” on the Introduction of Sustainable Development Reporting”(Verkhovna Rada of Ukraine, 2025), which aims to harmonize national legislation in the field of accounting and financial reporting with the requirements of European legislation.

On July 17, 2025, this draft law was withdrawn from consideration, but the reasons for the withdrawal were not detailed. Already on August 4, 2025, a new Draft Law on Amendments to the Law of Ukraine “On Accounting and Financial Reporting in Ukraine” on the Introduction of Sustainable Development Reporting» (Verkhovna Rada of Ukraine, Draft Law No. 13598, 2025) (hereinafter referred to as the Draft Law) was registered. A comparative legal analysis of the two draft laws gives grounds to conclude that they are identical. If the bill is adopted, the new rules will come into force on January 1, 2026.

The main innovation proposed in the Draft Law is the introduction of mandatory sustainability reporting for certain categories of enterprises. This draft law prepares a phased implementation of mandatory sustainability reporting for certain categories of enterprises, starting from 2027.

As stated in paragraph 3 of the Explanatory Note, the Draft Law proposes making changes which provide:

- to introduce in Ukraine the preparation, submission and publication of reports on sustainable development;
- to update the criteria for determining the category of enterprises and groups;
- to regulate the issues of accounting by state unitary enterprises, business companies, in the authorized capital of which more than 50 percent of shares (stakes) belong to the state, according to international financial reporting standards, as well as the preparation and submission of a management report by them (Verkhovna Rada of Ukraine, Explanatory Note, 2025).

The Strategy stated that in order to implement the provisions of Directive 2013/34/EU, amendments were made to the Law of Ukraine “On Accounting and Financial Reporting in Ukraine” (Verkhovna Rada of Ukraine, Law No. 996-XIV, 1999), which a) expanded the list of enterprises that apply international financial reporting standards for accounting and financial reporting; b) introduced the submission of financial statements according to the taxonomy of financial statements according to international financial reporting standards in a single electronic format; c) improve the procedure for submitting financial statements, as well as the forms and procedure for preparing simplified financial statements for small enterprises, microenterprises, representative offices of foreign economic entities, non-entrepreneurial companies; and d) align national accounting provisions (standards) with the requirements of international financial reporting standards. Categories of parent and subsidiary groups have been introduced, as well as small and medium-sized enterprises have been exempted from the mandatory preparation and submission of consolidated financial statements (Cabinet of Ministers of Ukraine, Strategy, 2024).

On the one hand, a positive aspect of the proposed draft law is the established terminological apparatus in the field of corporate sustainability reporting, for example, “sustainability reporting”, “consolidated sustainability reporting”, “taxonomy of sustainability reporting”, “sustainability reporting standards”, and “sustainable development issues”. However, to date, no national legislative act has a definition of such terminology.

On the other hand, though, there are also proposed changes that might have “uncertain effects”, such as the proposals to change the criteria for determining the category of enterprises and groups. The proposed changes to the criteria for the definition of enterprises are made considering the Commission Delegated Directive (EU) 2023/2775 of 17 October 2023 on the adjustment of the size criteria for micro, small, medium and large enterprises or groups (European Commission, 2023). That is, the criteria for determining enterprises in Ukraine will be identical to the European criteria. At the same time, however, for enterprises operating in conditions of armed aggression, such changes may have a negative effect, since the criteria are significantly overestimated compared to the previously existing criteria. A comparison of the current and proposed by the Draft Law criteria for classification of enterprises is given in Table 1, which was prepared using the Comparative Table to the Draft Law of Ukraine “On Amendments to the Law of Ukraine “On Accounting and Financial Reporting in Ukraine” on the Introduction of Sustainable Development Reporting” (Verkhovna Rada of Ukraine, Table, 2025).

Table 1. Comparison of criteria for the classification of enterprises

Classification criterion	Requirements in accordance with the current legislation	Proposed amendments to the Draft Law
micro-undertakings	balance sheet total: – up to 350 thousand euros inclusive; net turnover: – up to 700 thousand euros inclusive; average number of employees during the financial year – up to 10 people inclusive	balance sheet total: – up to 450 thousand euros inclusive; net turnover: – up to 900 thousand euros inclusive; average number of employees during the financial year – up to 10 people inclusive

Classification criterion	Requirements in accordance with the current legislation	Proposed amendments to the Draft Law
Small undertakings	balance sheet total: – up to EUR 4 million inclusive; net turnover: – up to EUR 8 million inclusive; The average number of employees is up to 50 people inclusive.	balance sheet total: – up to EUR 5 million inclusive; net turnover: – up to EUR 10 million inclusive; The average number of employees is up to 50 people inclusive.
Medium-sized undertakings	balance sheet total: – up to EUR 20 million inclusive; net turnover: – up to EUR 40 million inclusive; The average number of employees is up to 250 people inclusive.	balance sheet total: – up to EUR 25 million inclusive; net turnover: – up to EUR 50 million inclusive; The average number of employees is up to 250 people inclusive.
Large undertakings	balance sheet total: – more than EUR 20 million; net turnover: – more than 40 million euros; The average number of employees is more than 250 people.	balance sheet total: – more than EUR 25 million; net turnover: – more than 50 million euros; The average number of employees is more than 250 people.

Many business structures will not meet the new criteria, which may provoke the termination of their activities. From the beginning of hostilities in Ukraine (from February 24, 2022) to February 2025, 599,472 business entities ceased operations in Ukraine (Delo.ua, 2025). But according to the legislator, the criteria for determining micro, small, medium and large enterprises have been updated, considering inflation and the recommendations of the European Commission. This will reduce the administrative burden and avoid unreasonably grouping enterprises into categories with more stringent requirements (Ministry of Finance of Ukraine, 2025).

In general, regarding the draft law, it can be noted that it does not fully reflect the peculiarities of the implementation of EU standards on corporate reporting of enterprises in the legislation of Ukraine, given that today it is the only special act that is planned to settle this issue and the fact that Ukraine is not a country party to such acts. Examples may include the use of terminological apparatus. Thus, Directive 2022/2464 contains the terms “stakeholders” (clause 8), “users’ information”, “ultimate beneficiaries” (clause 9) and “third-party data providers” (clause 10), (clause 14) (European Parliament & Council of the European Union, 2022). However, the draft law and strategy do not apply these terms. The Strategy operates with the category of “reporting user” (Cabinet of Ministers of Ukraine, 2024). The Draft Law includes the term “user of financial reporting” – individuals or legal entities that need information about the activities of an enterprise for decision-making (paragraph 17, Draft Law, 2025). The question arises whether these terms are identical. If the task of the legislator is to create norms for the reporting of enterprises on sustainable development in accordance with European standards, then it is important to harmonize the terminological apparatus. It is seen that this terminology should be present in national legislation. Lack of harmonized terminology may hinder alignment with EU standards.

The next act that has changed in terms of harmonization of national legislation with the requirements of European legislation is the Law of Ukraine “On Audit of Financial Statements and Auditing Activities” (Verkhovna Rada of Ukraine, 2017). In order to implement the requirements of this Law and Directive 2006/43/EC (European Parliament and Council, 2006), one of the legislative innovations was to oblige audit entities to provide an audit report on the compliance of sustainability reporting with the requirements of the European Sustainability Reporting Standards (European Commission, 2023) and Article 8 of Regulation (EU) 2020/852 of the European Parliament and of the Council

establishing the bases for strengthening sustainable investment and amending Regulation (EU) 2019/2088 by disclosure of information in reporting (European Parliament and Council of the European Union, 2020). Thus, the audit entity began to act as a guarantor to the users of the information that the information provided in the report corresponds to reality.

On this issue, the Strategy states that providing audit entities with confidence in reporting on the sustainable development of enterprises will help ensure consistency and consistency of financial and sustainability reporting, which is especially important for users of such reporting. But at the same time, to ensure proper reporting on sustainable development, employees of enterprises responsible for the formation of indicators of such reporting, and auditors who will provide audit services on sustainability reporting, must have a sufficient level of professional competence, theoretical knowledge of compiling and auditing sustainability reporting and the ability to apply such knowledge in practice (Cabinet of Ministers of Ukraine, 2024).

To initiate and create favorable organizational and legal conditions for proper reporting on sustainable development by enterprises, it is necessary to create legislative measures for the formation and implementation of policies in the field of reporting on sustainable development of enterprises, which will regulate the issues of reporting, auditing, developing and approving relevant regulatory legal acts.

Thus, from the analysis of the national system of legislation of Ukraine, we can conclude that as of 2025, the legislator of Ukraine is taking active actions to develop legislation in the field of corporate reporting on sustainable development, but currently, there is no proper legal regulation of the legal relations under study. There is a wide range of obstacles to the implementation of corporate sustainability reporting in Ukraine.

3. Prospects for the development of the national legislation of Ukraine on corporate reporting on sustainable development

Following the clarification of the existing legal framework governing the reporting of undertakings on sustainable development, and the identification of its deficiencies, the question of how to enhance regulatory support arises. It is imperative to ascertain which norms must be finalised to ensure that the legal regulation meets the needs of all stakeholders. The national legislation of Ukraine on corporate reporting on sustainable development requires further development, since the legislative changes proposed by the legislator do not contain some quite important aspects of the legal regulation of corporate reporting on sustainable development.

The first aspect that requires legislative revision is a legally clear definition of the actors of legal relations in the field of sustainable development reporting. The fundamental issue in the study of legal relations is the study of the actors of such relations. The issue of determining the parties in legal relations regarding corporate reporting on sustainable development can be characterized as quite interesting, relevant and complex at the same time.

In particular, the legislator must determine and approve at the legislative level: 1) Who is the control actor – the main public entities that should monitor compliance with the legislation in the field of corporate reporting of sustainable development enterprises; 2) Who is the responsible person – a legal entity or a manager? 3) Who is the reporting actor? 4) Who are the stakeholders?

Considering the adaptation of Ukrainian legislation to EU standards, the Ukrainian legislator must use unified terminological definitions and categories, particularly the titles of actors in the field of corporate reporting of sustainable development, which are used in the national legislation of Ukraine and in EU documents. Who are the legal actors of relations regarding corporate reporting on sustainable development is a very relevant question in the national legislation of Ukraine. The lack of indications in the legislation of who the legal actors of reporting and the stakeholders of information are leads to misconceptions between the legislation of Ukraine and EU acts.

The legislation of Ukraine, in particular the Law of Ukraine “On Accounting and Financial Reporting in Ukraine”, contains a mention of such an entity as “users of financial statements” (Article

1, Verkhovna Rada of Ukraine, Law No. 996-XIV, 1999), dividing this category into external and internal users, but without going into detail about who they are. In addition, the draft law mentions such entities as an “interested party” (Verkhovna Rada of Ukraine, Draft Law No. 13598, 2025). The Explanatory Note to the Draft Law states that “The implementation of the act will have an impact on the interests of interested parties” (Verkhovna Rada of Ukraine, Explanatory Note, 2025). However, among the interested parties in the document, only the state and business entities are singled out.

For the state, as an interested party, a positive expected impact is expected – harmonization of national legislation with EU legislation, which will contribute to the fulfilment of Ukraine’s obligations under the Association Agreement. For business entities – increasing the transparency of reporting for users of such reporting to make effective decisions, which will help attract investment and increase the number of enterprises that will become participants in international capital markets (Verkhovna Rada of Ukraine, Explanatory Note, 2025). At the same time, it should be noted that European regulations cover a wider range of stakeholders. The legislator’s mention that only the state and business entities are interested parties seems too limited and does not consider all relevant groups of participants in the process.

For example, the EU Directive 2022/64 mentions such entities as ultimate beneficiaries, individual citizens, civil society actors, savers, trade unions, workers, and third-party data providers (European Parliament & Council of the European Union, 2022). In turn, the legislation of Ukraine uses the terms “user of financial statements” (clause 17, Draft Law, 2025) and “user of sustainability reporting” (Strategy, 2024), does not explain who they are? Indeed, the question as to how the concepts of “user of information” and “stakeholder” correlate arises. Are these terms identical in meaning and legal scope? This issue needs to be coordinated with the EU acts when developing national legislation.

The answer to this question is of key importance for the harmonization of national legislation with EU acts, in the field of non-financial reporting and sustainable development. The legislator must responsibly review the draft law for compliance with the acts regarding stakeholders and other actors.

The second aspect, which is critically important, is the development and consolidation at the legislative level of norms that would provide for the type of responsibility and the grounds of liability of business entities for non-submission/late submission of the report and the false/inaccurate information reflected in the report. The legislator should determine the type of legal responsibility for offences in the field of sustainable development reporting and clearly qualify the actions/omissions that may be of the nature of Offences. Because, given the current situation, sustainable development reporting is implemented imperatively for individual entities and ceases to be voluntary, proactive. At the same time, the legislator does not have regulatory mechanisms in this issue.

Responsibility in the field of corporate sustainability reporting is a complex issue that combines private and public law aspects. Given that this type of reporting becomes mandatory for individual enterprises in Ukraine, liability is of a public nature, that is, it should be provided for by the norms of financial, administrative or criminal law. The type of liability of the reporting entity or persons involved in the reporting will depend on the type of offense and its consequences.

The draft law (Verkhovna Rada of Ukraine, Draft Law, 2025) does not contain proposals to regulate liability issues in the field of sustainability reporting, so it is currently important to clarify the issue of whether there are rules on liability for violations in the field of sustainability reporting in the current legislation.

It should be noted that the Code of Ukraine on Administrative Offenses (Verkhovna Rada of Ukraine, 1984) contains norm 163-16 “Violation of the procedure for disclosure of financial statements or consolidated financial statements”. At the same time, the question arises, is it possible to apply this norm in case of violation of the procedure for submitting corporate reports on sustainable development? The procedure for reporting will be regulated by the Law of Ukraine “On Accounting and Financial Reporting in Ukraine” (Verkhovna Rada of Ukraine, Law No. 996-XIV, 1999), then logically, this

provision of the Code of Ukraine on Administrative Offenses should also apply to offenses regarding sustainable development reporting. However, an additional question arises, is sustainability reporting financial statements or is it non-financial? If the Information on the sustainable development of the enterprise is part of the financial statements, then for violations in the field of corporate reporting on sustainable development, administrative liability may be applied, provided for by Art. 163-16 of the Code of Ukraine on Administrative Offenses. If sustainability reporting is of a non-financial nature, then it should be stated that there are no norms in the national legislation of Ukraine that would provide for the responsibility of the reporting entity.

For a proper understanding of the issue raised, it is advisable to carry out a comparative analysis of the definition of the term “financial reporting” enshrined in the current Law of Ukraine “On Accounting and Financial Reporting in Ukraine” (Verkhovna Rada of Ukraine, Law No. 996-XIV, 1999), and the concept of “sustainability reporting” proposed in the relevant Draft Law (Verkhovna Rada of Ukraine, Draft Law, 2025), in order to establish their relationship. In this context, it should be noted that along with the term “financial statements”, the Law of Ukraine “On Accounting and Financial Reporting in Ukraine” also uses the concepts of “information on financial position”, “information on the results of the enterprise’s activities”, “financial information” and “non-financial information” (Verkhovna Rada of Ukraine, Law No. 996-XIV, 1999). At the same time, this normative act does not contain a clear definition of the last two terms. Similarly, the Law of Ukraine “On Information” does not distinguish between financial and non-financial information among the types of information (Article 10, Verkhovna Rada of Ukraine, 1992). The lack of a normative distinction between these concepts complicates the formation of a clear idea of the relationship between financial statements and sustainability reporting.

According to the legislative intentions, the legal regulation of corporate reporting on sustainable development at the national level is supposed to be carried out within the framework of the Law of Ukraine “On Accounting and Financial Reporting in Ukraine”. According to Article 1 of this Law, financial statements are defined as statements containing information on the financial position and results of the company’s activities (Verkhovna Rada of Ukraine, Law No. 996-XIV, 1999).

In turn, the Draft Law proposes to define sustainability reporting as enterprise reporting that contains information on relevant issues in accordance with the requirements of sustainability reporting standards (para. 13). Such issues include environmental and social aspects, labor relations, respect for human rights, as well as anti-corruption measures (para. 23, Verkhovna Rada of Ukraine, Draft Law, 2025).

Thus, sustainability reporting can be considered as an integral part of the financial statements of an enterprise, since it covers information on the results of its activities in a broader – non-financial – dimension. Based on the above, Article 163-16 of the Code of Ukraine on Administrative Offenses (Verkhovna Rada of Ukraine, 1984) can be applied to violations in the field of corporate reporting on sustainable development by analogy, but this issue also needs to be finalized at the legislative level and additional clarifications.

It is seen that the next step in the development of Ukrainian legislation in the field of corporate reporting on sustainable development should be the consolidation of liability norms in the Code of Ukraine on Administrative Offences or the Criminal Code of Ukraine. In our opinion, Ukraine should establish regulations for control and responsibility regarding compliance with corporate reporting requirements on sustainable development. These regulations should take into account exemplary practices and the experience of individual EU countries. For example, France has introduced strict control mechanisms, including criminal penalties for non-compliance with CSRD requirements. An important emphasis in French legislation is the need for external certification of CSRD reports. As stated in the provisions on fines, directors of companies can be fined between €30,000 and €75,000 (and the company itself up to €375,000 to €150,000) and receive a prison sentence of two to five years, in case of failure to appoint an auditor, failure to provide the necessary information for external audits or obstruction of their work. These are additional sanctions imposed by France, in addition to

those already imposed by the requirements of the CSRD. This level of responsibility is unique among EU countries and reflects France's serious approach to ensuring compliance with sustainability reporting standards (Green Transition Office, 2024, p. 13). Of course, given the existing socio-economic challenges in Ukraine, it is impossible to establish similar penalties as in EU countries, but if violations in sustainability reporting were serious, then criminal liability should be possible.

CONCLUSION

In the context of European integration, Ukraine faces a difficult task of implementing corporate sustainability reporting due to security, economic, environmental and social instability. Today, there are a large number of objective barriers to the implementation of this type of reporting in accordance with EU requirements.

The article analyzed the current state of legal regulation and prospects for the implementation of corporate reporting on sustainable development in Ukraine. Not only this is a highly important issue for Ukrainian integration process in the EU, but it is also one where scarce scholarly literature exist.

Since 2010, the EU has been actively working on the development of the legislative framework for sustainable development, including corporate reporting on sustainable development, and today continues to work in this direction, improving its legislation. Since 2019, Ukraine has launched a vector of sustainable development in national legislation from scratch, and in 2024 it began to develop legislation on corporate reporting of sustainable development enterprises, trying to introduce a new type of reporting in the shortest possible time. However, there is a long way from ambition to implementation, in which each step must be coordinated with EU acts. Ukraine should develop legislation in the field of corporate reporting on sustainable development, train specialists who will ensure the reporting process, develop a procedure for submitting and determining reports, form a supervisory body and determine its powers, and many other issues. All these implementation steps must be clearly regulated by legislation, and that takes time.

Currently, there are no regulatory mechanisms in the field of corporate reporting on sustainable development and the legislation is in its infancy – there is a draft Law that will amend the Law of Ukraine “On Accounting and Financial Reporting in Ukraine”. However, the analysis of this draft law gives grounds to assert that it has both positive and negative features. The proposed Draft Law does not fully comply with EU acts on the legal regulation of sustainability reporting, in particular with concerns with its terminology. In addition, the proposed criteria for determining the categories of enterprises in Ukraine in accordance with European standards are significantly overestimated for enterprises operating in the conditions of armed aggression -such changes may have a negative effect.

Regarding the improvement and development of the legislation of corporate reporting on sustainable development in Ukraine, our analysis showed that the current Ukrainian legislation in the field needs significant revision before it is able to harmonize with the regulations of the European Union. One of the key challenges is the lack of a clear regulatory definition of subjects of legal relations in the field of reporting, in particular in respect of categories such as “controlling entity”, “responsible person”, “reporting entity” and “stakeholder”.

Insufficient detail of concepts in national legislation leads to differences in interpretation and complicates the adaptation of Ukrainian norms to European standards. European directives, in particular Directive (EU) 2022/2464, demonstrate a much broader approach to identifying stakeholders, including citizens, workers, trade unions, civil society representatives and data providers.

Thus, in order to ensure effective legislation of corporate reporting on sustainable development in Ukraine, it is necessary to clarify the terminology and categories of subjects of legal relations. Moreover, it is necessary to expand the list of stakeholders in accordance with European acts as well as ensure consistency between concepts. Ultimately, there is a need to revise the draft law for compliance with EU directives.

These steps are critical for the fulfilment of Ukraine's international obligations and the formation of a transparent, inclusive reporting system that meets the principles of sustainable development.

In the future, the introduction of corporate reporting on sustainable development in Ukrainian business practice will have a positive result, as the transparency of the results of enterprises' activities will increase and their investment attractiveness of Ukrainian business entities will increase. This is especially important in the context of the post-war reconstruction of Ukraine.

The issues of legal liability and the legal status of corporate reporting entities on sustainable development, as well as sustainable development reporting as an object of legal regulation, are urgent directions of further scientific research. So are the prospects for the development of legislation in the field of corporate reporting on sustainable development, and the harmonization of regulatory mechanisms with EU acts.

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КОРПОРАТИВНА ЗВІТНІСТЬ ЗІ СТАЛОГО РОЗВИТКУ В УКРАЇНІ: АНАЛІЗ ПОТОЧНОГО СТАНУ ПРАВОВОГО РЕГУЛЮВАННЯ ТА ПЕРСПЕКТИВИ ВПРОВАДЖЕННЯ

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Анотація. Ця стаття зосереджена на вивченні сучасного стану правового регулювання і перспектив впровадження корпоративної звітності зі сталого розвитку в Україні відповідно до європейських стандартів. У роботі визначаються та аналізуються виклики та перешкоди, що виникають при впровадженні корпоративної звітності у національну бізнес-практику та законодавство.

Запровадження звітності зі сталого розвитку для окремих категорій підприємств у імперативному порядку матиме значний вплив на трудове, корпоративне та фінансове право та законодавство. Крім того, це впливатиме на законодавство про інформацію та законодавство про конфіденційність, оскільки дані, розкриті у звіті компанії зі сталого розвитку, відображатимуть вплив її діяльності на соціальні, екологічні та управлінські аспекти. Таким чином, корпоративна звітність про сталий розвиток матиме широкий вплив, охоплюючи як приватне, так і публічне регулювання, а отже і на приватне, і на публічне право. Ця обставина породжує необхідність наукового дослідження з оголошеної теми.

Метою статті є вивчення сучасного стану правового регулювання корпоративної звітності щодо сталого розвитку в Україні, виявлення недоліків у правовій базі та запропонування напрямків покращення законодавства щодо корпоративної звітності підприємств щодо сталого розвитку в Україні.

Ключові слова: сталий розвиток, корпоративна звітність зі сталого розвитку, гармонізація з законодавством ЄС, правове регулювання, Директива 2022/2464, європейські стандарти звітності зі сталого розвитку.

CORPORATE REPORTING ON SUSTAINABLE DEVELOPMENT IN UKRAINE: ANALYSIS OF THE CURRENT STATE OF LEGAL REGULATION AND PROSPECTS FOR IMPLEMENTATION

Abstract. This article focuses on studying the current legal regulations and prospects for implementing corporate reporting on sustainable development in Ukraine. It analyzes the implementation of European standards for corporate reporting on sustainable development. The article identifies the challenges and obstacles that arise when introducing corporate reporting into national business practice and legislation. Due to the lack of regulatory support for this area, there are few scientific publications devoted to the legal analysis of corporate reporting on sustainable development issues in Ukraine. Thus, this article is a particularly important contribution.

The implementation of corporate sustainability reporting in Ukraine is closely related to legal practice and theory need to develop legislation that will create a legal basis for this type of reporting in Ukraine. Reporting entities will have reporting obligations, which in turn are associated with the issues of disclosure of information on activities and legal liability. Reporting on the sustainable development of enterprises will have a significant impact inter alia on labour, corporate and financial legislation. Moreover, it will influence information law and privacy legislation, as the data disclosed in a company's sustainability report will reflect the impact of its activities on social, environmental and governance aspects. Thus, corporate reporting on sustainable development will have a broad impact, comprising both private and public relations, on their legal regulation, and therefore on both private and public law. This circumstance forms the need for scientific research on the declared topic.

The purpose of the article is to study the current state of legal regulation of corporate reporting on sustainable development in Ukraine, identify shortcomings in the legal framework, and propose directions for improving the legislation on corporate reporting of enterprises on sustainable development in Ukraine.

Keywords: sustainable development, corporate sustainability reporting, harmonization with EU law, legal regulation, CSRD, ESRS.

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