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DEVELOPMENT OF THE CONCEPT OF CORPORATE SOCIAL RESPONSIBILITY: PRACTICE IN UKRAINE

Abstract

The article considers topical issues of the implementation of the concept of corporate social responsibility (CSR) in Ukraine. It is emphasized that the concept of corporate social responsibility involves changes in the legal support of the self-regulation of economic activity. CSR in Ukraine includes the voluntary establishment of norms on social corporate responsibility and determination of the mechanism and means of its implementation. The submission of a corporate social responsibility report is an essential element of CSR though it is not currently mandatory in Ukraine.

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In Ukraine, the development of CSR in agriculture should be a priority. It has been established that CSR advocacy is insufficient in Ukraine, and therefore public authorities and non-governmental organizations have to introduce the practice of explaining the need introduce and implement CSR institutions through seminars, conferences, training on responsible business behavior, educational programs, and training courses. Observance of labor rights and guarantees should be a mandatory task for Ukrainian companies in terms of CSR development. It is proposed to amend a number of regulations namely the Law of Ukraine "On Business Associations" and the Economic Code of Ukraine. The creation of the Concept for the Development of Corporate Social Responsibility should determine the prospects and directions of CSR support by the state, expand the interaction between business entities and civil society, systematize existing and prospective tools for its development. Such changes update the implementation of the rules of the Association Agreement between Ukraine and the EU and they will facilitate the implementation of the rules on CSR liability in practice.

Taking into account the ongoing war of Russia against Ukraine since 2014 and its new stage – the full-scale invasion by Russia of Ukraine in 2022, business entities have proposed the separation of CSR policies in the conditions of war. Human rights protection of the conditions of war, workers' safety (mobilization, evacuation), the organization of the business entity's work (the responsibility of each employee from the head of the company to the lower level of the executive, payment of labor, taxes, etc.); assistance to the state, armed forces, employees, and other citizens, termination of cooperation with counterparty residents in the Russian Federation and Belarus, withdrawal from the market, etc. of these countries should become the key elements of such policies. The preservation of human life will be an overriding imperative of CSR in wartime.

Keywords

concept of corporate social responsibility; non-financial reporting; self-regulation; economic activity; legal support; advocacy; Russian war against Ukraine; CSR in wartime

INTRODUCTION

The features of the content and instrumental filling of business activity culture is formed in the conditions of globalization, Europeanisation and globalization. The ideology of building a welfare state affects the strategy of Ukraine, including changes in the of forming a culture of entrepreneurship. The expansion of this understanding should be noted through the categories of self-regulation, corporate social responsibility,

compliance, good faith and fair dealing, and public-private partnership. Scientific and technological progress leads to the emergence of new concepts, phenomena, rapid change in the culture of society, which affects the formation of entrepreneurial culture. Corporate social responsibility is an instrument of new values, a new innovative culture, which has emerged on the basis of self-regulation. All these issues are related to the universal concept of building a sustainable development society.

Corporate social responsibility is a special type of social self-regulation of corporations in the context of globalization of the world economy. Therefore, the provisions of CSR and sustainable development are used by economic entities in Ukraine in the development of internal norms and, rules of ethical standards in the company. The following questions need considering in this regard: 1) Are Ukrainian companies aware of the importance of using the CSR provision? 2) How are the provisions of CSR enshrined in the corresponding acts of companies? 3) To what extent do these companies comply with and the declared provisions on CSR?

Corporate social responsibility in Ukraine comprises the voluntary establishment of social corporate responsibility norms and determination of the mechanism and means of its implementation. Submission of non-financial reporting is an essential element of corporate social responsibility though it is not mandatory in Ukraine today. However, companies related to a foreign element widely use it. Analysis of the practice of CSR companies in Ukraine reveals that there is no unified form and requirements for such reporting. Since CSR legal provision is being developed in Ukraine, the study of the peculiarities of this process is relevant.

In addition, Russia's aggression against Ukraine of February 24, 2022 has changed the lives of all Ukrainians and also of mankind. People did not expect or did not want to believe that having "uncivilized" members of the UN Security Council with the "reign of force" as the main narrative could occur in the 21st century. Russia's war against Ukraine has revealed that reputation, morals, taxes, economy, and social factors make a united battlefield for human values. At the level of company policies, war-related CSR issues were not given enough attention or were not emphasized at all. Companies mainly focused on respect for human rights and social welfare, which may indicate an indirect entrenchment

of war-related policies. Peaceful CSR policies did not contain separate sections and provisions related to war. Therefore, the purpose of this study is to examine the experience of Ukrainian companies in the CSR implementation taking into account two periods: namely before and after the full-scale invasion of Russia 2022, as well as to provide proposals for improving CSR policies considering the legal regime of martial law.

I. LITERATURE REVIEW

The issue of corporate social responsibility is quite developed in law science in view of ensuring the sustainable development of mankind. However, despite the general attention, there are still issues that need new research owing to the new challenges the world faces. These include changes in the structure of the economy, hybrid wars, the digitalization of the economy etc. The level of CSR development and legal support is also quite differentiated in different countries. CSR has mostly acquired a clear legislative definition and the mechanisms for functioning in countries with developed economies have been established. Countries with transitional economies are developing CSR mechanisms with varying intensity, depending on their political, economic, social, and other characteristics.

Scientists analyse CSR as a social phenomenon and apply a scientific definitional approach of genus and species to arrive at (Benedict, 2015:625). Corporate social responsibility continues to be an important business concept and in a world of increased globalization is to be found among large companies in most countries around the world.¹ Simanaviciene Z. and Kontautiene R. point out that the realization of environmental CSR elements requires a modification of technologies, products, processes, and business models in order to avoid a negative impact on the natural environment.² CSR aims primarily at higher labour efficien-

¹ R. Welford, *Corporate Social Responsibility in Europe North America and Asia. Journal of Corporate Citizenship*, 2005, p. 34, available at: <http://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.594.115&rep=rep1&type=pdf> [accessed 16.2.2019].

² Z. Simanaviciene, R. Kontautiene, A. Simanavicius, *Assumptions of Corporate Social Responsibility as Competitiveness Factor*, "Montenegrin Journal of Economics", 13, 3, 2017, p. 157.

cy.³ “CSR as a business culture should be considered as a specific business culture, whereby business works over and above legal requirements that are voluntarily adopted because the business deems it to be in its long-term interest”.⁴ Corporate social responsibility is a management strategy, and enterprises in their activities take into account voluntarily the interests of social, environmental, and other relationships with various groups of stakeholders, particularly employees.⁵ Value relevance and ethical standards are key drivers of retailer commitment to CSR, which in turns lead to customer citizenship behavior.⁶

An effective element of corporate social responsibility is the employee’s understanding of the importance of corporate citizenship. A. Carroll notes: “Corporate citizenship (CC) is among the most recent and most popular of the terms adopted by business to characterize their CSR. Since the term was first adopted in the business community, no strong definition was ever presented that clearly differentiated it from CSR”.⁷ The employee understands and receives support from the company, understands the purpose of the activity and has its own useful interest and the effect of personal active behaviour.

However, the issue of corporate social responsibility development in Ukraine has not been sufficiently investigated considering the legal views. The full-scale Russian invasion of Ukraine in 2022 has actualized the issue since there arose the issue of the ethics of company activities in the martial law legal regime and the list of measures that companies should take. The study deals with the peculiarities of the Ukrainian legislation on CSR and the practice of its general implementation as well as the periodization of CSR development. In addition, countering aggres-

³ T. Fang-Mei, C. Shu-Hao, *Corporate Social Responsibility*, “Chuang I Business”, 06, 03, 2014, p. 120, available at: http://file.scirp.org/pdf/IB_2014091916083406.pdf [accessed 11.2.2019].

⁴ R. Bohinc, *Corporate Social Responsibility: (A European Legal Perspective)*, “Canterbury Law Review”, 20, 2014, p. 21.

⁵ J. Kaputa, *Raportowanie zrównoważonego rozwoju jako wyzwanie dla przedsiębiorstw XXI wieku*, 2013, available at: http://zif.wzr.pl/pim/2013_1_2_8.pdf [accessed 11.2.2019].

⁶ Z.H. Abdelmoety, S. Aboul-Dahab, G. Agag, *A cross cultural investigation of retailers’ commitment to CSR and customer citizenship behaviour: The role of ethical standard and value relevance*, “Journal of Retailing and Consumer Services”, Vol. 64, 2022.

⁷ A.B. Carroll, *Corporate social responsibility: The centerpiece of competing and complementary frameworks*, “Organizational Dynamics”, Vol. 44, 2015, p. 93.

sion should become an obligatory aspect of a socially responsible company and be taken into account in CSR practices, which will be emphasized in the article.

Thus, the concept of corporate social responsibility is directed towards changes in the legal provision of self-regulation of economic activity. Corporate social responsibility is an essential component of the business strategy not only of a state, of an individual enterprise, but of society as well. Today, working out the codes of ethics cannot be carried out without implementing the concept of corporate social responsibility.

II. THE METHODOLOGY OF RESEARCH

In studying the issue under consideration, the following methods were used: general philosophical and general scientific (dialectical, systemic, formal logical, etc.); universal (induction, deduction); special-scientific (formal-legal, comparative law), interpretation of the rules etc. The comparative method was used as one of those basic for studying the features of CSR setting in international agreements, in the UE legislative acts and Ukrainian Laws. The universal method of induction and deduction was used to determine the practical aspects of CSR economic entities. The system method was used to identify proposals for the improvement of the Ukrainian legislation on CSR, and of policy in the conditions of the legal regime of martial law. The method of interpretation of law was used to clarify the specifics of CSR advocating in Ukraine.

III. INTERNATIONAL ACTS AND THE EUROPEAN UNION LEGISLATION ON CORPORATE SOCIAL RESPONSIBILITY

CSR is a system of self-regulatory legislative and organizational tools of the company. The implementation of public social functions by business entities on a voluntary basis supported by the state and international organizations (governmental and non-governmental) is a feature of the system. CSR provisions usually cover sustainable development, human rights, environment and climate change, cooperation between state authorities, local governments and products and services consum-

ers, as well as anti-corruption measures. CSR is formally embodied in various CSR digests: codes of corporate ethics, rules, and principles of conduct, conduct standards, anti-corruption programs, and non-financial reporting.

CSR is organizationally aimed at the implementation of the company's social policy and can be implemented in the following ways: a) involving employees in the company's policy implementation; b) creating ethical norms (code, principles, etc.) of the business entity; c) activity of the company's divisions responsible for the CSR implementation; d) increasing the interest and social standards of the employees etc.

Global Compact,⁸ the UN General Assembly Resolution of September 25, 2015 "Transforming our world: Agenda for sustainable development for the period until 2030", Guiding Principles UN Guiding Principles Business, Tripartite Declaration of Principles Relating to Multinational Corporations and Social Policy are international documents dealing with corporate social responsibility. The ILO Declaration on Fundamental Principles and Rights at Work, OECD Guidelines for Multinational Enterprises ISO 26000 and OECD Due Diligence Guidelines for Responsible Business Conduct should also be mentioned.

The 2030 Agenda for Sustainable Development, adopted by the United Nations General Assembly on 25 September 2015, paragraph 67 of the section "Implementation tools and the Global Partnership" states: "...We will promote a dynamic and efficient business sector along with protecting labor rights, environmental and health standards in accordance with relevant international standards and treaties".⁹ UN Human Rights Council Resolution A/HRC/ S/ 7/4 of 16 June 2011 approved the UN Guiding Principles on Business and Human Rights related to the soft law system. The document recognizes the possibility that the activities of business structures could potentially have an impact on the human rights sphere and establishes that states are to protect against human rights violations by business; business structures are to respect

⁸ The Ten Principles of the UN Global Compact, 2011, available at: <https://www.unglobalcompact.org/what-is-gc/mission/principles> [accessed 30.5.2019].

⁹ Transforming our world: the 2030 Agenda for Sustainable Development: Resolution adopted by the General Assembly of the United Nations on 25 September 2015 No. A/RES/70/1, available at: http://www.un.org/ga/search/view_doc.asp?symbol=A/RES/70/1&Lang=E [accessed 11.3.2019].

human rights; victims of such violations have the right to access effective legal assistance.¹⁰

After joining the implementation of the 2030 Agenda for Sustainable Development, the European Parliament adopted a joint declaration in 2017 on the New European Consensus on Development “Our World, Our Dignity, Our Future”,¹¹ which claims human rights violation prevention and the promotion of the UN Guiding Principles to be one of the areas of work within subsection 2.3 “Prosperity – Comprehensive and Sustainable Growth and Jobs” of the General Platform for Action. Corporate social responsibility is part of the Europe 2020 strategy aimed to support sustainable development in Europe.

According to the “Green Paper: Promoting a European framework for Corporate Social Responsibility” Commission of the European Communities. (2001): “By stating their social responsibility and voluntarily taking on commitments which go beyond common regulatory and conventional requirements, which they would have to respect in any case, companies endeavor to raise the standards of social development, environmental protection...”.¹²

The OECD Guidelines for Multinational Enterprises emphasize that “enterprises must contribute to economic, environmental, and social progress in order to achieve sustainable development”.¹³ The OECD encourages multinational corporations to conduct socially responsible

¹⁰ J. Ruggie, *Guiding Principles on Business and Human Rights: Implementing the United Nations «Protect, Respect and Remedy» Framework: Annex to the Report of the Special Representative of the Secretary General on the issue of human rights and transnational corporations and other business enterprises*. No. A.HRC.17.31, 2011, available at: http://www.un.org/ga/search/view_doc.asp?symbol=A/HRC/17/31&Lang=E [accessed 16.3.2019].

¹¹ The New European Consensus on Development «Our world, our dignity, our future»: Joint Statement by the Council and the Representatives of the Governments of the Member States meeting within the Council, the European Parliament and the European Commission, done in Brussels on 7 June 2017, available at: https://ec.europa.eu/europeaid/sites/devco/files/european-consensus-on-development-final-20170626_en.pdf [accessed 11.3.2019].

¹² Green Paper: Promoting a European framework for Corporate Social Responsibility. Commission of the European Communities, Brussels, 2001, available at: <https://ec.europa.eu/transparency/regdoc/rep/1/2001/EN/1-2001-366-EN-1-0.Pdf> [accessed 11.2.2019].

¹³ OECD Guidelines for Multinational Enterprises, 2011, available at: <http://www.oecd.org/dataoecd/43/29/48004323.pdf> [accessed 16.3.2019].

business, the environmental component of which is based on the idea of sustainable development and involves the development of environmental management, environmental education, and concern for the impact of companies on the environment and on human health and safety. According to the Ministry of Justice, conducting a national assessment of basic indicators in the field of business and human rights – National Baseline Assessment – will be the first step in implementing the Guidelines in Ukraine.¹⁴

The guidelines of the International Organization for Standardization (IOS) have been actively implemented. The IOS has developed the International Standard ISO 26000 – a guide to social responsibility, published on October 28, 2010. According to the organization: “ISO 26000:2010 provides guidance to all types of organizations, regardless of their size or location...”¹⁵

Corporate social responsibility is supported at: 1) the international global level (the concept of sustainable development); 2) at the regional level (for example, the European Union); 3) at the national level (policies of individual states); 4) local level (territorial communities); 5) individual level (individual economic activity units); 6) micro-levels (corporate citizenship).

O. Kolohoida, I. Lukach, and V. Poyedynok summarize the national level of CSR legal support: “CSR legal strategy can take place at three levels – state level involves approval of CSR program, laws, and in the long run – a comprehensive CSR law; the civil level involves development of civil control, supervision, regulation, and encouragement of CSR... business level... Thus, the state can become a regulator for CSR between society, corporations, and the state itself”.¹⁶

CSR refers to the legally binding obligations of companies, stipulated at the level of both national legislation and at the level of implement-

¹⁴ UA press, 2009, Tetra Pak Ukraine has been recognized by the international community of experts in corporate social responsibility, available at: https://korrespondent.net/business/press_release/1028720-tetra-pak-ukrayina-otrimala-viznannya-miznarodnoyi-ekspertnoyi-spilnoti-u-galuzi-korpor [accessed 10.1.2019].

¹⁵ ISO 26000:2010. Guidance on social responsibility, available at: <https://www.iso.org/standard/42546.html> [accessed 04.6.2022].

¹⁶ O. Kolohoida, I. Lukach, V. Poiedynok, *Legal aspects of corporate social responsibility in Ukraine on the way to European integration*, “Croatian yearbook of European law & policy”, 13, 2017, p. 300.

ed international treaties on human rights, corruption, and labor rights. Also, CSR policies include “soft obligations”, in particular ethical norms, moral “obligations” based on international advisory acts, and the provisions of national legislation. The latest CSR provisions are “additional” obligations of companies that may eventually become legally binding. However, the implementation of both mandatory CSR policies and additional ones is an imperative for companies, and they cannot violate any of them. However, the level of companies’ amenability will vary and will depend the kind of CSR provisions violated by the company. In the first case, it may be legal liability (fines, seizure of property, etc.), and in the second case, the more likely option is reputational losses, which may further result in significant material losses. However, civil liability of the company is also possible.

Discussions are ongoing in the legal literature regarding the determination of the obligations of companies with a higher level of requirements for CSR development, in the event that such companies operate in a country with less developed requirements for CSR policy or they are not applied at all. Should companies abroad adhere to their country’s high CSR standards? According to the general rules of private international law, companies are obliged to comply with the legislation of the state where they operate, but they also act within the powers granted by the state to which they belong (have nationality). Therefore, such companies are “pressured” by several regimes – the place of operation and the place of state ownership. However, such provisions are rather related to compliance with the current legislation of a particular state. As for additional recommendations and ethical norms, the situation remains uncertain. Ethical standards may be different in a foreign country where the company operates, so, they should first be identified and determined in terms of compliance with the company’s policy. If they are not, there arises the question of the expediency of the company’s work in another state if the moral principles of society (policy of the current state authority) and the company differ. A company is also identified by the CSR policies it offers to the world. Therefore, the company’s maintenance of different ethical standards in different countries will lead to significant reputational losses, and possibly, depending on the situation, to sanctions. According to Th. Beschorner et al.: “It was only with the globalization of value creation after the fall of the Berlin Wall

that the argument of morally neutral corporate decision-making got into difficulties".¹⁷ Therefore, companies that practice CSR can no longer remain politically neutral, cannot disregard the events in the state they work, or pay no attention to their counterparties who are residents of the aggressor state or who are related to such residents.

The practice of organizational implementation of CSR is as follows: large corporations create their own departments at the enterprise or enter into agreements with companies specializing in the CSR services provision. In addition, provision of services for the implementation of corporate social activities is currently a separate type of professional activity and is in demand in the labor market (for example, the manager of corporate social responsibility). We agree with B. Viererbl and Th. Koch, that this corporate social responsibility (CSR) must be communicated effectively as too intensive communication could negatively affect the company's perception,¹⁸ since the company's effective work on revealing its CSR is a necessary balance for establishing ties with product consumers.

Non-governmental organizations are being set up to provide CSR advocacy. Research on CSR is being conducted at university level. The implementation of CSR is encouraged by public authorities and can be implemented through both direct regulation (obligation to provide mandatory non-financial reports) and voluntary (optional). I. G. Arraiano and, C. D. Hategan find that the various regions of Europe have substantial differences in their behaviour regarding the practice of preparing and submitting non-financial reports, owing to different government policies and cultures.¹⁹ Unlike the European Union, large Ukrainian companies are not currently required to provide non-financial reporting. Corporate social responsibility at the enterprise is implemented independently. The state encourages them to do their best to provide the "common good", "common interest". Therefore, the state

¹⁷ T. Beschorner, G. Palazzo, M. Scholz, p. Seele, *No business can be right in a war that's wrong*, 2022, available at: <https://www.swissinfo.ch/eng/no-business-can-be-right-in-a-war-that-s-wrong/47512178> [accessed 13.4.2022].

¹⁸ B. Viererbl, T. Koch, *The paradoxical effects of communicating CSR activities: Why CSR communication has both positive and negative effects on the perception of a company's social responsibility*, "Public Relations Review", Vol. 48, Issue 1, 2022.

¹⁹ I.G. Arraiano, C.D. Hategan (2019). *The Stage of Corporate Social Responsibility in EU-CEE Countries*, "European Journal of Sustainable Development", 8 (3), 2019, p. 340.

seems to “transfer” part of its tasks to private entities. In this case, it focuses on creating common principles of coexistence, and coordinates and controls activities in corporate social responsibility. The subjects of economic activity detail in their provisions the mechanism of realization of the social function of the state. That is, the state “authorizes” economic entities to perform some of its tasks through indirect regulation, but on behalf of these entities.

IV. CSR LEGAL REGULATION IN UKRAINE

In Ukraine, the traditions related to socially responsible business are quite young. Modern state regulation of the economy can be defined as follows: 1) direct state regulation; 2) the allocation or delegation of functions of the state to other entities; 3) creating conditions for the establishment of self-regulation and co-regulation institutions.²⁰ Voluntary regulation based on self-regulation applies to CSR.

Corporate social responsibility of enterprises is based on the Constitution of Ukraine, international treaties, the legislation of Ukraine, and compliance with the *acquis communautaire*. The Constitution of Ukraine proclaims the construction of a welfare state. Part 2 of Article 3 of the Commercial Code of Ukraine provides that economic activity is carried out to achieve economic and social results.²¹ According to the Decree of the President of Ukraine “On the Sustainable Development Goals of Ukraine until 2030” of September 30, 2019, No. 722/2019, Sustainable Development Goals are guidelines for the development of draft forecast and program documents, and draft regulations aimed to ensure the balance of the economic, social and environmental dimensions of sustainable development of Ukraine.²²

²⁰ O. Bakalinska, O. Belianevych, O. Honcharenko, *Advocacy of Competition in the Mechanism of State Regulation of the Economy*, “International Journal of Financial Research”, 11, 2020, p. 425.

²¹ Economic Code of Ukraine, *Verkhovna Rada* of Ukraine, 2003, available at: <https://zakon.rada.gov.ua/laws/show/436-15> [accessed 30.5.2019].

²² Decree of the President of Ukraine, On the Sustainable Development Goals of Ukraine until 2030, September 30, 2019, No. 722/2019, available at: <https://zakon.rada.gov.ua/laws/show/722/2019> [accessed 16.11.2019].

In accordance with Article 293 section 3 of the Association Agreement between Ukraine and the European Union, the European Atomic Energy Community, and their Member States, the Parties must endeavor to facilitate trade in goods for the purpose of promoting sustainable development, including goods that are subject of “fair and ethical trade”, as well as those related to the principles of corporate social responsibility and accountability. Article 422 of the Agreement explicitly states: “The Parties shall promote the establishment of corporate social responsibility and accountability, as well as encourage the conduct of socially responsible economic activities”.²³ In accordance with Chapter 13 (Trade and Sustainable Development) of the Agreement, in particular Article 289, the Parties reaffirm their commitment to the promotion of international trade in a way that promotes the goal of sustainable development and ensures that this goal is integrated and reflected at every level of their trade relations (shaw, *supra* note 23). As a rule, these principles are implemented in Ukraine by enterprises with foreign capital or enterprises entering the international market.

V. PRACTICE OF CSR CONCEPT IMPLEMENTATION IN UKRAINE UNTIL 2022

The results of the survey “Summary of the National Assessment of Basic Indicators in Business and Human Rights in Ukraine” reveal that the biggest risk of human rights violations are: uncontrolled deforestation, failure to ensure proper state control over pesticide use, lifting the ban on asbestos, technical and technological depreciation of fixed assets and means of production in industry, low rates of introduction of modern technologies of emission treatment and waste-free technological processes, non-fulfillment in due time of measures to reduce emissions to the regulatory level by polluting enterprises, lack of sanitary protection zones between industrial and residential areas, uncontrolled waste dis-

²³ International agreement 2014/295/EU L 161/4 EN. Association Agreement between the European Union and its Member States, of the one part, and Ukraine, of the other part, Official Journal of the European Union 29.5.2014, available at: http://trade.ec.europa.eu/doclib/docs/2016/november/tradoc_155103.pdf [accessed 16.9.2019].

posal, destruction of green areas within settlements, and lack of funding for measures in reducing emissions into the atmosphere.²⁴

The increase in contaminated soils and groundwater is related to irrational farming and? ungrounded use of plant protection chemicals and mineral fertilizers in agriculture. All these inevitably result in negative changes that are reflected in the soils and groundwater quality and properties.²⁵ The issue of CSR implementation has remained topical and needs to be addressed by representatives of business, civil society, and government. Such awareness results in the implementation of a realistic action plan and the facilitating effective means of implementation. In Ukraine, the development of CSR in agriculture should be a priority.

In Ukraine, non-governmental organizations have been established to take care of the implementation of corporate social responsibility through holding competitions, conferences, forums, and other advocacy tools. For example, “Tetra Pak Ukraine” became the winner of the First All-Ukrainian competition for business cases on corporate social responsibility. The event was organized by the Centre for the Development of Corporate Social Responsibility²⁶ or “Ministry of Economic Development and Trade of Ukraine together with the National Contact Point in Ukraine, and the CSR Development Centre invited the participants to attend the Forum on Responsible Business Conduct on October 13, 2017. The purpose of the forum is to raise business awareness of the principles of the Organization for Economic Cooperation and Development for multinational companies”.²⁷

²⁴ Summary of the National Assessment of Core Indicators for Business and Human Rights in Ukraine (in Ukrainian), 2019, p. 7, available at: <https://minjust.gov.ua/files/general/2019/07/10/20190710170840-65.pdf> [accessed 29.12.2019].

²⁵ I. Iefremova, I. Lomakina, N. Obiukh, (2019). *Groundwater Protection as an Essential Component of Water Management in the European Union in the Light of Modern Integration Processes: Legal Aspects of the Problem*, “European Journal of Sustainable Development”, 8 (3), 2019, p. 365.

²⁶ UA press, Tetra Pak Ukraine has been recognized by the international community of experts in corporate social responsibility, 2009, available at: https://korrespondent.net/business/press_release/1028720-tetra-pak-ukrayina-otrimala-viznannya-mizhnarodnoyi-ekspertnoyi-spilnoti-u-galuzi-korpor [accessed 10.1.2019].

²⁷ UA press, Titarchuk will participate in the Forum on Responsible Business Conduct, 2017, available at: <http://me.gov.ua/News/Detail?lang=uk-UA&id=dc->

The Ministry of Economic Development and Trade is working directly on the implementation of CSR. In 2017, the National Contact Centre for Facilitating the Provision of Recommendations (Guidelines) for Multinational Enterprises was established within the Declaration of the Organization for Economic Cooperation and Development on International Investment and Multinational Enterprises in Ukraine under the Ministry of Economic Development and Trade.²⁸ The main functions of the National Contact Centre are: 1) to promote and increase the effectiveness of the OECD Guidelines for Multinational Enterprises; 2) to assist in resolving issues related to violations of the OECD Guidelines for Multinational Enterprises.²⁹ There is also an Expert Organization Centre for the Development of Corporate Social Responsibility, the purpose of which is to introduce social responsibility for systemic and qualitative changes in Ukraine. Meanwhile, Ukrainian business is in no hurry to implement the corporate social responsibility instrument, referring to the lack of funds, information on this instrument, and the belief that this is a function of the state, not a business one.³⁰

The CSR Development Centre presented the results of the research “Development of Corporate Social Responsibility in Ukraine” and “Index of Transparency of Companies in Ukraine – 2018”. According to this organization, 83% of companies implement CSR policies, but only half of them have a clear strategy. At the same time, only 21.7% of Ukrainian companies cover information about their socially responsible activities.³¹ In 2021, the “ESG Index of Transparency of Companies in Ukraine 2020” was released. It states that “compared to 2019, the share of companies that disclose their CSR strategies or CSR goals increased from 23% to 44.4%. The number of companies that publish information about the

3cd2b2-8786-4a59-b456-ca2c24242cf&title=MikhailoTitarchukVizmeUchastUForumiZ-VidpovidalnoiBiznespovedinki [accessed 16.9.2019].

²⁸ UA press, The second is the «Responsible Business Forum». March 22, 2019, available at: <https://ncp.gov.ua/drugiy-forum-vidpovidalnogo-biznesu.html> [accessed 16.9.2019].

²⁹ e.g. Ibid.

³⁰ O. Bakalinska, O. Belianevych, O. Honcharenko, Yu. Pyvovar, *Ukrainian educational policy on the culture of entrepreneurship in globalization, Europeanization, and glocalization*, “Masyarakat, Kebudayaan dan Politik”, Vol. 33. Issue 1, 2020, p. 19.

³¹ CSR practices in Ukraine, edited by M. Saprykinoin; CSR Development, Centre. Kyiv, 2019, p. 152.

integration of Sustainable Development Goals into CSR strategies has increased significantly – from 8% to 17.8%. The number of companies that disclose information on human rights issues increased from 27% to 50% (ESG index of transparency of companies in Ukraine, 2020). Such reporting clearly shows that the issue of highlighting the activities of Ukrainian business representatives within the framework of CSR is relevant and they are actively getting acquainted with modern approaches. Therefore, cooperation at the level of corporate social responsibility between all stakeholders – entrepreneurs, public authorities, employees, and civil society – is important for Ukraine.

In Ukraine, large companies are introducing standards of corporate social responsibility, and business ethics, but in fact they are not always observed. In this situation, there is a formalized approach: the company supports the standards on paper, but in fact, it runs contrary to the standards. An example of this is the situation with the activities of the National Joint Stock Company “Naftogaz of Ukraine”. The Code of Corporate Ethics of this company provides, among other standard principles, the following corporate values: honesty and trust (we are honest and reliable both in relations within the Company and in relations with third parties); transparency (we are open and objective in our interactions with both the Company and third parties) (Code of Corporate Ethics Naftogaz). The Code of Corporate Ethics is a set of rules and values on which the corporate ethics and business conduct of the Company’s employees is based (Code of Corporate Ethics Naftogaz). It describes how this practice should be implemented on a daily basis in cooperation with colleagues, partners, competitors, the state, and society (Code of Corporate Ethics Naftogaz). In practice, a different situation can be observed. The company’s management was awarded millions of dollars in defiance of the Code of Corporate Ethics. Television and press reports: “Naftogaz Ukrainy’s supervisory board has decided that Naftogaz’s management will be paid \$ 45.6 million bonuses for winning a lawsuit against Gazprom. The money will be paid to those members of the company staff directly involved in winning the Stockholm arbitration”.³² In

³² UA press, Naftogaz officially confirmed and spoke about employee bonuses for victory over Gazprom. May 30, 2018, available at: https://tsn.ua/ukrayina/naftogaz-vi-dast-premiyi-svoyim-spivrobotnikam-za-vigrash-sudu-nad-gazpromom-1163535.html?_ga=2.66164398.1097038623.1529675055-221664123.1529675053 [accessed 16.9.2019].

this sense, it should be noted that: “Ethical leadership in professional business, will improve the understanding of how ethical behaviour provides the legitimacy and sustainability needed to achieve corporate goals, and how a proper approach to ethics can be an effective tool for spreading moral values in the organization”.³³

Corporate social responsibility involves the voluntary establishment of self-regulatory norms and the definition of the mechanism and tools for the implementation of the standards. Business entities operating within the framework of corporate social responsibility, in the vast majority of cases, look for cooperation with the same entities. In the business environment, trust in companies that implement corporate social policy is higher than that in companies that do not have such a policy. Therefore, horizontal relations are characterized by high standards of corporate social responsibility. The practice of developed countries in terms of goods and quality of goods currently includes certain “ethical” characteristics: compliance with tax legislation, labour, corruption, etc. To this end, it has become common practice to conduct an audit of the company. This practice is also used in the international trade of Ukrainian companies. Consider the situation with Ukrainian company UGears and Disney in the spring of 2017. During the negotiations, the Ukrainian company was twice audited by Disney. The corporation paid attention to business transparency, the full tax burden, the average salary at the enterprise, and the environment the employees work in (especially workshop and warehouse workers). UGears has been the first company for the last 22 years allowed to leave the Disney brand on the packaging”.³⁴

Satisfaction of interests and constant dialogue between all stakeholders is a feature of corporate social responsibility. The stakeholders can be represented by international organizations, the international community, the state, civil society, economic operators and their associations, non-governmental international organizations, consumers of

³³ T. Fang-Mei, C. Shu-Hao, *Corporate Social Responsibility*, “Chuang I Business”, 6, 2014, available at: http://file.scirp.org/pdf/IB_2014091916083406.pdf [accessed 11.2.2019].

³⁴ UA press, Ukrainian company UGears has created 4 models of wooden 3D puzzles specifically for Disney, November 3, 2018, available at: <https://vezha.net.ua/business/vidteper-ukrayynski-derevyani-3d-pazli-mozhna-znajti-u-magazinax-disney/> [accessed 16.1.2019].

goods and services, local governments, local communities, employees, and others. The list of stakeholders is quite large and ambiguous since it concerns the global and local, long-term and short-term impact of economic actors on society.

CSR has been in longer term use as an explicit framework to better understand the business and society relationship.³⁵ Along with the concept under study, the concept of responsible consumption has emerged, which in fact doubles the effectiveness of corporate social responsibility and encourages the purchase of goods and services from those businesses that implement CSR. At the same time, governments may introduce certain benefits and other support tools for companies that implement CSR principles. In particular, D. Web and, D. Moore believe that three dimensions of socially responsible consumption emerge: 1) purchasing based on firms CSR performance; 2) recycling, and 3) avoidance and use reduction of products on their environmental impact.³⁶ That is, these two concepts are a resuming of the global direction of sustainable development.

An important aspect of corporate social responsibility is the submission of non-financial statements. Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 amending Directive 2013/34 / EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups indicates the obligation to submit a non-financial report by large enterprises. Their staff average number during the financial year reaches 500 people and these enterprises are of interest to society.³⁷ In general, Ukraine has been implementing the direction of harmonization and adaptation of Ukrainian legislation with the *acquis communautaire* of the European Union since 1992. The Law of Ukraine “On the National Program of Adaptation of

³⁵ A.B. Carroll, *Corporate social responsibility: The centerpiece of competing and complementary frameworks*, “Organizational Dynamics”, Vol. 44, 2015, p. 93.

³⁶ D.J. Webb, L.A. Mohr, K.E. Harris, *A Re-Examination of Socially Responsible Consumption and Its Measurement*, “Journal of Business Research”, 61, 2008, p. 91.

³⁷ Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups, available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32014L0095> [accessed 16.9.2019].

the Legislation of Ukraine to the Legislation of the European Union” № 1629-IV of March 18, 2004, was passed.³⁸

Samples of non-financial reporting are quite common today. Among them are the following “The non-financial report of 1+1 media was a voluntary initiative of the company rather than a consequence of the demands of shareholders or international partners. It informs the society on the main aspects of the group’s activities for the last 4 years with a focus on 2016 and structures the results of projects that have been implemented within 5 main strategic areas of corporate social responsibility: Happy employees, Clean environment, Quality education, Healthy nation and Copyright”.³⁹ “Coca-Cola Ukraine has been providing Corporate Social Responsibility Reports on its official website in Ukraine since 2009.⁴⁰ In 2017, the Report focused on sustainable development, investment in society, water and the environment, training in solid waste management and prevention of climate change, community welfare, women’s empowerment, human rights and labour protection”.⁴¹

Corporate social reporting in a broad sense is company’ reports that include, not only economic performance, but social and environmental indicators as well. That is, it is a public tool for informing the public, business partners, employees, government agencies, and other stakeholders about the way the company implements the concept of sustainable development, as well as verification of their compliance with selected or self-defined goals and standards (e.g. “Global Reporting Initiative”).

In 2014, Russian aggression against Ukraine began and in 2022 it grew into a full-scale invasion. Ukraine, the EU, the USA, and other

³⁸ The Law of Ukraine of 18.03.2004. On the National Program of Adaptation of the Legislation of Ukraine to the Legislation of the European Union, No. 1629-IV, available at: <https://zakon.rada.gov.ua/laws/show/1629-15> [Accessed 16.9.2019].

³⁹ UA press, The 1 + 1 MEDIA Group presented the first Corporate Social Responsibility Report among Ukrainian media companies. January 29, 2018, available at: https://tsn.ua/ukrayina/grupa-1-1-media-prezentuvala-pershiy-zvit-z-korporativnoyi-socialnoyi-vidpovidalnosti-sered-mediakompaniy-ukrayini-1098210.html?_ga=2.226486810.1202862120.1561008298-126116576.1561008298 [accessed 16.3.2019].

⁴⁰ Coca-Cola Ukraine. Corporate social responsibility reports, 2019, available at: <https://www.coca-colaukraine.com/our-company/company-reports> [accessed 16.4.2019].

⁴¹ Coca-Cola Ukraine. Corporate Social Responsibility Report, 2017, available at: <https://www.coca-colaukraine.com/content/dam/journey/ua/uk/private/2017/12/Coca-Cola-CSR-2017-UA-preview-07.pdf> [accessed 10.07.2019].

countries have imposed sanctions on Russia for waging war. In particular, the 2014 sanctions concern transferring certain technologies, cooperation in the fields of energy, space, etc. Many retail chains in Ukraine refused to distribute the goods originating from the aggressor state, or the goods were clearly marked as “made in Russia”. However, the CSR policies of the companies that worked in Ukraine did not specify provisions that would apply to the war, which negatively affected the companies which were running after the full-scale invasion. In particular, companies did not know what to do with employees (how to conduct evacuation), documents, etc. Also, many companies continued to cooperate with Russian residents directly or indirectly.

VI. CSR CONCEPT IMPLEMENTATION IN UKRAINE AFTER THE FULL-SCALE INVASION OF RUSSIA IN 2022

Most regulations of modern states, like Ukraine until recently, are peacetime legislation focused on the rule of law, democracy, good governance, and common security issues – that is, it is the legislation of civilized nations. For example, the Constitution of Ukraine declares that a person, their life and health, honour and dignity, inviolability and security are recognized as the highest social value in Ukraine (Article 3); every person has an inalienable right to life, has the right to protect their life and health, and the life and health of other people from illegal encroachments (Article 27); everyone has the right to respect for their dignity (Article 28). These norms acquire a special meaning and interpretation in the conditions of war. Therefore, business entities that truly respect human rights and for which CSR is not just a declaration, but one of the goals of the company’s running, will adjust their activities towards exiting the Russian market and non-cooperation with its residents.

A number of international documents were adopted by the UN and other international organizations. The documents, although not directly touching on the issues of war, obliged business entities to observe and respect human rights in their running. And are not war and the actions of the aggressor and terrorist state the biggest violation of human rights? Therefore, from this imperative follows the imperative for business – not to be complicit in human rights violation. CSR policies also

ineffectively did not contain specifics on the wartime legal regime and did not include separate chapters,

Currently, we are observing many cases in which business entities refuse to work in Russia, to cooperate with business entities belonging to Russia, or somehow related to Russia. Such actions of business entities are explained by the risks of sanctions, reputational losses, and the implementation of CSR policies. According to information provided by the Yale School of Management, "over 1,000 companies have publicly announced they are voluntarily curtailing operations in Russia to some degree beyond the bare minimum legally required by international sanctions – but some companies have continued to operate in Russia undeterred".⁴² The paper by J. Sonnenfeld *et al* is focused on the proven positive consequences of companies leaving the Russian market, in particular, the authors state that "...equity markets are actually rewarding companies for leaving Russia while punishing those that remain behind, with divergent stock performance generally corresponding with the degree of Russian exit – which holds true across regions, sectors, and company sizes. ...the shareholder wealth created through equity gains have already far surpassed the cost of one-time impairments for companies that have written down the value of their Russian assets".⁴³

The optimal behaviour of socially responsible multinational companies is to leave the Russian market and refuse to cooperate with its residents, since it is impossible to do business with an invader, a terrorist state – on the one hand, and, on the other hand, to provide humanitarian aid to the state affected by aggression. The companies that continue their business activities in Russia may also receive pressure from other counterparty companies, which will include termination of cooperation with them. Modern transnational corporations are not only business entities, but also social and political entities that bear responsibility for their activities, not only in the legal field, but in the ethical field as well. Therefore, ethical standards must sometimes be higher until the

⁴² Over 1,000 Companies Have Curtailed Operations in Russia – But Some Remain, available at: <https://som.yale.edu/story/2022/over-1000-companies-have-curtailed-operations-russia-some-remain> [accessed 4.7.2022].

⁴³ J. Sonnenfeld, S. Tian, S. Zaslavsky, Y. Bhansali, R. Vakil, *It Pays For Companies To Leave Russia*, available at: <https://ssrn.com/abstract=4112885> [accessed: 18.5.2022].

creation of appropriate legal support in war conditions (development of sanctions legislation, introduction of sanctions, etc.).

After the full-scale invasion, the websites of international companies are already reporting what they have done during the legal regime of martial law. Currently, we have many examples of CSR regarding humanitarian aid and cessation of activities in the aggressor state. For example, the National Company “Dnipropetrovskgaz” handed over 13 of its own cars and 2.5 thousand litres of fuel to transport the wounded and for the needs of territorial defence. In addition, special vehicles dig trenches, and workers fill sandbags for protective structures.⁴⁴ The Nova Poshta company donated 25,000,000 hryvnias to support the Armed Forces of Ukraine, The company works in most cities of Ukraine; it launched international delivery of humanitarian goods to help Ukraine, opened receipt of humanitarian aid in its branches, and delivers goods free of charge from volunteers and organizations that support the army and territorial defiance.⁴⁵

Currently, in accordance with Ukrainian legislation, sanctions can be imposed on Russian companies, and their assets can be seized. When considering the issue of the application of sanctions against companies, the term “toxic” or “toxicity” is often applied, which means currently refusing to cooperate with counterparties from Russia and Belarus and those related to them, because they are or may be subject to sanctions. In some cases, if the company has already been sanctioned, another company it cooperates with may suffer, not only material, but also reputational losses, which will further transfer into material ones. Russian, Belarusian, and Ukrainian companies with ties to aggressor countries are “toxic”, and with them means indirect support for international aggression since military expenditures are financed by their taxes. For example, the counterparties of the sanctioned company may be subject to

⁴⁴ EBA thanks business for supporting the country during the war, 2022, available at: <https://eba.com.ua/eva-dyakuye-biznesu-za-pidtrymku-krayiny-v-period-vijny/?fbclid=IwAR1YT61IBStIGrc-kJJ-7n6hBO-ZzPYqYSF05HGI54bDu-xagXr8HrYBjmc> [accessed 4.7.2022].

⁴⁵ «Nova Poshta» launches international delivery of humanitarian goods to help Ukraine, available at: <https://mc.today/nova-poshta-zapuskaye-mizhnarodnu-dostavku-gumanitarnih-gruziv-dlya-dopomogi-ukrayini/> <https://mc.today/nova-poshta-vidkrila-rahunki-dlya-perevezennya-gumanitarnoyi-dopomogi/> [accessed 4.7.2022].

fines, deprived of the possibility of carrying out any transactions or, settlements under concluded contracts. Banks identify risky transactions and block financial acts. State authorities also carefully check businesses for cooperation with “toxic” companies. Civil society reacts extremely negatively to cooperation with such companies, which leads to layoffs and a rapid decrease in profits.

Therefore, the CSR policy, as well as in the aspect of implementing the principle of due diligence, should include a refusal to cooperate with “toxic” (sanctioned) companies. Currently, companies have the appropriate tools for checking counterparties, and in fact such checking is their duty, stemming from CSR and due diligence policies. Therefore, cooperation with the companies of the aggressor state and running business operations in the aggressor state imply support for war and its financing, complicity in international crimes against humanity, and violation of CSR obligations.

The Istanbul Convention of the Council of Europe on preventing and combating violence against women and domestic violence⁴⁶ is an important document for the CSR deals in this period. It was ratified by the *Verkhovna Rada* of Ukraine on June 20, 2022. This Convention is to protect women from physical and psychological violence, particularly in the workplace. According to this act, a socially responsible business can develop appropriate policies to counter and prevent violence against women. That is, the role of business implies creating additional policies in their companies based on self-regulation. In particular, companies can develop thorough CSR policies in Ukraine on this issue, separate them into a block and detail the provisions according to the specifics of companies. Before the start of the full-scale invasion of Russia in 2022, Start Light Media was the first among the companies in Ukraine that developed a policy to combat gender violence. Ukrainian companies should include the main provisions of the Convention on the prevention of violence in their policies. They can also conduct training, promote the gender equality initiative, spread information about zero tolerance for violence, offer work with a psychologist, etc.

⁴⁶ Istanbul Convention of the Council of Europe on preventing and combating violence against women and domestic violence, 11.5.2011, available at: <https://rm.coe.int/1680462546> [accessed 4.6.2022].

Taking into account the permanent war of Russia against Ukraine since 2014 and its new stage – the full-scale invasion of Russia in 2022 on the territory of Ukraine and the prospects of further military actions, we consider it expedient to propose that business entities separate their CSR policies in war conditions. Human rights protection in war, the safety of workers (mobilization, evacuation), the organization of the business entity's work (the responsibility of each employee from the head of the company to the lower level of the executor, payment of labour, taxes, etc.); assistance to the state, armed forces, employees, and other citizens, termination of cooperation with counterparties resident in the Russian Federation and Belarus, and withdrawal from the market of these countries should be emphasized in such policies. Preservation of human life should be an overriding imperative of CSR in wartime.

The CSR of companies operating on the territory of Ukraine in wartime conditions should include language policy: approval of and ensuring the functioning of the Ukrainian language, its popularization and support, sustainability of use in all organizational and production processes of companies. Such policies are enshrined in the ethical codes of the companies, stating the fact of affirming the values of CSR, and strict compliance with the legislation of Ukraine by the companies operating on its territory.

CONCLUSIONS

Despite the constant development of the concept of corporate social responsibility, we cannot but state the insufficiency of the development of its advocacy in Ukraine since it requires demonstrating the need to be implemented and to establish its institutions. Therefore, it is necessary to continue the programmes of raising awareness of business entities about CSR: seminars, conferences, training, responsible business behaviour (implementation of educational programmes, training courses). The introduction of the Concept for the Development of Corporate Social Responsibility should determine the prospects and ways of CSR support by the state, expand the interaction between business entities and civil society, systematize existing and future tools for its development.

The practice of implementing corporate social responsibility and submitting non-financial reporting has been developing in Ukraine. In comparison with the EU states, it needs improvement and the attention of the public authorities'. Amendments to the legislation of Ukraine on the submission of mandatory non-financial reporting on corporate social responsibility by large enterprises (average number of employees during the financial year, up to 500 people) are rather important within the framework of the Association Agreement with the EU. Amendments to the Law of Ukraine "On Business Associations", namely to Article 18 "Accounting and Reporting of a Company" are predicted. This article should be supplemented by part 3 of the following content: "The company with an average number of employees of 500 during the financial year, prepares and submits annual non-financial statements on the impact of its activities on the following areas: environmental, social, employment, respect for human rights, and anti-corruption. In addition, it is necessary to amend the Commercial Code of Ukraine, namely Article 49 "Liability of business entities" and add part 3 of the following content: "... 3. Entrepreneurs adhere to the provisions of corporate social responsibility and submit non-financial reports, conduct socially responsible economic activities in accordance with international agreements and the legislation of Ukraine". Such changes make the implementation of the norms of the Association Agreement topical and promote the implementation of corporate social responsibility norms in practice.

The awareness of the opportunities and importance of introducing corporate social responsibility is an important issue for Ukrainian economic entities. Therefore, the implementation of corporate social responsibility is a long self-regulatory process, which consists in an informal approach and taking into account the social and economic needs of all stakeholders.

Having taken into account the aspect of CSR legal support and implementation practice, two periods of CSR development in Ukraine related to Russia's aggression against Ukraine can be defined. The first period is measured from the time until the full-scale invasion of February 24, 2022: the beginning and gradual development of CSR in Ukraine, which was complicated by Covid-19 and the Russian aggression against Ukraine in 2014. The second period dates after February 24, when com-

panies faced the problem of taking into account the features of the martial law regime in their CSR policies.

CSR policies are mainly developed for peacetime. However, being based on international standards of sustainable development and business responsibility, they include general issues of respect for human rights, and compliance with the provisions of international treaties and the legislation of the state on whose territory the business entity operates. Since there is no uncertainty about the status of a state that is waging a war of aggression, the position of choosing between civilization and Russia, between ethical work and sanctions, is quite obvious for business. The companies that truly respect democratic values have an unequivocal choice: choose to stop operating in a terrorist state and any cooperation with it and its residents.

CSR policies cover mandatory compliance with legislation and international norms. These norms and principles related to war are known and understandable – they involve observance of international peace and law and order, which are stipulated by many international treaties. On the other hand, on the basis of the general principles of conducting ethical business, war is a violation of all human rights, including the basic right to life, so working in an aggressor country is a violation not only of business ethics, but also of the established norms of international law and national legislation of states.

Every business entity with nationality in Ukraine, and all foreign business entities cooperating with Ukrainian counterparties or running businesses on the territory of Ukraine, are obliged to take into account the war factor in their policies today and clearly determine relevant provisions in separate sections devoted to corporate social responsibility.

The policy of CSR in the conditions of war can cover not only the termination of activities in the aggressor state and the humanitarian aid provision, but also the termination of cooperation with companies that have not left the market of the aggressor state. Mandatory verification of companies that concluded contracts on cooperation with the enemy should also be taken. A due diligence mechanism should be applied to companies' counterparties in wartime. The CSR policy, along with the aspect of implementing the principle of due diligence, should include a refusal to cooperate with "toxic" (sanctioned) companies. Currently, companies have the appropriate tools for checking their counterparties, and the checking is their duty, stemming from CSR and due diligence policies.