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Social Dimension of Climate Policy and International Law: ESG and the Integration of Corporate Reporting into Sustainable Development Governance

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ABSTRACT

This article investigates how evolving frameworks of corporate social responsibility and environmental, social and governance regulation shape the social dimension of climate policy in the European Union, the United States and Ukraine. It traces the gradual shift from corporate social responsibility as a voluntary, reputational practice towards its juridification and integration into climate and sustainable development governance. The analysis is based on qualitative doctrinal and structured comparative methods and focuses on legal and policy instruments. In the European Union, corporate social responsibility has progressively evolved into a dense system of binding environmental, social and governance obligations, forming an emerging acquis on corporate sustainability. A set of EU legal acts transforms sustainability reporting and due diligence into legal duties, extends responsibility along global value chains and operationalizes concepts such as double materiality and just transition. Corporate social responsibility and environmental, social and governance obligations are not confined to a single policy field but cut across company law, environmental and climate policy, and the protection of fundamental rights, thereby linking corporate governance with climate mitigation, environmental protection and social justice. By contrast, in the United States, the dominant trajectory remains one of voluntary, market- and reputation-driven corporate social responsibility and climate engagement. Ukraine occupies a hybrid position between these models: as a candidate for EU membership, it is required to approximate its legislation to the EU acquis in the fields of company law, environment and climate change, and fundamental rights, including through the phased introduction of sustainability reporting based on European Sustainability Reporting Standards and the broader integration of environmental, social and governance considerations into corporate and public governance. The analysis demonstrates that the social dimension of climate policy is not an ancillary concern but a constitutive element of contemporary climate governance. Corporate social responsibility can contribute meaningfully to climate neutrality and sustainable development only when embedded in legal and institutional arrangements that render the social and human-rights consequences of climate transition visible, reportable and, to some extent, enforceable. In this sense, the transformation of corporate social responsibility into binding environmental, social and governance obligations in the European Union, the persistence of predominantly voluntary approaches in the United States and the cross-sectoral, capacity-dependent challenges faced by Ukraine offer contrasting, yet interconnected, pathways for integrating social justice and human rights into climate policy.

KEYWORDS

international law; climate policy; Paris Agreement; climate neutrality; EU law; sustainable development; environmental, social and governance; Corporate Sustainability Reporting Directive; Corporate Sustainability Due Diligence Directive; corporate social responsibility.

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СОЦІАЛЬНИЙ РОЗВИТОК:
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Соціальний вимір кліматичної політики та міжнародне право: ESG та інтеграція корпоративної звітності у врядування сталого розвитку

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СТАТТЯ

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АНОТАЦІЯ

У статті аналізується, як еволюція рамок корпоративної соціальної відповідальності та регулювання у сфері екологічного, соціального та корпоративного управління формує соціальний вимір кліматичної політики в Європейському Союзі, Сполучених Штатах Америки та Україні. Показано поступовий перехід від корпоративної соціальної відповідальності як добровільної, репутаційної практики до її «юридизації» та інтеграції у механізми врядування у сфері клімату та сталого розвитку. Дослідження ґрунтується на доктринальному та структурованому порівняльному аналізі й зосереджується на нормативно-політичних актах. У праві ЄС корпоративна соціальна відповідальність трансформується в розгалужену систему обов'язкових зобов'язань у сфері екологічного, соціального та корпоративного управління, що формує новий acquis у сфері корпоративної сталості. Комплекс актів ЄС перетворює звітність зі сталого розвитку та due diligence на юридичні обов'язки, розширює відповідальність на глобальні ланцюги постачання і забезпечує справедливий перехід. Зобов'язання у сфері корпоративної соціальної відповідальності та екологічного, соціального та корпоративного управління містяться в корпоративному праві, екологічній та кліматичній політиках, сфері захисту прав людини, пов'язуючи корпоративне управління з пом'якшенням наслідків зміни клімату, охороною довкілля та соціальною справедливістю. Натомість у США домінує модель добровільної, ринково- та репутаційно зумовленої участі бізнесу в корпоративній соціальній відповідальності та кліматичних ініціативах. Україна посідає гібридну позицію: як держава-кандидат на вступ до ЄС вона має наближати своє законодавство до acquis у сферах корпоративного права, довкілля, зміни клімату та фундаментальних прав, зокрема через поетапне запровадження звітності зі сталого розвитку на основі Європейських стандартів звітності зі сталого розвитку та ширшу інтеграцію підходів у сфері екологічного, соціального та корпоративного управління у корпоративне й публічне врядування. Показано, що соціальний вимір кліматичної політики не є другорядним аспектом, а становить конститутивний елемент сучасного кліматичного врядування. Корпоративна соціальна відповідальність може сприяти досягненню кліматичної нейтральності та сталого розвитку лише за умови вбудованості в правові та інституційні механізми, які роблять соціальні та правозахисні наслідки кліматичного переходу видимими, такими, що підлягають відображенню у звітності, і принаймні частково – підконтрольними з точки зору виконання. У цьому зрізі трансформація корпоративної соціальної відповідальності в обов'язкові зобов'язання у сфері екологічного, соціального та корпоративного управління в ЄС, збереження переважно добровільних підходів у США та крос-секторальні виклики й виклики інституційної спроможності, з якими стикається Україна, постають як різні, але взаємопов'язані траєкторії інтеграції соціальної справедливості та прав людини в кліматичну політику.

КЛЮЧОВІ СЛОВА

міжнародне право; кліматична політика; Паризька угода; кліматична нейтральність; право ЄС; сталий розвиток; екологічні, соціальні та управлінські фактори; директива про корпоративну звітність зі сталого розвитку; директива про належну перевірку сталого розвитку компаній; корпоративна соціальна відповідальність.

1. Introduction

The UN Guiding Principles on Business and Human Rights (UNGPs), adopted by the UN Human Rights Council in 2011, established a global framework for corporate responsibility in the field of human rights. Although they represent "soft law" and are not subject to ratification, the UNGPs have become a reference point for national action plans and legal reforms worldwide. They articulate the complementary duties of states to protect, and of businesses to respect, human rights, and they encourage companies to adopt human rights due diligence throughout their global value chains. In parallel, the recognition of the human right to a clean, healthy and sustainable environment has further strengthened the expectation that non-state actors, and especially large corporations, should contribute to the prevention and mitigation of environmental harm and climate change.

At the same time, international and national climate regulations largely fail to address the liability of corporations and other non-state actors, despite their decisive role in achieving climate neutrality by the middle of the twenty-first century [1]. International climate law remains primarily state-centred, and most domestic climate frameworks regulate corporate conduct indirectly, through emission trading schemes, carbon pricing or sectoral standards. This results in a persistent accountability gap between the scale of corporate contributions to climate change and the limited instruments available to address the social and human-rights implications of corporate climate (in)action. The debate on corporate social responsibility (CSR), business and human rights, and environmental, social and governance (ESG) standards has therefore moved to the forefront of discussions on the social dimension of climate policy.

Over the last decade, the European Union has responded to this gap by gradually transforming CSR from a predominantly voluntary concept into a set of binding legal duties. Through the European Green Deal and related climate and sustainable finance legislation, the EU has constructed an emerging acquis on corporate sustainability, which links climate mitigation and adaptation, human rights, and corporate governance. Instruments such as the EU Taxonomy, the Sustainable Finance Disclosure Regulation, and the new corporate sustainability reporting and due diligence regimes seek to harden corporate transparency and responsibility obligations, including for the social consequences of climate transition. This evolution is accompanied by an explicit emphasis on "double materiality", requiring companies to report not only on financially material risks, but also on their impacts on society and the environment.

By contrast, in the United States, the dominant model has remained largely voluntary and market-driven. Climate-related commitments by businesses, cities, states and universities, including climate neutrality pledges and climate action plans, have played an important role in sustaining ambition in the absence of comprehensive federal regulation. Yet these initiatives rely mainly on reputational incentives, investor pressure and civil society scrutiny rather than on enforceable legal duties. This divergence between an EU "hardening" approach and a US "soft" or bottom-up approach raises important questions about the effectiveness, legitimacy and distributive consequences of different models of corporate responsibility in climate governance.

For Ukraine, these debates acquire particular urgency in the context of post-war reconstruction and European integration. As a candidate country, Ukraine is progressively aligning its legal system with the EU acquis in areas such as company law, environment and climate change, and fundamental rights. This includes the gradual introduction of sustainability reporting based on European Sustainability Reporting Standards (ESRS) and the broader integration of ESG criteria into public policy and corporate practice. However, Ukrainian institutions – including state-owned enterprises and higher education institutions – face significant capacity constraints and legal uncertainty when attempting to operationalise CSR and ESG in a way that supports both climate neutrality and social resilience.

Against this background, this article examines how different models of corporate social responsibility and ESG regulation shape the social dimension of climate policy in the European Union, the United States and Ukraine. It explores the extent to which the emerging EU framework on corporate sustainability addresses the accountability gap in climate governance, how it contrasts with the predominantly voluntary approach in the United States, and what challenges and opportunities it creates for Ukraine as a state in transition and a candidate for EU membership. Particular attention is paid to the role of public entities and universities as both addressees and producers of ESG standards. The analysis aims to clarify the legal and institutional conditions under which CSR can evolve from a voluntary commitment into an effective component of climate and sustainable development governance, without neglecting its social and human-rights implications.

2. Literature Review

Recent scholarship highlights a gradual convergence between corporate responsibility, human rights and climate governance. The UN Guiding Principles on Business and Human Rights (UNGPs) are widely treated as the central soft-law framework for articulating state duties to protect and corporate responsibilities to respect human rights, including through due diligence in global value chains [2]. At the same time, climate law remains predominantly state-centred, and several authors underline that international and national climate regimes only partially address corporate accountability, despite its centrality for achieving climate neutrality [1]. Classic debates on corporate purpose, in particular Friedman's claim that the social responsibility of business is to increase its profits [3], continue to serve as a counterpoint to contemporary attempts to embed environmental and social considerations into corporate governance. Critical studies of transnational corporate misconduct and environmental harm further expose the limits of existing remedial mechanisms and litigation strategies in what has been described as the "corporate anthropocene" [4].

In the context of the European Union, the literature emphasises the evolution from voluntary corporate social responsibility towards more structured regimes of reporting and due diligence. Scholars point out that directives on non-financial and, more recently, sustainability reporting, together with legislation on sustainable finance and taxonomy, create a normative environment in which transparency and accountability requirements are increasingly linked to the objectives of climate policy and the green transition. The focus here is less on providing exhaustive descriptions of individual acts and more on analysing how they fit into a broader EU strategy of aligning corporate activity with sustainable development goals and climate neutrality.

A distinct strand of scholarship examines the legal trajectory by which corporate self-regulation and voluntary CSR commitments are transformed into duties of sustainability due diligence and disclosure. Mares traces how EU initiatives on corporate sustainability gradually shift the emphasis from voluntary codes of conduct to legally binding obligations, particularly in relation to climate policy and supply chains [5]. Baumüller and Sopp explore the concept of double materiality and its implications for the shift from "non-financial" to genuinely sustainability-oriented reporting, showing how this reconceptualisation affects both the content of disclosures and their intended audiences [6]. Baumüller and Grbenic analyse the transition from predominantly voluntary non-financial reporting to a mandatory reporting regime under the proposed Corporate Sustainability Reporting Directive (CSRD), focusing on the legal and practical implications for companies [7]. In these works, the European Sustainability Reporting Standards (ESRS) and related instruments are understood as tools that operationalise and specify broad transparency obligations in the field of corporate sustainability.

Beyond the private sector, the literature points to the growing importance of integrated and "popular" reporting formats in the public sector. Cohen and Karatzimas introduce the concept of integrated popular reporting as a vehicle for communicating complex financial and non-financial information to a broad range of stakeholders [8]. Manes-Rossi examines alternative reporting formats as a potential response to accountability dilemmas in public management, including in public authorities and state institutions [9]. This scholarship extends CSR and ESG debates beyond corporations, bringing into focus public entities and higher education institutions as actors that are likewise accountable for the social and environmental impacts of their activities.

An additional normative layer is provided by the recognition by the United Nations General Assembly in 2022 of the human right to a clean, healthy and sustainable environment [10]. In combination with the UNGPs, this development reinforces the trend towards human-rights-based approaches to environmental and climate law, and lends further support to the view that both corporate and governmental obligations in the climate field should be assessed through a human-rights lens rather than solely in terms of economic efficiency or environmental indicators.

Taken together, this body of scholarship maps a normative and institutional shift from voluntary CSR to binding ESG obligations and shows how corporate governance, human rights and climate policy increasingly intersect. At the same time, there remains relatively limited comparative research that systematically examines the social dimension of climate policy across different regulatory models – in particular in the European Union, the United States and Ukraine – and that considers the roles of both private and public actors, including universities. The following analysis seeks to address this gap by focusing on how these CSR/ESG regimes shape the construction of the social component of climate governance in the three jurisdictions.

3. Problem Statement

This article addresses the following research problem: how different models of CSR and their transformation into binding ESG obligations shape the social dimension of climate policy and sustainable development in the European Union, the United States, and Ukraine. The analysis focuses on sustainability reporting standards and practices in both the private and public sectors, with particular emphasis on the CSRD and the ESRS, as well as on corresponding, predominantly voluntary, approaches in the United States and the emerging framework in Ukraine.

The purpose of the study is to clarify the role of CSR- and ESG-based reporting in structuring social justice, accountability and human-rights considerations within climate governance. To this end, the article compares the EU's *acquis*-driven model of mandatory sustainability reporting with the largely market- and reputation-driven model in the United States, and examines Ukraine's hybrid position as a state in transition and a candidate for EU membership. Special attention is given to the challenges of implementing CSRD- and ESRS-inspired requirements in Ukraine in the context of legal approximation to the *acquis communautaire* and post-war reconstruction, including the need to balance climate neutrality, social resilience and accountability in both state and corporate governance.

This perspective adds a social and human-rights lens to debates that have predominantly focused on environmental and financial aspects of CSR/ESG integration.

4. Methods and Materials

This article employs qualitative legal and policy analysis, combining doctrinal and structured comparative methods. It proceeds from the conceptual triad of CSR, business and human rights, and climate governance, and examines how CSR is transformed into binding ESG obligations. The core material consists of international soft-law and human-rights instruments (including the UNGPs and the UN recognition of the human right to a clean, healthy and sustainable environment) and EU primary and secondary law on climate, sustainable finance and corporate reporting (the European Green Deal, the European Climate Law, the EU Taxonomy Regulation, the Sustainable Finance Disclosure Regulation, Directive 2014/95/EU, the Corporate Sustainability Reporting Directive and the related European Sustainability Reporting Standards, as well as the Corporate Sustainability Due Diligence initiative). These acts are analysed in their systematic interrelation as parts of an emerging acquis on corporate sustainability.

A second layer of material is formed by national and subnational policy practices in the United States and Ukraine. For the United States, the focus is on voluntary climate and sustainability commitments by states, cities and universities. For Ukraine, the analysis relies on the EU approximation framework (company law, environment and climate, fundamental rights) and on recent policy steps towards ESG reporting, including the 2024 Strategy for the Introduction of Sustainability Reporting and plans to phase in ESRS-based reporting. The article also draws on academic scholarship, case studies of corporate misconduct and expert assessments of business and higher education readiness for ESG reporting, using them as interpretative rather than empirical data sources.

Methodologically, the article compares (i) the predominantly voluntary, bottom-up model of CSR and climate action in the United States; (ii) the increasingly mandatory, top-down ESG framework of the European Union; and (iii) Ukraine's hybrid position as a candidate country integrating CSR/ESG requirements into post-war reconstruction and legal approximation. The comparison covers both private and state-owned enterprises and the higher education sector. The inquiry is normative and conceptual and does not involve original quantitative or survey-based research.

5. Results and Discussion

CSR has its origins in the United States, where this concept became the subject of heated debate in the 1960s and 1970s. A well-known criticism is the Nobel laureate Milton Friedman, who in 1970 argued that the only social responsibility of business is to maximize shareholder profits [3]. And although its position has long been considered excessively narrow, it was in the United States that CSR developed mainly in the field of the environment: the development of environmental legislation and voluntary corporate initiatives to reduce emissions partially compensated for state scepticism about international obligations, which later manifested itself in the refusal to ratify the 1997 Kyoto Protocol and withdraw from the Paris Agreement in 2017 and 2025. Meanwhile, at the global level, CSR manifested itself in cases, where social and environmental responsibility were inextricably linked. An illustrative example was the activities of the American company Firestone in Liberia, which since the 1920s controlled the world's largest rubber plantations and was repeatedly criticized for labour exploitation, the use of child labour, and environmental degradation [11]. Such examples have shown that CSR cannot be reduced to economic or social issues alone, as it encompasses a wider range of business influences.

In this context, since the 1990s, the concept of CSR has been actively spread in the European Union, where it has acquired a social dimension and was first enshrined in the Lisbon Strategy of 2000. It is important that it was at this time that the EU acquired international climate obligations under the Kyoto Protocol, which were reflected in the policy documents on the environment, in particular in the Sixth Environment Action Programme [12]. There, CSR was defined as a tool to increase competitiveness, which at first glance meant additional costs for business, but in European discourse it was interpreted as a long-term advantage: investments in social and environmental responsibility were supposed to strengthen consumer confidence, open access to new markets, reduce regulatory risks and stimulate innovation [13]. Further development took place through the adoption of a number of policy documents of the European Commission: Green Paper 2001 "Promoting a European framework for Corporate Social Responsibility" [14], the creation of the European CSR Alliance in 2006, and the new strategy of 2011, which defined CSR as "the responsibility of enterprises to influence society" and integrated it into the Europe 2020 strategy [15]. The turning point was the adoption of Directive 2014/95/EU on non-financial disclosures, which obliged large companies to report on social and environmental aspects of their activities [16]. Modern initiatives – the European Green Deal [17] and the 2022 CSRD [18] – have consolidated the evolution of CSR from voluntary practice to the mandatory integration of ESG factors into corporate strategies. This creates an analytical basis for further consideration of the CSR in the light of EU climate policies, where corporate responsibility is seen as an integral element of achieving climate neutrality.

Modern initiatives of the EU demonstrate a systemic shift in approaches to CSR. The European Green Deal has set a strategic benchmark for achieving climate neutrality by 2050, emphasizing the need for sustainable business models, transparency and long-term sustainability. The European approach to corporate social responsibility has gradually evolved from voluntary business self-regulation to legally binding mechanisms integrated into climate governance. As Radu Mares notes, "the EU's legal trajectory demonstrates how sustainability *due diligence* has gradually shifted from voluntary corporate self-regulation to mandatory requirements enshrined in the climate governance system" [5]. It is important that this transition took place in close connection with international human rights standards, in particular the UNGPs, where the concept of human rights *due diligence* was first introduced. Further development of this logic was enshrined in the 2022 UN General Assembly Resolution 76/300 "The human right to a clean, healthy and sustainable environment", which for the first time recognized the human right to a clean, healthy and sustainable environment as a universal right [10]. In this context, the modern EU regulatory framework combines environmental protection, climate change and human rights, extending CSR to a comprehensive system of ESG commitments. Conversely, CSR as corporate voluntariness is not able to ensure effectiveness without an appropriate regulatory environment – both in the field of climate and human rights [5].

An important stage in this evolution was the adoption of Directive (EU) 2022/2464 on corporate reporting on sustainable development (CSRD), which significantly expanded companies' obligations to disclose information on ESG factors [18]. Unlike the previous Non-Financial Reporting Directive (NFRD Directive), which only applied to large public-interest entities, the CSRD covers a much wider range of entities, including medium-sized and some small companies. According to the European Sustainability Reporting Standards adopted in 2023 (Commission Delegated Regulation (EU) 2023/2772), companies' reporting must be comprehensive and cover three key dimensions [19]. The environmental dimension includes data on climate change, pollution levels, the state of water and marine resources, the conservation of biodiversity, as well as resource efficiency and the development of a circular economy. The social dimension refers to the observance of workers' rights both within the company itself and in its supply chains, the analysis of the impact on local communities and the enforcement of consumer rights. The management dimension, in turn, covers the role of corporate governance bodies in ensuring the supervision of sustainable development issues, compliance with business ethics standards, prevention of corruption, as well as in the implementation of risk management and internal control systems.

The CSRD not only details the content of non-financial reporting, but also significantly expands the range of entities to which it applies. While the NFRD Directive obliged reporting only to large companies that are subjects of public interest, the new regulation covers all large companies in the form of limited liability companies, as well as insurance companies and banks. For the first time, the obligations also apply to subsidiaries from third countries, if their parent companies report to the EU, which should ensure a "level playing field" for European companies. According to the European Commission, the number of enterprises that must prepare sustainability reports will increase from about 11,600 to 49,000, which is additionally due to the integration of the requirements of the SFDR and the Taxonomy Regulation [20].

The CSRD Directive extends transparency requirements to both private and state-owned companies, forming uniform rules for corporate reporting. However, these requirements are of particular importance for state-owned enterprises (SOEs), as they perform a dual role: on the one hand, they act as ordinary market participants; on the other, they are accountable to the public as entities pursuing the public interest. In this context, there is a need for reporting formats that are consistent with European ESG criteria and at the same time reflect the specificities of the public sector [8; 9]. In this context, the concept of Integrated Popular Reporting (IPR) is considered as a tool that can provide a form of reporting that is understandable to citizens, combining financial indicators with indicators of sustainable development and social value.

The adoption of the CSRD consolidated the transition of the CSR from a voluntary to a mandatory component of the *acquis communautaire*. EU member states must transpose the directive into national law, and candidate countries (in particular Ukraine) must adapt these standards in the process of approximation to the *acquis*. Thus, CSR in the EU has been transformed into a mandatory integration of ESG factors into corporate strategies, enshrined in EU law.

In addition, the European Union is expanding the scope of corporate responsibility through the initiative of the Corporate Sustainability Due Diligence Directive (CSDDD) [21]. Already in the 2018 Sustainable Finance Action Plan the EU set the objective of increasing transparency and long-termism in financial activities and, for the first time, explicitly referred to due diligence in supply chains. Against this background, the CSDDD initiative presented by the European Commission in 2020 became a logical next step in the evolution of sustainable finance policies: it seeks to integrate ESG requirements not only into corporate reporting, but also into companies' internal risk management practices along global value chains.

It is important to stress that the CSRD is not an isolated instrument, but part of a broader Responsible Business Conduct package aimed at integrating sustainable development principles into economic activities. For investors, two acts play a central role: the Sustainable Finance Disclosure Regulation (2019) and the Sustainable Finance Taxonomy Regulation (2020), which sets criteria for classifying economic activities as environmentally sustainable. The Taxonomy offers a common reference framework for identifying "green" activities and helps to prevent manipulation and greenwashing in sustainable finance. The CSDDD extends ESG requirements from transparency obligations to the management of risks in global supply chains. Taken together, these acts gradually transform CSR from a voluntary practice into a mandatory component of the EU *acquis*.

Thus, the CSDDD not only significantly expanded the scope of corporate reporting but also fixed a new quality standard. One of the key innovations was the clear consolidation of the principle of "double materiality", which obliges companies to consider both the impact of sustainability factors on financial performance and the impact of their activities on the environment and society [6].

An important element of the Responsible Business Conduct package is the EU Taxonomy Regulation (2020), which defines which types of economic activities can be considered "sustainable" and "green" [22]. The taxonomy creates common criteria for investors and companies, limiting the possibility of arbitrary interpretation of CSR practices and providing a legal framework for green investments. This decision was motivated by the need to reduce the EU's energy dependence in the context of geopolitical challenges, but at the same time it shows that even in the field of CSR and ESG regulation, trade-offs between environmental integrity and economic feasibility are inevitable. By contrast, environmental organisations criticised such an approach as entailing a risk of "greenwashing" and a departure from the principles of sustainable development. Thus, the example of taxonomy demonstrates that CSR in the EU is gradually turning into a mandatory decision-making system, where ESG standards are shaped not only by economic logic, but also by political and security considerations.

In the United States, the trajectory is different. Hundreds of colleges and universities have adopted voluntary climate neutrality commitments and Climate Action Plans, particularly within initiatives such as Second Nature's Climate Leadership Network, and many of these efforts have been framed as supporting the implementation of the 2015 Paris Agreement [23]. However, at the federal level, the policy turned out to be inconsistent: in 2017, the Donald Trump administration announced its withdrawal from the Paris Agreement (which came into force in 2020), and also actually distanced itself from the implementation of the Sustainable Development Goals (SDGs). Under these conditions, it is the subnational actors – states, cities, and universities – that have taken on the role of "conductors" of climate policy. Thus, California, New York, and Washington created the United States Climate Alliance (2017), hundreds of cities joined the We Are Still In initiative, and universities (for example, the University of Pittsburgh) integrated climate neutrality into their strategies through Second Nature's Climate Leadership Commitments.

This process illustrates that in the United States, CSR remains largely voluntary, acting as an instrument of reputational and social responsibility. Universities, states, and cities acted similarly to corporations, making commitments to communities and publicly reporting on progress, even without federal coercion.

In Ukraine, corporate social responsibility has long remained a predominantly voluntary practice implemented by international companies and large business groups. However, the state's European integration course is gradually shifting the emphasis towards mandatory reporting on sustainable development.

In the EU *acquis*, CSR and non-financial (sustainability) reporting are not grouped in a single, self-standing chapter. Instead, they are embedded across several key areas that are relevant for Ukraine's legal approximation. First, they appear in Chapter 6 "Company Law", which covers corporate reporting, accounting and auditing. It is within this chapter that Ukraine is expected to implement Directive 2014/95/EU (NFRD), Directive (EU) 2022/2464 (CSRD) and Delegated Regulation (EU) 2023/2772 (ESRS), all of which establish mandatory sustainability reporting and ESG-related disclosure duties for companies. Second, CSR has an environmental dimension that falls within Chapter 27 "Environment and Climate Change", since the environmental pillar of sustainability reporting is directly linked to the objectives of the European Green Deal, the EU Taxonomy Regulation (EU) 2020/852 and related climate legislation. Third, there is a fundamental-rights dimension reflected in Chapter 23 "Judiciary and Fundamental Rights": the envisaged corporate sustainability due diligence duties under the CSDDD initiative connect CSR with the protection of human rights, in line with the UNGPs. In this sense, for Ukraine, CSR and ESG obligations constitute a genuinely cross-sectoral task: they are anchored primarily in company law but are at the same time closely intertwined with the *acquis* on environmental policy and human rights.

In 2024, the government adopted the Strategy for the Introduction of Sustainability Reporting by Enterprises, which provides for the phased implementation of the requirements of the European Reporting Standards (ESRS) [24] and adopted draft amendments to the Law "On Accounting and Financial Reporting" [25]. According to the new rules, large enterprises and parent companies of large groups will be required to submit sustainability reports along with the financial statements. Subsequently, the requirement will also apply to medium-sized and small companies with securities admitted to exchange circulation starting from 2028–2030 [*26*]. However, the level of readiness of Ukrainian businesses remains limited: there is a lack of ESG data collection methodologies, human resources expertise, and institutional capacity, which complicates the fulfilment of new obligations [*27*].

In the field of education, ESG reporting in Ukraine is still predominantly declarative and voluntary. Some higher education institutions adopt their own sustainable development policies, but their practical implementation is complicated by a shortage of resources and the lack of legally defined requirements. As Ukrainian researcher Seletska notes, the formation of ESG reporting in Ukrainian universities is appropriate but requires regulatory support and integration into the system of state policy for sustainable development [28].

In the European Union, the role of education in the implementation of CSR and ESG is more systematic and integrated into sustainable development policies. The European Green Deal and the European Climate Law (Regulation (EU) 2021/1119) extend climate neutrality requirements to all sectors, including education. EU universities and research institutions are obliged to integrate the principles of sustainable development into their strategies, report on the carbon footprint and implement the principles of the "green campus". Horizon Europe, Erasmus+ Green Charter funding programs and EU Green Deal missions supporting university alliances and the creation of climate-neutral campuses play a significant role in this. As a result, EU educational institutions become not only policy targets, but also active agents in the formation of ESG practices that have both reputational and legally binding grounds.

Thus, Ukraine is at the stage of transition from voluntary CSR practices to the implementation of mandatory CSRD/ESRS standards, which requires legislative reforms, methodological support for business and integration of educational institutions into sustainable development policy. From a social perspective, if this transition remains incomplete or merely formal, issues such as working conditions, the impacts of reconstruction and decarbonisation projects on local communities, and the protection of vulnerable groups risk remaining insufficiently visible in ESG reporting and largely outside effective accountability mechanisms. In contrast, in the EU, CSR has already evolved into mandatory ESG integration, including in the education sector, where universities play the role of key actors in climate transformation and demonstrate climate reporting practices as part of the *acquis communautaire*.

At the same time, summing up, it can be argued that the CSRD Directive not only expands the scope of corporate reporting and introduces the principle of double materiality, but also establishes mechanisms for assessing the equivalence of sustainability standards for issuers from third countries. However, the EU's final decisions in this area remain open, as the European Sustainability Reporting Standards (ESRS) are still in the process of being finalized. This causes additional legal uncertainty and time pressure for states outside the EU. For Ukraine, as a candidate country, the issue of harmonization of national standards with EU standards is not only a technical challenge, but also a necessary condition for gradual integration into the European legal space in the field of ESG reporting. As Baumüller and Grbenic point out, "the extension of the scope of the CSRD to companies from outside the EU raises significant difficulties and uncertainties, in particular regarding the assessment of the equivalence of third-country standards" [7]. Conversely, despite these challenges, most researchers recognize that the implementation of the CSRD is an important step forward towards strengthening corporate transparency and forming uniform sustainability standards in the European Union [7].

6. Conclusions

Corporate social responsibility can no longer be understood as a purely voluntary, reputational practice detached from law. Under the influence of the UNGPs and the emerging human right to a clean, healthy and sustainable environment, CSR has been progressively juridified and integrated into climate and sustainable development governance. Responsibility for the social and human-rights implications of climate action and inaction is increasingly allocated not only to states, but also to corporate and public actors.

In the European Union, CSR has evolved into a dense system of binding ESG obligations that forms an emerging acquis on corporate sustainability. The trajectory from early CSR policy documents through the Non-Financial Reporting Directive to the Corporate Sustainability Reporting Directive and the European Sustainability Reporting Standards has transformed sustainability disclosure from a marginal, narrative exercise into a comprehensive, legally enforceable regime. This framework is reinforced by sustainable finance instruments such as the Sustainable Finance Disclosure Regulation and the Taxonomy Regulation, which seek to channel financial flows towards climate and environmental objectives and to limit greenwashing, as well as by the Corporate Sustainability Due Diligence Directive, which extends corporate responsibilities along global value chains. Together, these measures embed the expectation that companies account not only for financially material risks, but also for their impacts on workers, communities and ecosystems, and they operationalise the idea of a "just transition" linking climate neutrality with social protection.

The dominant trajectory in the United States is markedly different. Corporate responsibility and climate engagement remain largely voluntary and driven by market and reputational incentives. States, cities and universities have assumed a prominent role in adopting climate neutrality commitments and Climate Action Plans, particularly in periods of federal ambivalence towards the Paris Agreement and the Sustainable Development Goals. These initiatives demonstrate the capacity of subnational and non-state actors to sustain and even raise climate ambition but also reveal the limits of a model in which accountability depends primarily on investor expectations and civil-society scrutiny rather than on general, legally binding duties. The accountability gap in international climate law therefore persists even as voluntary commitments proliferate.

For Ukraine, the move from voluntary CSR practices towards mandatory ESG integration opens both opportunities and constraints. As a candidate state, Ukraine is required to approximate its legal framework to the EU acquis in the fields of company law, environment and climate change, and fundamental rights, including through the gradual introduction of sustainability reporting based on ESRS. The Strategy for the Introduction of Sustainability Reporting by Enterprises and draft amendments to accounting and reporting legislation indicate a clear commitment to this direction. At the same time, the cross-sectoral character of CSR and ESG obligations – spanning corporate governance, environmental regulation and human-rights protection – accentuates existing deficits in institutional capacity, methodological guidance and human resources in the private sector, state-owned enterprises and higher education institutions. Formal legal approximation, while necessary, is insufficient without parallel investment in administrative, professional and educational infrastructures.

The comparison between the EU, US and Ukrainian approaches suggests that the social dimension of climate policy is shaped not only by the presence or absence of binding obligations, but also by the configuration of regulatory techniques, institutional capacities and prevailing narratives. The EU trajectory illustrates the potential of a coherent legal architecture that links climate mitigation, environmental protection and human rights, but also raises concerns about complexity, compliance costs, distributional impacts and the risk of political compromise, as exemplified by debates surrounding sustainable finance and the Taxonomy. The US model highlights both the dynamism of voluntary, bottom-up initiatives and their structural limitations in closing the accountability gap. Ukraine, situated between these models and engaged in post-war reconstruction, exemplifies the challenges of translating ambitious, externally generated standards into a legal and institutional environment marked by resource constraints.

Overall, CSR can contribute meaningfully to climate neutrality and sustainable development only when embedded in legal and institutional arrangements that recognise and operationalise its social and human-rights dimensions. Mandatory sustainability reporting and due diligence regimes have the potential to render the social consequences of climate transition visible and to strengthen accountability of corporate and public actors, provided that they balance entrepreneurial freedom with rights protection, take account of global supply-chain realities and avoid reproducing inequalities between and within states. In this perspective, the social dimension of climate policy is not an ancillary concern but a constitutive element of contemporary climate governance, and CSR – transformed into binding ESG obligations – becomes a structural component of that governance rather than a discourse of voluntary benevolence.

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