

IN-DEPTH

Corporate Governance

UKRAINE



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In-Depth: Corporate Governance (formerly The Corporate Governance Review) is a useful overview of the corporate governance regimes in key jurisdictions worldwide. Through the lens of recent trends and developments, it examines the most consequential rules relating to board composition and practices; director duties; reporting and disclosure requirements; corporate responsibility; shareholder rights and duties; and much more.

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Introduction

Sources of law, regulation, and best practice

The Civil Code, the Law on Joint Stock Companies (JSC Law), and the Law on Limited Liability and Additional Liability Companies (LLC Law) primarily establish the corporate governance framework for companies in Ukraine.

The Law on Banks and Banking Activity and the Law on Financial Services and Financial Companies set out additional requirements for financial institutions. State-owned enterprises (SOEs) adhere to the Law on Management of State-Owned Property as the primary regulatory framework for entities controlled by the state. In addition to general laws, there are many laws which regulate specific industries or even companies, from the public broadcaster to the state-owned defence conglomerate (UDI).

The National Securities and Stock Market Commission (NSSMC), the regulator for capital market participants, issues and reviews the Corporate Governance Code^[1] (CG Code) from time to time, which sets out systemised best practices. The current CG Code, adopted by the NSSMC in 2020 and prepared in accordance with the OECD/G20 Principles of Corporate Governance, sets out expectations for board composition and operations, shareholder rights, sustainability, and other established standards.

Enforcement of the listed company regime

The primary responsibility for enforcing the listed-company regime rests with the NSSMC, which serves as both the main regulator of Ukraine's capital markets and a key driver of legislative initiatives affecting listed companies. The NSSMC is empowered to issue binding regulations, conduct inspections, suspend licences, and impose substantial financial penalties for violations of disclosure requirements. In addition to overseeing listing procedures, it also sets corporate governance requirements for capital-market intermediaries, including qualification and reputation criteria for their key officers.

Stock exchanges may introduce additional requirements for issuers, particularly regarding corporate governance, financial and non-financial disclosure, and alignment with international standards. However, financial instruments are still used by relatively few companies, with government bonds dominating the market, thereby reducing the practical impact of additional requirements imposed by stock exchanges.

Stakeholders may also seek judicial remedies where breaches of listed-company rules harm their interests, making court action an additional enforcement instrument (see more under the 'Shareholder activism' section below).

Nature and recent development of the corporate governance regime

The Ukrainian corporate governance regime is currently undergoing significant modernisation, driven by Ukraine's ongoing European integration. A notable historical Soviet-era legacy of the Ukrainian economy has been the dominance of SOEs and municipally-owned enterprises (MOEs) operating under legacy legal forms. At present,

there are around 3,000 SOEs and around 14,000 MOEs in Ukraine. Among both groups, there are many loss-making companies in need of privatisation, liquidation, or substantial modernisation, including in terms of corporate governance.

Following the abolition of the outdated Commercial Code in 2025, the major recent trend has been the sweeping corporatisation of the entire public sector. By 2028, both SOEs and MOEs, along with other non-standard forms of commercial legal entities, will be transformed into common corporate forms, such as limited liability company (LLCs) or joint-stock companies (JSCs). Certain state enterprises with a specific non-profit purpose (e.g., social goals) are being transferred to a new form of state non-profit companies. This transformation brings these entities into the general corporate legal framework, subjecting them to modern corporate governance rules.

Before that, in 2024, the Parliament enhanced the corporate governance rules for these public sector enterprises, and the government adopted the new comprehensive State Ownership Policy (see more under the 'Special considerations' section below).

While current legislative initiatives usually focus on SOEs, privately owned companies remain largely flexible in shaping their corporate governance. The exceptions in the private sector, regulated by the state, include JSCs and public interest entities (PIEs) (e.g., financial institutions or large-scale enterprises that meet certain financial thresholds).

For current trends and initiatives, see the 'Year in Review' section below.

Noteworthy features of the jurisdiction's governance regime

The governance regime in Ukraine is best described as actively evolving. During recent decades of transformation and modernisation of the Ukrainian economy, the state and the market have been experimenting with different governance models and adjusting them in real time. This iterative approach requires constant focus and due consideration of practical results but ultimately leads to more stable, professionally managed companies.

In this system, the state plays an active and multifaceted role: the Parliament mandates specific governance requirements, the courts interpret broad governance concepts, and the government, together with the NSSMC (being the regulator for JSCs), promotes best-practice recommendations. The market itself is also undergoing a transition from formal compliance to substantive improvements in governance. Examples include the shift from nominal boards with limited influence to active boards capable of challenging shareholders, and from shareholder-centric management to structures with clear separation of powers and effective control mechanisms.

In recent years, Ukraine has modernised and enhanced the corporate governance of SOEs (see more under the 'Special considerations' section below).

Year in review

Recent years have seen steady progress in aligning Ukrainian corporate governance standards with international best practices, especially those of the EU and the Organisation for Economic Co-operation and Development (OECD). Most legislative changes focus on

state and municipal enterprises. At the same time, the private sector remains largely free to choose the level of governance it adopts, unless a company has a public interest. Key trends include the following.

1. *EU integration as the main driver of reforms.* Ukraine's path toward EU membership requires harmonisation with the EU *acquis*. Company law is one of the 35 *acquis* chapters, forming the basis for numerous legislative initiatives in Ukraine, including related corporate governance.
2. *Enhanced corporate governance framework for SOEs.* In 2016, a new standard for SOE corporate governance was introduced, including the establishment of supervisory boards with a majority of independent directors and the requirement for external audits of SOEs. After a decade of practice, certain gaps in the reform were revealed and addressed by a 2024 law, which strengthened the framework. Key innovations included expanded powers for supervisory boards, updated board member independence criteria, the introduction of the State Ownership Policy (SOP) and owners' letters of expectations (LoEs).^[2] See more under the 'Special considerations' section below.
3. *Extending governance reforms to MOEs.* MOEs currently lack a structured corporate governance framework. Transparency and accountability of a particular MOE depend on local initiatives and a particular municipality's approach rather than on the legal requirements. A draft Law is underway to introduce enhanced corporate governance requirements for up to 100 major Ukrainian MOEs (e.g., utility and public transport providers in large cities). Many municipalities currently work with international partners (e.g., foreign state authorities, international technical assistance projects, international financial institutions (IFIs)) on infrastructure and other projects. This cooperation increases expectations for transparency of MOEs. Even before legal reforms, Mykolaiv and Lviv have already begun improving corporate governance in some MOEs, including competition-based formation of independent boards.
4. *Influence of IFIs and institutional investors.* Ukrainian companies frequently cooperate with IFIs (e.g., EBRD and IFC) and institutional investors such as private equity funds. Their involvement often drives governance improvements, including the creation of supervisory boards for investor protection, the adoption of internal policies (e.g., on internal controls or ESG), and other solutions.
5. *Shift from JSCs to more flexible LLCs.* Many JSCs are converting into limited liability companies to avoid the heavier regulatory burden on JSCs. Such a simplification of legal form exempts the company from NSSMC regulatory oversight and from a set of statutory requirements applicable to JSCs but not to LLCs

Corporate leadership

Board structure and practices

The corporate governance landscape in Ukraine was substantially modernised following the entry into force of the restated JSC Law in 2023. This legislation harmonised Ukrainian corporate regulations with EU standards and introduced flexibility in governance models. JSCs and LLCs were first permitted to choose between a one-tier (unitary) and a two-tier (dual) board structure.

Under the new regime, the two-tier structure remains basic for many large entities, particularly state-owned enterprises and banks, where sector-specific laws mandate strict separation of supervision and management. The one-tier structure vests governance authority in a single board of directors. This board comprises both executive directors, who manage daily operations, and non-executive directors, who monitor performance, manage risks, and devise strategy. To ensure a balance of power, the law stipulates that non-executive directors must not interfere in current operational activities, except by participating in board or committee meetings.

For LLCs, the most popular corporate form for private businesses, the governance structure is more flexible than that of JSCs. An LLC may have only a general meeting and an executive body (a director), which is usually sufficient for a small or medium-sized company. Still, the law allows LLC members to create a supervisory board or a board of directors and regulate its role and functions in the company's charter. This flexibility allows founders to tailor LLC governance to their specific needs and business scale.

Any change to the governance structure, including the formation or abolition of the board, requires the votes of all members at the general meeting. Thus, even a minority member can veto changes to the governance structure.

Regarding the CEO position, the Supreme Court consistently affirms the absolute right of the general meeting to terminate a director's powers at any time, at its sole discretion. Recent court practice allows for the dismissal of a director even while on leave, emphasising that in the Ukrainian system, corporate authority supersedes traditional employment security^[3].

Representation and authority

Generally, the power to represent a JSC or an LLC resides with its sole director or head of the executive body, who may act under the charter without specific authorisation by a power of attorney. To mitigate the risk of fraud or mistakes, the company's charter may adopt a 'four-eyes principle', under which the CEO can act only together with other director(s).

For JSCs, transactions exceeding 25 per cent of the company's book value of assets require approval from the general shareholders' meeting. For transactions exceeding 50 per cent of the assets' book value, more than 50 per cent of the total number of shareholders' votes are required. Transactions valued at 10–25 per cent generally require the supervisory board's approval.

For LLCs, approval from the general meeting is required for any transaction in which the value exceeds 50 per cent of the company's net assets' book value, unless the charter sets a different threshold. A transaction entered into by a director without the required approvals becomes binding on the company only upon subsequent approval by the competent body.

Directors are also restricted in executing related-party transactions. For JSCs, such transactions generally require the supervisory board's approval if the value does not exceed 10 per cent of the company's assets. If the value is higher or if all board members are interested, shareholder approval is required, and shareholders who are related parties are barred from voting. For LLCs, requirements for related-party transactions apply only if the company's charter explicitly prescribes a procedure for their approval.

For directors' fiduciary duties and liability for damages, see the 'Directors' section below.

Legal responsibilities and delegation

Matters belonging to the exclusive competence of the general meeting cannot be delegated to other bodies. Generally, if the law or the company's charter expressly sets out the exclusive competence of the general meeting or the supervisory board (the board of directors), these governing bodies cannot interfere with each other's competence. This rule applies even when the general meeting, as the supreme governing body, seeks to resolve a matter within the board's exclusive competence.

Separation of roles of CEO and chair

Under JSC Law, a member of the supervisory board cannot serve as a member of the executive body. Thus, the roles of the CEO and the supervisory board chair are statutorily separated. Furthermore, public interest entities impose a one-year 'cooling-off period' before a former CEO can chair the supervisory board. For LLCs, there is no statutory requirement to separate the CEO and the chair of the board.

The chair's primary role is to organise the board's work and convene meetings. While the CEO manages daily operations, the CG Code encourages the chair to maintain systematic dialogue with shareholders. This communication must not result in the selective disclosure of inside information

In a one-tier structure, a chair of the board of directors may combine the role with that of the CEO, unless the company charter prohibits it. However, the CG Code recommends that companies with a one-tier structure separate these roles, or alternatively, there should be a lead independent board member.^[4]

Remuneration of directors and senior management

The framework for director and executive remuneration is increasingly transparent. In JSCs, the general meeting of shareholders adopts a remuneration policy and an annual remuneration report. These remuneration matters fall within the general meeting's exclusive competence. The supervisory board determines the specific remuneration of executive officers.

Under Ukrainian legislation, the obligation to prepare and disclose remuneration reports primarily applies to JSCs and SOEs:

1. JSCs must prepare an annual remuneration report detailing compensation of the board and the executive body, which is subject to approval by the general shareholders' meeting. Furthermore, companies adhering to the CG Code are

- expected to publicly disclose at least the aggregate remuneration of the board and the top five executives, along with an explanation of how their pay is linked to corporate performance;
2. state unitary enterprises must continuously publish comprehensive details on their official websites and the websites of their managing state authorities. This disclosure must include the structure, principles of formation, and exact amounts of remuneration (including compensation packages and severance pay) for the CEO and supervisory board members; and
 3. SOEs must publicly disclose the same detailed information regarding the remuneration of the CEO, executive body members, and supervisory board members on their web pages.

For SOEs, a new approach was introduced as part of a complex reform linked to the SOP, first adopted in 2024 and then updated in 2026. Since April 2026, remuneration for CEOs and board members of SOEs has been determined through market research on remuneration in comparable companies, both private and state-owned, including foreign companies in the same industries.

In SOEs, independent directors recruited from the market usually receive higher remuneration. In contrast, directors appointed to represent the state shareholder may receive supplements to their primary salary rather than separate remuneration for their work on the board.

Committees

Supervisory boards may establish permanent or ad hoc committees from among their members to preliminarily review and prepare matters within the board's competence.

For banks and regulated capital-market professionals, additional committee requirements are set, such as a mandatory risk-management committee.

Public JSCs, banks, PIEs, and SOEs with more than 50 per cent state ownership must establish an audit committee, a remuneration committee and a nomination committee (the latter two may be combined). These committees are chaired by independent directors, and independent directors must constitute a majority of their membership.

Where an issue is to be prepared by a committee, the board may decide only on the basis and within the scope of the committee's proposal. In the absence of the committee's proposal, the board may not decide on the matter. The company may abolish these rules only if independent directors constitute a majority of the board.

For private LLCs, there are no requirements regarding committees. But an LLC with a board may establish committees at its own discretion to facilitate the board's work.

Board and company practice in takeovers

Any decisions on issuing new shares or on share buybacks are exclusive to the general shareholders' meeting.

In JSCs, a person acquiring a controlling stake (more than 50 per cent) must make a public offer to minority shareholders at a fair market price.

Furthermore, a statutory 'squeeze-out' mechanism allows a 95 per cent owner (or a group of owners) to buy out minority shareholders' shares by submitting a public demand, without the need to contact each shareholder. To acquire shares, the initiating shareholder must deposit the fair market value of the target shares into an escrow account in a bank. Minority shareholders have three years to claim the price of their shares from the bank. Minority shareholders possess a reciprocal 'sell-out' right.

Further implementation of the EU Takeover Directive^[5] in Ukrainian company law is expected soon, as part of Ukraine's broader efforts to harmonise its legislation with the EU *acquis*.

In LLCs, members have a pre-emptive right to buy shares offered to a third party, which is guaranteed by law. LLC members may waive or completely withdraw the preemptive right in the company charter or shareholders' agreement.

Directors

Internal and external (independent) directors

Ukrainian company law distinguishes independent board members (directors) and board members (directors) representing shareholders. An independent director is a member of the supervisory board who is not subject to any influence from other persons in the decision-making process, while performing their duties as a member of the supervisory board. To qualify as an independent, a person must meet a set of formal criteria set out in the JSC Law and elaborated in specific laws for banks and SOEs. These criteria ensure the director is not biased in their professional judgment on company matters and are generally in line with EU standards.

For regulated companies, such as public JSCs, SOEs, and banks, respective laws set quotas for independent directors on boards and committees.

In terms of competence and rights, including receiving the company's information, internal and external directors are equal.

Fiduciary duties

The modernisation of Ukrainian corporate legislation has codified fiduciary duties for company directors and officers, including corporate secretaries. In 2025, the Civil Code of Ukraine was updated to include unified fiduciary duties for company officers (including directors, corporate secretaries). According to the new Article 99-1, the officers of the company are obliged to act:

1. in the interests of the company;
2. in good faith and with due care;
3. in a manner which, in their honest belief, will contribute to the achievement of the company's objectives; and

4. within the limits of the powers conferred upon them by the company's constitutive documents and the law.

All directors bear equal fiduciary duties and are obliged to manage conflicts of interest properly.

JSC Law elaborates on the fiduciary duties of JSC officers. In particular, Article 89(7) clarifies that the company's officers are required to act with a reasonable degree of prudence, professionalism and diligence and must:

1. possess the level of knowledge, professionalism and experience that can reasonably be expected of a person performing the duties of an officer of the company; and
2. possess the level of knowledge, professionalism and experience that an officer is required to have.

Liability

Directors and officers are liable for damages caused to the company by their culpable actions or inaction. Under the business judgement rule, management is shielded from liability provided they act in the company's best interests, remain disinterested, and make decisions on a sufficiently informed basis.¹⁶¹

Liability is triggered only when a decision lacks a rational business purpose or when the officer fails to gather and analyse the information necessary for a reasoned judgement. This protection ensures that bona fide managerial discretion – exercised with due process and professional care – is not subject to judicial second-guessing, even if the eventual business outcome is unfavourable.

Compensation for losses caused to the company by an officer's actions (or inaction) shall be paid if such losses were caused by:

1. actions taken by an officer in excess of or through abuse of their official powers;
2. by an officer's actions committed in breach of the procedure for their prior approval or any other decision-making procedure;
3. by the actions of an officer carried out in compliance with the procedure for their prior approval or other decision-making procedure regarding the performance of such actions, if, to obtain such approval and (or) comply with the decision-making procedure, the company officer submitted false information;
4. the inaction of an officer where they were obliged to take certain actions in accordance with their duties; and
5. other officer's culpable acts.

Ukrainian courts maintain a robust approach to directors' liability, applying a presumption of guilt in tort claims. Recent Supreme Court jurisprudence demonstrates that directors

are held personally liable not only for direct misappropriation but also for acting in bad faith or abusing their powers.^[7] Recoverable damages have been expanded to:

1. include losses from creating a competing company to poach clients;^[8]
2. paying self-awarded bonuses without proper approval;^[9]
3. executing illegitimate supervisory board decisions on remuneration,^[10] and
4. state fines incurred due to substituting labour contracts with civil ones.^[11]

Courts have clarified that paying standard taxes does not constitute recoverable damages.^[12] In insolvency, directors face severe personal liability, including solidary liability for failing to file for bankruptcy on time.^[13]

Board members now more frequently seek expert (including legal) opinions on major transactions to demonstrate diligence and ensure that they act in the company's best interests.

Directors appointment and gender balance

All board members are elected by the general shareholders' meeting. The statutory term of office cannot exceed three years. Twelve years is the limit on the tenure of an independent director.

For public companies and banks, cumulative voting is mandatory for the election of supervisory board members.

Recent NSSMC statistics show that the actual gender structure already approaches the EU's target: in supervisory boards, 37 per cent are women and 63 per cent are men; in executive bodies, 47 per cent and 53 per cent, respectively.

Draft Law No. 12376 introduces pivotal mandatory gender balance requirements for boards, aligning with EU standards.

Corporate disclosure

Financial reporting and accountability

The Law on Accounting (1999) sets out the rules of financial reporting and accountability.

The said law requires PIEs, public JSCs, and extractive industry companies to prepare financial statements in accordance with International Financial Reporting Standards (IFRS). These entities must submit and publish their financial statements in a single electronic format using the taxonomy. Other companies may opt to use either IFRS or national accounting standards.

Micro-enterprises, small enterprises, non-commercial entities, branches and representative offices of a foreign legal entity (other than those required to prepare IFRS)

may submit simplified financial statements comprising a balance sheet and a profit and loss account.

The reporting period for the preparation of financial statements is the calendar year. Interim financial statements are prepared based on the results of the first quarter, the first half-year and the first nine months. Furthermore, in accordance with the company's accounting policies, financial statements may be prepared for other periods. The first reporting period for a newly established enterprise may be less than 12 months, but not more than 15 months.

Non-financial disclosure/ESG reporting

Currently, Ukraine lacks a comprehensive environmental, social and governance (ESG) law, but ESG principles are integrated into existing legislation, in particular, through the Law on Accounting. It requires medium and large enterprises to prepare and publish a management report alongside their financial statements.

The management report contains financial and non-financial information, describes the company's current position and prospects, and discloses the main risks and uncertainties associated with its operations.

To align with the EU's Corporate Sustainability Reporting Directive (CSRD), the Cabinet of Ministers approved the Strategy for the Implementation of Sustainability Reporting (2024).^[14] In 2025, a draft Law was introduced to mandate sustainability reporting in accordance with European Sustainability Reporting Standards (ESRS).

Auditors' role and authority, and independence

A statutory audit is mandatory for all PIEs, public JSCs, SOEs (with the state's majority share), and medium and large enterprises.

To ensure auditor independence, the law explicitly prohibits auditors from providing certain non-audit services to their statutory audit clients. The regulatory framework imposes mandatory rotation rules for PIEs, requiring the key audit partner to rotate every seven years. The supervisory board's audit committee exercises oversight.

For SOEs, the law requires the establishment of a comprehensive, adequate, and effective internal control system, including compliance, risk management, and internal audit functions, taking into account the specific nature of its activities, the nature and scale of its transactions, and the risks inherent in those activities.

The supervisory board is responsible for and oversees the functioning of the internal control system.

Most private companies, which are free from specific statutory requirements, determine and set out an audit function in their bylaws. The CG Code recommends that companies implement an independent external audit and an internal control system. Companies working with institutional investors in equity or planning an initial public offering usually follow a higher standard, including an annual external audit by reputable auditors.

Mandatory disclosure

The Law on Capital Markets obligates issuers to disclose regulated information, which includes two types:

1. regular information – annual and quarterly reports published on a fixed schedule, regardless of whether corporate events occurred or not; and
2. special information – disclosures of material events such as major transactions, changes in management, ownership changes, dividends, or reorganisations.

During martial law (introduced in 2022 following the full-scale Russian invasion), issuers were temporarily exempt from publishing regular reports. In 2025, the NSSMC reinstated full reporting obligations. Regular reporting returned to the standard quarterly schedule starting 3Q 2025. Special information must always be disclosed promptly, both on the issuer's website and to the regulator.

Late, incomplete, or inaccurate disclosure may result in financial penalties. Since 2026, significantly higher sanction limits may be applied – up to 5 per cent of the issuer's annual turnover.

Reporting issuers must also include a management report in their annual package, along with a corporate governance report. The latter must refer to the corporate governance code applied by the issuer – its own, the CG Code by NSSMC, or an industry-specific code. The issuer must report on compliance with the relevant code on a 'comply or explain' basis and disclose all information regarding corporate governance practices beyond the requirements set out by law.

Environmental, social and governance

Risk management

Ukrainian legislation increasingly emphasises a 'tone from the top' in risk management. In JSCs and SOEs, the supervisory board is responsible for approving the company's risk-appetite statement and overseeing the overall risk-management system. At the same time, the executive body handles day-to-day implementation. The 'three lines of defence' model is gaining traction, particularly among banks and major SOEs.

Within the supervisory board, the risk-management committee is typically responsible for oversight of the risk-management system. Where such a committee is not established, these functions usually fall to the audit committee. For key banks and capital-market intermediaries, legislation expressly requires the creation of a dedicated risk-management committee to ensure focused and effective oversight.

Compliance policies and whistle-blowing

Banks, capital-market intermediaries, and SOEs are required to maintain a permanent compliance function as part of their internal control systems. Compliance obligations also extend to anti-corruption measures. Under the Law on Prevention of Corruption,

companies participating in public tenders above approximately €400,000 must adopt anti-corruption programmes and appoint a dedicated compliance officer. These programmes must include procedures for protecting employees who report violations. Anti-corruption legislation legally protects whistle-blowers by providing anonymity, immunity from liability for disclosures, and safeguards against workplace retaliation.

Corporate social responsibility and stakeholders

While directors' primary statutory duty is to act in the best interests of the company, the regulatory framework increasingly promotes a broader stakeholder-oriented approach. The NSSMC requires issuers to explain in their annual disclosures who their main stakeholders are and why. PIEs must include non-financial information in their annual management reports, and reporting guidelines recommend covering environmental issues, social and labour matters, respect for human rights, and anti-corruption practices.

The CG Code further encourages supervisory boards to identify key stakeholders and develop engagement strategies, recognising that long-term success depends on constructive relationships with employees, creditors, and the wider community.

ESG policies

Ukraine is gradually shifting its ESG framework from voluntary best practice to regulatory requirements for larger companies. At this stage, legislation focuses primarily on reporting rather than prescribing specific ESG actions.

The SOP encourages SOEs to prepare sustainability reports, while the CG Code recommends that companies adopt sustainable development policies addressing environmental impacts and related risks.

An important legislative development is the introduction of green bonds, whose proceeds must be used exclusively for environmental projects such as renewable energy, energy efficiency, and waste management. Issuers of green bonds are subject to dedicated reporting obligations, including disclosure of how funds are used and the environmental outcomes of the financed initiatives.

Additionally, companies in extractive industries must publish reports on payments to the state, detailing their participation in ESG projects and the financing allocated to such initiatives.

Shareholders

Shareholder rights and powers

Shareholders generally hold the right to manage the company through general meeting resolutions, to access information about the company's activities, and to receive dividends and liquidation proceeds.

Dividends are generally discretionary and may be paid only upon a resolution of the general meeting.

In JSCs, the law permits the issuance of non-voting preference shares that may provide minimum dividend entitlements, though such instruments remain uncommon in practice. LLCs cannot issue preference shares: each share carries identical rights, and any adjustment of voting weight (such as granting a minority shareholder a veto) is usually achieved through charter amendments or shareholders' agreements.

Shareholders may resolve most corporate matters unless statutory limits apply. In SOEs and public JSCs, certain decisions are reserved exclusively for the supervisory board (or a one-tier board of directors), such as appointing the CEO, approving strategic plans, and supervising risk management. Although shareholders have broad powers by law, good governance practice discourages interference in day-to-day operations.

Overall, five thresholds are typically observed:

1. 5 per cent (JSC) or 10 per cent (LLC): basic protections, including information requests, right to call a general meeting, propose agenda items, initiate audit, etc.;
2. 25 per cent+1: veto power over critical corporate decisions, providing substantial leverage to minority shareholders;
3. 50 per cent+1: control over ordinary operations, including decisive influence over the appointment of the CEO;
4. 75 per cent: effective control over critical matters, such as charter amendments, changes to the capital amount, reorganisations, or liquidation; and
5. 95 per cent (in JSC only): right to initiate a squeeze-out to buy out all minority shares.

A dissenting shareholder cannot challenge a resolution which complies with the law and the charter. However, a shareholder of a JSC who votes against certain critical decisions, such as increasing the share capital or merging with another company, may require the company to buy their shares at market price.

Shareholders are protected against dilution when the share capital is increased. Each shareholder has a pre-emptive right to contribute proportionally to their existing stake.

Shareholders' duties and responsibilities

Shareholders have two primary duties: maintaining the confidentiality of the company's information and complying with the company's charter. Compliance with the charter, among other things, means that even a dominant shareholder holding 95 per cent or more of the shares must follow the formal procedures for calling and conducting general meetings. In the event of a procedural breach, a minority shareholder (even with a single share) may challenge shareholder resolutions in court.

In JSCs, shareholders may have specific conditional obligations. For example, a shareholder who acquires a controlling stake must notify the company and offer other shareholders the opportunity to sell their shares.

Despite the general good faith and anti-abuse provisions of law, it may be difficult in practice to hold shareholders liable for abuse of powers, such as refusing to participate in general meetings or triggering deadlocks through prima facie legal actions. Participation in corporate decision-making is a right, not an obligation, and shareholders cannot be compelled to take specific actions or vote in a particular way. Courts support this approach.

Under the restated LLC Law of 2018, a member of an LLC cannot be expelled from the company, even for substantial and repeated breaches by court decision. As a partly compensatory measure, the same law allowed LLC participants to set out their mutual obligations regarding the company in a shareholders' agreement. Such agreements are commonly used in practice to create legally binding obligations, such as commitments to vote for certain resolutions, to regulate the procedure for deadlock resolutions, to apply dividend policy, and sometimes to grant call or put options to company participants or third parties. Parties to shareholders' agreements may use irrevocable powers of attorney to secure the enforcement of their arrangements. Shareholders' agreements are available to JSC shareholders as well, with a similar regulatory framework.

Shareholder activism

Shareholder activism in Ukraine primarily manifests through voting at general meetings and by initiating shareholder disputes in court.

Shareholders may, after reaching certain thresholds, have veto rights over certain reserved matters of a company.

Court actions form another important tool of activism. Shareholders may challenge corporate resolutions, and a successful claim can trigger a domino effect across related transactions of the company. Courts, however, have limited such actions by prohibiting claims arising from periods when the plaintiff was not a shareholder.

Activism has grown further through the introduction of derivative actions. Shareholders holding at least 5 per cent of shares may file a lawsuit on behalf of the company against its officers for damages caused by misconduct. However, derivative actions are limited to monetary damages sought from officers and generally cannot invalidate a company's transactions.

There are also situational forms of activism. For example, where a minority shareholder anticipates a future squeeze-out at market value, they may acquire additional minority stakes at a price below market to increase their own shareholding and maximise potential gains.

Takeover defences

Ukrainian legislation prioritises shareholder decision-making over board entrenchment in takeovers. In practice, decisions on takeovers and other change-of-control transactions are almost always made by shareholders. Boards may engage with shareholders during these processes, but do not attempt to override shareholder decisions or obstruct a takeover. Because Ukraine has neither a developed public capital market nor a hostile-takeover landscape, classic defensive mechanisms, such as poison pills or staggered boards, are not common practice.

Minority shareholders opposing a non-hostile takeover may nevertheless use the tools described in the 'Shareholder activism' section above to strengthen their negotiating position and enhance their economic outcomes.

Engagement with shareholders

Engagement with shareholders in JSCs is governed by a combination of mandatory reporting via the NSSMC database and best-practice recommendations that encourage dialogue. This communication is constrained by prohibitions on the selective disclosure of inside information. In contrast, LLCs are generally not subject to mandatory reporting obligations, except for PIEs or issuers of financial instruments. As most Ukrainian companies are privately held, shareholders typically obtain information through general meetings, directors they have appointed, or individual information requests rather than through public disclosure.

Meetings or communications with individual shareholders are generally permissible, provided they comply with corporate governance rules and do not breach officers' fiduciary duties.

Shareholders must receive notice of the meeting and the agenda at least 30 days in advance (or a shorter period for LLCs, if allowed by the charter). They must also be informed of any subsequent changes to the agenda and be allowed to review documents related to agenda items before the meeting.

Special considerations

Corporate reform in the state sector

In recent years, Ukraine has been actively modernising its state sector of the economy. In March 2024, the updated Law on Management of State Ownership substantially aligned the legal framework for SOEs with OECD standards.

In October 2025, the updated OECD Report on Corporate Governance of State-Owned Enterprises in Ukraine noted significant progress since the 2021 review, despite the full-scale Russia-Ukraine war and disruption. It highlighted 2023–2024 legislative and policy changes improving transparency, accountability and alignment with international standards, while stressing the need for effective implementation.

To implement the novelties introduced by the Law on Management of State Ownership, in November 2024, the government adopted the State Ownership Policy (SOP). One of the goals of the SOP is to help the government to sort SOEs into those retained in state ownership (with transparent reasoning) and those that should be privatised or liquidated. This sorting is called 'triage'.

For SOEs retained in state ownership, the SOP embeds key OECD principles, including competitive neutrality, separation of ownership from policy-making, and operational independence. The largest SOEs must establish independent supervisory boards, robust reporting and internal controls.

A cornerstone of the new governance model is the updated planning and reporting cascade. The state as a company owner now communicates its goals through a 'letter of expectations' (LoE) spanning one to three years, which must be developed through mandatory consultations with the supervisory board. This mechanism positions the supervisory board as a critical actor, empowering it to negotiate terms that align with the company's long-term strategic plans rather than merely yielding to the short-term financial demands of the state shareholder.

Financial expectations have also been clarified, with a default rule that state-owned enterprises must pay 75 per cent of their net profit as dividends, though deviations down to 30 per cent are permissible. Despite the above SOP general approach, the Law on the State Budget of Ukraine for 2025 (Article 19) provides a specific exception: a company with a state shareholder must pay 90 per cent of its profits to all shareholders, regardless of the general meeting resolution.

From April 2026, CEO and board remuneration is based on independent market benchmarking, enabling competitive pay and alignment with LoE goals.

Outlook and conclusions

Corporate governance in Ukraine is undergoing changes driven by EU integration. The corporatisation of SOEs and MOEs, together with updates to core corporate legislation, has created a legal framework broadly aligned with international best practice.

In the state sector, the main task will be to apply the enhanced legal framework for making SOEs well-governed in practice. Another challenge is balancing SOEs' board and management independence with the state's fiscal needs during Russia's invasion.

Draft Law No. 15001, if adopted, would update business classification in line with EU standards. The changes would apply across the private, state and municipal sectors.

ESG compliance and sustainability reporting under the European Sustainability Reporting Standards (ESRS) are increasingly relevant to Ukrainian companies seeking access to international reconstruction funding.

In the private sector, corporate governance development, apart from internal demand, depends on foreign investors' activity. Stabilisation of security conditions might boost foreign investments and, accordingly, demand for well-governed companies.

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Endnotes

- 1 Maxim Libanov, a member of NSSMC and co-author of this review, led the drafting of the CG Code; Volodymyr Igonin, co-author of this review, was among the local advisors engaged in elaboration of the Code. [^ Back to section](#)
- 2 Volodymyr Igonin and Artem Shmatov, co-authors of this review, have been assisting the Government in drafting the SOP and related documents as part of the international partners' support, which is managed by EBRD. [^ Back to section](#)
- 3 Case No. [910/11054/24](#), Supreme Court, 11.12.2025. [^ Back to section](#)
- 4 [CG Code, Section 3.9](#). [^ Back to section](#)
- 5 <https://eur-lex.europa.eu/eli/dir/2004/25/oj/eng>. [^ Back to section](#)
- 6 Case No. [910/15260/18](#), Supreme Court, 29 May 2024. [^ Back to section](#)
- 7 Case No. [922/5102/21](#), Supreme Court, 12 March 2024. [^ Back to section](#)
- 8 Case No. [910/20172/23](#), Supreme Court, 9 April 2025. [^ Back to section](#)
- 9 Case No. [906/1329/23](#), Supreme Court, 16 December 2025. [^ Back to section](#)
- 10 Case No. [904/5499/23](#), Supreme Court, 5 August 2025. [^ Back to section](#)
- 11 Case No. [904/4432/23](#), Supreme Court, 2 July 2025. [^ Back to section](#)
- 12 Case No. [914/980/24](#), Supreme Court, 17 December 2025. [^ Back to section](#)
- 13 Case No. [908/3236/21](#), Supreme Court, 4 September 2024. [^ Back to section](#)
- 14 <https://zakon.rada.gov.ua/laws/show/1015-2024-%D1%80#n17>. [^ Back to section](#)



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