



HOW TO PROCEED IN THE EVENT OF PROPERTY DAMAGE DUE TO ARMED AGGRESSION: **STEP-BY-STEP PLAN 2.0**



This document has been prepared to provide general information on actions businesses may take in the event of property damage or destruction resulting from armed aggression. All legislative provisions, references to procedures, court practice, and state support programmes mentioned herein are valid as of the date of its preparation/publication.

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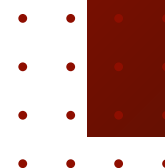
WHAT BUSINESSES SHOULD DO IN CASE OF PROPERTY DAMAGE

A brief action flowchart



WHAT SHOULD BE PREPARED IN ADVANCE

- Property documents and electronic copies
- Photo archive of assets before damage
- BCP / DR plan
- Evidence folder for ECA / insurer / court



Since 2022, Ukrainian enterprises have been facing risks of property damage and obstacles in conducting business activities. It is important to know in advance how to act in such cases in order to protect your rights and receive compensation for the losses incurred. Below is an algorithm of actions - it will help you navigate the legal mechanisms for recording and compensating for losses.

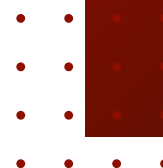
In the national legal framework, there are currently two main legal procedures available that are appropriate to apply in the event of damage or destruction of property as a result of war:

- **Criminal procedure** – to achieve recognition of the enterprise as an injured party /victim (to obtain procedural status of the injured party/victim).
- **Commercial procedure (for legal entities) or civil procedure (for individuals)** – to obtain a court decision to recover damages from the aggressor state.

International mechanisms (e.g., the Register of Damage) are not yet fully operational or are too expensive for ordinary businesses. The use of the above national mechanisms does not exclude the possibility of using international instruments (reparations through the said Register of Damage) in the future. The purpose of national procedures at present is to legally record the fact of losses and their amount – this will create a basis for potential compensation in the future.

EXAMPLE OF A CASE:

As a result of a missile strike, the production premises of an enterprise were destroyed (there were no casualties). In such a case, law enforcement authorities open proceedings: the investigator enters into the Unified State Register of Pre-Trial Investigations (USRIP) information about a war crime under Part 1 of Article 438 of the Criminal Code of Ukraine (“Violation of the Laws and Customs of War”). The investigation of this category of crimes is under the jurisdiction of the SSU (Security Service of Ukraine or “SBU”). Next, the affected business should exercise its rights within the criminal procedure and prepare to file a claim for compensation for damages.



CRIMINAL PROCEDURE: RECORDING THE CRIME AND THE STATUS OF THE VICTIM

The goal: to officially record the fact of a war crime and obtain the status of the injured party/victim within criminal proceedings. This will ensure access to case materials and other procedural rights, as well as create a basis for further recovery of damages.

Steps for the enterprise (victim):

1. Find out the number of the criminal case. Contact the SBU investigator or another body involved in the investigation to obtain the number of the criminal case opened in connection with the damage to your property. If the case has not yet been opened, file respective statement about the crime (with a description of the event, place, time, nature of the damage).

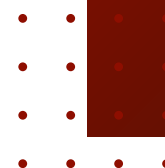
2. Submit an application for recognition as a victim. Send an application to the investigator requesting that your company be recognized as a victim in these proceedings.

3. Obtain a resolution from the investigator. The investigator is required to consider the application within 3 days and issue a resolution recognizing you as a victim in criminal proceedings. After that, you acquire the official status of a victim.

4. Use your victim's rights. From the day you acquire victim status, you receive a wide range of rights provided for by the Criminal Procedure Code (CPC). In particular, the victim has the right to file a motion to conduct investigative actions (for example, to question witnesses, involve experts, conduct expert examinations, review case materials, etc.). Actively use these rights to collect the most complete evidence base for the crime.

IMPORTANT:

Make sure that the criminal case materials specifically list the “russian federation” as the party that committed the war crime, and not some unidentified serviceman. It is important that the criminal case materials clearly state that the damage to property is a consequence of the armed aggression of the russian federation, in particular a missile, artillery, air strike, UAV attack, or other actions of the armed forces of the aggressor state. This is important for further proving the causal link in court and within the framework of compensation mechanisms).



FILING A CIVIL CLAIM WITHIN A CRIMINAL PROCEEDING

The law allows the victim to file a civil claim for damages directly within the criminal proceedings. However, this is a right, not an obligation. It may be more effective not to wait for the verdict in the criminal case but to file a separate claim in commercial or civil proceedings (depending on the status of the plaintiff). Please note: it is possible to file a civil claim in criminal proceedings only after a specific person has been declared a suspect. If there are no suspects yet (which is typical in the case of a missile strike by unidentified individuals), filing a claim within the criminal case would be premature. In such a case, it would be more appropriate to use separate legal proceedings to recover damages (see the next section).

COMMERCIAL PROCEDURE: LAWSUIT AGAINST THE AGGRESSOR STATE FOR COMPENSATION FOR DAMAGES

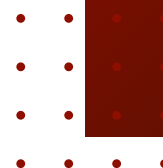
Goal: to obtain a decision from a Ukrainian court on the recovery of damages from the Russian Federation as the aggressor state. A national court decision will allow the amount of damage to be recorded and can subsequently be presented for actual enforcement (for example, at the expense of frozen assets of the Russian Federation or through international compensation mechanisms).

Who can file a claim:

- Legal entities (enterprises) – file lawsuits with commercial courts.
- Individuals – file lawsuits with civil courts of general jurisdiction.
- Individual entrepreneurs - jurisdiction should be determined taking into account the nature of the property, the status of the plaintiff and the connection of the dispute with economic activity.

In the event of damage to real estate, the claim should be filed with the court at the location of the property (territorial jurisdiction is determined by the address of the object).

Russia's judicial immunity: Ukrainian courts currently proceed from the position that the Russian Federation does not have judicial immunity in cases of compensation for damage caused by its armed aggression. This has been repeatedly confirmed by the Supreme Court (in particular, in the resolutions of 04/14/2022 in case No. 308/9708/19 and of 05/18/2022 in case No. 760/17232/20-ц). Therefore, national courts accept claims against Russia and make decisions in favor of affected businesses.



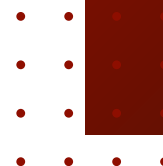
PECULIARITIES OF FILING A CLAIM:

- **Exemption from court fees.** Plaintiffs in such cases are exempt from paying court fees (based on Clause 22, Part 1, Article 5 of the Law of Ukraine "On Court Fees" as of the date of preparation hereof; before applying this provision, we recommend checking the current version of the Law).
- **Evidence of the amount of damage.** The key is the documented amount of damage. The results of an independent assessment of the damage (assessment report) can be submitted to the court as evidence of the amount of damage. It is also advisable to file a motion for forensic examination to determine the amount of damage - the expert's opinion will act as additional confirmation of your assessment.
- **Further enforcement of the decision.** Having received a court decision to recover damages from the aggressor state, you will officially record the fact of the damage and its monetary assessment. Such a decision will be useful in the future for the actual recovery of funds - in particular, it can be presented for compensation at the expense of frozen russian assets or within the framework of international mechanisms (when they become operational).

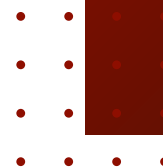
Register of Damage for Ukraine (international mechanism): In May 2023, under the auspices of the Council of Europe, the Register of Damage Caused by the Aggression of the russian federation against Ukraine was created as an international mechanism for recording claims and evidence of loss, damage and injury. The Register is already accepting claims through the "Diia" portal not only from individuals, but also from legal entities and the state of Ukraine. In particular, categories related to damage or destruction of infrastructure, as well as damage, destruction or loss of assets, are open to businesses. At the same time, the Register is not a compensation fund and does not independently assign payments: acceptable claims and evidence must be submitted for consideration by the future International Compensation Commission after its launch. Official page: rd4u.coe.int/uk/home.

CONCLUSION:

National legal mechanisms already allow businesses to document losses and initiate the process of their compensation in court. Obtaining victim status in criminal proceedings, assessing damages, and obtaining a court order to recover them are important steps towards actual compensation. Further, it is necessary to ensure proper documentation of evidence and compliance with the mandatory formalities discussed in the following sections.



DAMAGE ASSESSMENT AND DOCUMENTATION (EVIDENCE BASE)



TASK:

To collect convincing evidence of the damage caused and to accurately determine the amount of losses. This includes recording the damage, collecting property documents, conducting an independent assessment of the cost of losses, etc. Proper documentation of losses is necessary both for a successful trial and for possible compensation in the future (through insurance payments, government programs or reparations).

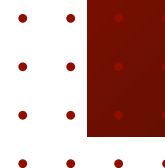
NECESSARY ACTIONS IMMEDIATELY AFTER AN INCIDENT:

Photograph and videotape the scene. Take detailed photographs and videos of all damage immediately after the incident, before cleanup or repair begins. Photographs and videos should clearly show the extent of the damage. (Detailed photo/video guidelines below.)

Description and inventory of damaged property. Make a list of all damaged or destroyed property, with a detailed description of each item. Indicate the characteristics (model, year of manufacture, technical parameters, etc.) and the estimated value before damage. Prepare documents of ownership or use for each item of property (e.g., title deeds to buildings and equipment, contracts, extracts from registers, technical passports, protocols, etc.).

Record the circumstances of the incident. Record the exact date and time of the incident, address and coordinates of the location. Describe the event (rocket or artillery shelling, fire caused by debris, etc.). Collect evidence of the causes of the damage: if possible, take a photo/make a description of ammunition fragments, explosion craters or other traces of hostilities. Involve witnesses to the event and record their contact details or written explanations. It is important to record these circumstances in order to prove the causal link between the military actions and the damage caused.

Independent damage assessment. Invite a certified property appraiser to assess the damage caused. The expert will inspect the damaged property, analyze the documents, and draw up a damage assessment report. This report will be a key document to confirm the amount of your losses in court. (The damage calculation methodology used by appraisers is described below.)



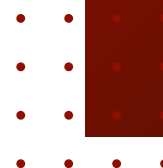
DAMAGE ASSESSMENT METHODOLOGY:

Ukraine has approved a special methodology for determining the damage and extent of losses caused to enterprises, institutions and organizations of all forms of ownership as a result of the destruction or damage to their property in connection with the aggression of the Russian Federation (as well as a methodology for determining lost profits due to the inability to conduct economic activities)[1].

According to this methodology:

- **Damage structure.** Total damage is divided into real (actual) damage and lost profit.
- **Real (actual) damage** – direct losses resulting from damage, loss or destruction of property. Their amount is determined as the difference between the value of the object before and after the damage. Meaning that, in fact, it is the cost of repairing or replacing the property, or the difference in market price due to damage.
- **Lost profit** – the lost profit that the owner (balance sheet holder, user) of the property could have received if the property had not been damaged or destroyed. It is calculated for a certain period of time based on the financial indicators of an enterprise. Note: if the enterprise was unprofitable in 2020–2021, the lost profit for it shall not be determined (i.e. it is considered that it would not have received any profit anyway).
- **Initial data for assessing real (actual) damage.** The appraiser uses documents confirming the characteristics and value of the property, as well as damage survey reports. In particular, the following are taken into account:
 - **Title documents for damaged property** (certificates of ownership, purchase and sale agreements, extracts from state registers of property rights, technical passports, state acts on land, lease agreements, etc.).
 - **Expert opinions of inspection commissions:** inspection reports of damaged and/or destroyed objects drawn up by relevant commissions (in particular, commissions under military administrations or local authorities).
 - **Photo and video materials from the scene of the incident** confirming the facts of damage or destruction of property (photos before and after the incident - if photos of the object before the damage are available).

[1] The methodology for determining the damage and the amount of losses caused to enterprises, approved by joint order of the Ministry of Economy and the State Property Fund No. 3904/1223 dated October 18, 2022 (as amended).



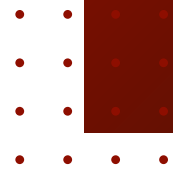
DAMAGE ASSESSMENT METHODOLOGY (CONTINUATION):

- **Design and estimate documentation for property restoration – if available.** For example, a consolidated estimate for repair works, local estimates for reconstruction, etc.
- **Repair certificates.** Documents confirming the date of the last major repair of the object prior to the damage and the cost of the repairs (if such repairs were carried out).
- **Other documents.** Anything that may be useful to substantiate the value of the property and the costs of its restoration.
- **Information sources for damage assessment.** In addition to documents from the enterprise itself, the assessor can use public and technical sources of information: remote sensing data of the Earth (satellite images before/after, aerial photography), analytics from social networks (for example, photos of destruction published by eyewitnesses), official reports and announcements, other public information about the event. All this data helps to confirm the fact of destruction and assess the extent of damage.

Note on property insurance:

If your property was insured against war risks, be sure to notify the insurance company of the occurrence of the insured event and find out the terms of payment. Check whether the insurance covers the full amount of losses, what is the deductible amount, and what documents must be provided to the insurers to receive payment. Usually, the insurance company will require the same evidence as the court (photos, protocols, certificates from the State Emergency Service or military administrations about the event, etc.).

Keep in mind: будь-яке any insurance compensation that you actually receive from the insurance company will reduce your actual losses declared for recovery from the aggressor state by such amount. (You cannot receive compensation for the same losses twice.)



RECOMMENDATIONS FOR PHOTO AND VIDEO RECORDING OF DAMAGE

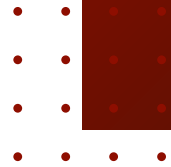
Proper photo and video recording of evidence will be very helpful during investigations, court proceedings, and communication with insurers.

Follow these tips:

- **Record the consequences immediately after the event**, until the object has been moved, debris has been removed, and repairs have begun.
- **Geolocation and time:** for videos, enable geolocation on your smartphone (the coordinates will be saved in the file metadata). In the camera settings, enable the display of date and time on photos, if possible.
- **Filming quality:** Film in good lighting so that all details of the damage are clearly visible.
- **File storage:** Keep the originals of your photos and videos. Don't only use copies sent to instant messengers (they compress the quality). Don't edit the images (so as not to raise doubts about their authenticity).
- **Backup storage:** Back up your media files – copy them to cloud storage or external device. Losing this data could mean losing important evidence.

Photo fixation (what to photograph):

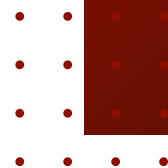
- **Overview photos:** general plans from different angles to clearly determine the spatial location of the damaged property (entire building, entire workshop, entire room, etc.).
- **Detailed photos:** Close-ups of every damaged detail – broken windows, destroyed walls, damaged equipment, furniture, and others.
- **Context with date:** To confirm the time of the photo, capture a piece of paper with the current date in the frame or show the phone screen with the date/time next to the damage in the photo..
- **Spatial reference:** Capture distinctive objects in the photo that allow to identify the location. For example, photograph the facade with an address plate, a business sign, nearby well-known buildings or infrastructure objects. This will confirm that the photos were taken at your facility.



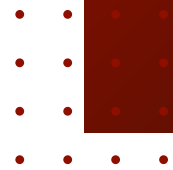
RECOMMENDATIONS FOR PHOTO AND VIDEO RECORDING OF DAMAGE (CONTINUATION)

Video recording:

- **Shoot everything in one continuous frame** (do not edit multiple fragments) so that third parties do not have doubts as to the authenticity of the video.
- **Start the video from the outside:** Start with a general plan of the building and the surrounding area. Clearly record the address in the video: capture the exterior of the building, the house number, and the street name (e.g., a sign or plaque). This will help tie the video to the location.
- **Next – inside:** continue without pauses or interruptions, going inside the premises to show internal damage.
- **Comment on the event on the video:** while filming, say out loud the date and approximate time, the address of the facility, describe the nature of the damage, and introduce yourself (state your name and role, for example, director). Such a comment will add evidentiary value and credibility to the video.
- **Focus on details:** Get your camera close to the most significant damage, zoom in on cracks, debris, explosion marks, etc. This will show the extent of the damage in detail.

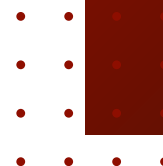


TAX CONSEQUENCES AND ACCOUNTING FOR DESTROYED PROPERTY

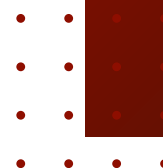


Damage or destruction of company property not only entails physical loss, but also requires taking certain actions for tax and accounting purposes. Documenting the incident properly from the tax requirements point of view will save you time and help with possible audits. It is required to do the following:

- **Notify tax authorities of the loss of documents (if necessary).** If primary documents or other documents related to tax payment are destroyed as a result of hostilities, special rules apply for notifying the tax authorities:
- **If your enterprise is located in an area of active hostilities or an occupied territory,** apply clause 69.28, subsection 10, section XX of the Tax Code: submit a notification to the tax office about the destruction of documents.
- **If the enterprise is located in another region of Ukraine (where there are no hostilities),** clause 44.5 of the Tax Code applies: you are obliged to notify the tax inspectorate at the place of your registration in writing about the destruction of the documentation within 5 working days from the moment the documents were lost.
- **Restore documentation.** After submitting the notification, you have 90 calendar days to restore lost documents (restore records, make duplicate copies of invoices, protocols, restore archive copies, etc.). Make sure that the documents required for inspection are available again by the end of such period.
- **Inventory and write-off of destroyed assets.** Conduct an extraordinary inventory of property after the incident. Record all losses in the inventory protocol (what was destroyed or rendered unusable, quantity). Based on the collected evidence base, write off the destroyed assets in the accounting. Such write-off must be documented by protocols, certificates, conclusions, photos, etc. - everything that was collected when documenting the losses. Reflect the amount of losses in the accounting entries. This is necessary so that the losses are properly shown in the financial statements, as well as for further accounting of such losses in tax reporting (losses from extraordinary events).
- **Retention of documents for inspection.** Keep all documents on the basis of which you wrote off destroyed property and reflected losses in proper order. Tax authorities may conduct an audit of the correctness of the write-off of such assets. The statute of limitations for inspections during the war period is currently suspended, but after the war, inspectors may revisit such issues. Therefore, keep protocols, certificates, photos, expert opinions, orders for write-off, etc. for at least 3 years after the end of martial law (or longer, if the special period is extended).



EMPLOYER'S OPTIONS FOR ACTION IF THE ENTERPRISE SUFFERS DAMAGE



If, as a result of shelling or other hostilities, the working premises of the enterprise are destroyed or materially damaged, the question arises of further actions with respect to the employees.

THE PROBLEM:

the workplace is inaccessible, the production process has stopped, and the timing of the resumption of work is unknown. Labor legislation under conditions of martial law provides for several legal mechanisms that the employer can use to resolve the situation with labor relations without violating the rights of employees.

Below, we will consider five lawful options (you can combine several measures simultaneously for different categories of employees):

1. REGISTRATION OF DOWNTIME (ARTICLE 113 OF THE LABOR CODE)

The essence of the mechanism: Downtime is a temporary full or partial stoppage of work, not due to the fault of the employees. Military actions, destruction of production facilities, or the inability to ensure the work process are legal grounds for declaring downtime.

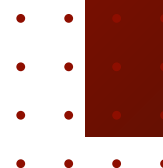
Key features:

- Employees do not perform work, but remain in the employment relationship (they are not fired).
- The employer is obliged to pay them at least 2/3 of their salary (tariff rate) during downtime.
- Downtime can be declared for the entire enterprise, as well as for individual divisions or even specific employees (if some can work and some cannot).

Procedure for implementing downtime:

1. Record the fact of the impossibility of work. Draw up a report or official note stating that the enterprise is not functioning due to the destruction of the premises. Attach photos of the damage, certificates from competent authorities, etc. to confirm the reasons for the downtime.

2. Issue an order for a downtime. The manager issues an order (order) to declare a downtime. The order specifies the reason for the downtime (for example, "due to hostilities and destruction of production facilities"), the date the downtime begins, and a list of employees (or structural units) affected by the order.



Procedure for implementing downtime (continuation):

3. Familiarize employees. Bring the contents of the order to the attention of all employees who are affected by it. It is advisable to obtain their signatures on familiarization. Under the conditions of martial law, familiarization by electronic means of communication is also permissible (for example, sending the order to corporate email boxes with confirmation of receipt).

It is worth considering that the downtime regime preserves the employment relationship with the staff until the work resumes, avoiding layoffs. At the same time, the financial burden on the employer is reduced (salary is 2/3 of the salary instead of the full salary).

2. INTRODUCTION OF REMOTE WORK (ARTICLE 60-2 OF THE LABOR CODE)

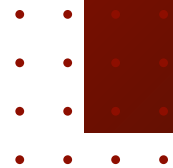
The essence of the mechanism: If the nature of the employees' work allows it, the employer may transfer them to remote work - that is, working outside the stationary workplace, at the employee's place of residence, or in another safe place.

Key terms:

- The nature of the employee's work must allow remote work (for example, office workers, accountants, HR, IT specialists, part of management, etc.). If the person worked on production equipment that was destroyed, remote work is not suitable for them.
- Wages are paid in full, as the employee continues to work (only the place of work has changed).
- The employer should, if possible, provide employees with the necessary means for work or provide compensation for the use of their personal equipment/internet (if this is stipulated by internal regulations).

Procedure for implementing remote work:

1. Determine who can be moved to remote work. Analyze all available positions and decide which functions can be performed outside the office. You may want to move some employees (such as administrative staff) to remote work right away.



Procedure for implementing remote work (continuation):

2. Issue an order on remote work. The order should state that from a certain date, certain employees will be transferred to remote work. Also, write down the main conditions: work schedule, how communication takes place, reporting, task performance, who provides equipment, etc.

3. Communicate the terms to employees. Familiarize employees with the order and new work rules (wet ink signature or electronically). Explain how interaction will take place: for example, daily online meetings, reports by email, hours of availability, etc.

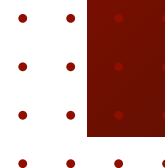
Advantage: Remote work allows a business to continue operating even without an office or production facility. Employees remain productive, the company fulfills its obligations to customers, and downtime is avoided.

3. TRANSFERRING AN EMPLOYEE TO ANOTHER JOB (WITH CONSENT)

The essence of the mechanism: If an employee's primary workplace is destroyed or unavailable, the employee can be transferred to another job - temporarily or permanently, with their consent.

Key features:

- Transfer is possible only with the written consent of the employee. It is impossible to forcefully change essential working conditions, but in wartime conditions, employees often agree to that to keep their jobs.
- The new job can be within the same company (different division, different position) or with another employer (for example, temporary transfer to a partner company or to a branch in another city).
- Transfer is possible to a vacant position or under a fixed-term employment contract to replace a temporarily absent employee in another division/branch.



3. TRANSFERRING AN EMPLOYEE TO ANOTHER JOB (WITH CONSENT) (CONTINUATION)

Transfer procedure:

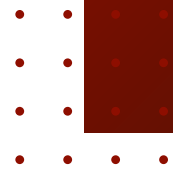
1. Analyze possible options. Management should determine whether there is a job in the company or related structures that an employee with the necessary qualifications can perform. Consider different options: another department, another position, a job in another city, etc.
2. Obtain the employee's consent. Discuss the proposed option with the employee: position, responsibilities, period (if temporary), payment terms. If the employee agrees, they should issue a statement or countersign the transfer order, confirming their consent.
3. Issue a transfer order. An order is issued indicating the new position (or new employer, if it is an inter-jurisdictional transfer), start date, duration (if temporary), and other conditions.

Advantage: Proper transfer allows you to keep the employee employed and at the same time minimize downtime. The employer does not lose valuable personnel, the employee gets the opportunity to continue working and earning, even if their previous workplace is destroyed.

4. PROVIDING LEAVE TO EMPLOYEES (PAID OR UNPAID)

The essence of the mechanism: Another way to temporarily “cover” the period when the company is not working is to send staff on leave (both paid and at their own expense). Possible options:

- **Annual paid leave.** An employee may use their accrued annual leave days (both according to the approved schedule and outside the schedule - by agreement).
- **Other paid leave provided for by the Labor Code.** For example, additional leave "for child care", educational leave, etc., if there are grounds..
- **Leave without pay (at one's own expense) for the period of martial law.** Article 12 of Law No. 2136-IX allows, during the period of martial law, by agreement of the parties, to establish leave without pay of any duration (the 15-day limitation does not apply).



4. PROVIDING LEAVE TO EMPLOYEES (PAID OR UNPAID) (CONTINUATION)

Application features:

- Sending an employee on vacation, especially without salary, is carried out exclusively at the employee's request. That is, the initiative must come from the employee themselves (the employee's application is mandatory). The employer cannot forcibly send an employee on vacation without pay.
- If an employee does not wish or cannot take vacation, it is worth considering other mechanisms (downtime or suspension of the contract).

Advantage: vacation (including unpaid leave) does not terminate the employment contract and no payment for downtime is accrued. The employee is actually temporarily out of work, but is not dismissed; the employer does not bear the costs of salary (if it is vacation at its own expense), or bears minimal costs (if it is annual leave, which is already provided for in the budget).

5. SUSPENSION OF EMPLOYMENT CONTRACT (ARTICLE 13 OF LAW NO. 2136-IX)

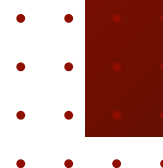
The essence of the mechanism: Suspension of an employment contract is a temporary termination of the employer's obligation to provide work and of the employee's obligation to perform it. It was introduced as an emergency measure for the period of war, when work objectively cannot be provided.

When applicable: Suspension is possible if the enterprise is physically unable to function due to hostilities. Typical cases:

- The enterprise is completely destroyed or damaged to the extent that it is impossible to continue operations.
- There is no access to workplaces (the territory is occupied, blocked, hazardous).
- Resumption of work is impossible or the timing of it is unknown. That is, operations will not resume in the near future.

Important points:

- Suspension of an employment contract is not a dismissal. The employee remains on the staff, but temporarily neither works nor receives a salary.
- Remuneration: during the suspension, the employer does not pay wages. However, the law establishes that compensation for unpaid wages and social security contributions in the future must be made by the aggressor state (the Russian Federation). That is, in essence, such amounts are in fact recognized as Russia's debt to the employee and the employer who paid the social security contributions.
- The suspension is documented by an order and lasts until work can be resumed or until the end of martial law.

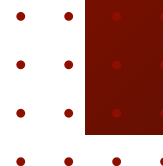


5. SUSPENSION OF EMPLOYMENT CONTRACT (ARTICLE 13 OF LAW NO. 2136-IX) (CONTINUATION)

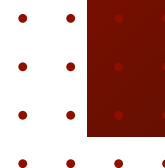
Procedure for suspending employment contracts:

1. Preparation of the grounds. Collect evidence that it is impossible to provide work: a certificate of destruction, photos of the destroyed premises, a letter from the military administration about the danger of working in this area, etc.
2. Suspension order. Issue an order listing the employment contracts (positions and full names of employees) that you are suspending and the reasons – for example, “due to the inability to provide employees with work due to the destruction of production facilities as a result of hostilities.” Indicate the start date of the suspension (and then renew the contracts separately by order when it becomes possible).
3. Notify employees. Bring the order to the attention of employees (by any available means - email, messenger, phone, in person, etc.). It is advisable to receive confirmation that the employee has been informed.

Advantage: Suspending contracts allows you to retain your workforce, avoid layoffs, but not pay salaries for the period when operations are actually impossible. This eases the financial burden on the business during a critical time, and ensures that employees can return to work as soon as it is possible to resume operations.



GOVERNMENT BUSINESS SUPPORT PROGRAMS (RECOVERY AND COMPENSATION)



The state has implemented or plans to implement several programs to help businesses affected by the war restore their operations and compensate for losses.

Below are some of the key programs and initiatives:

GRANTS FOR PRODUCTION RECOVERY (STATE PROGRAM, RESOLUTION OF THE CABINET OF MINISTERS OF UKRAINE (CMU) NO. 813 DATED JULY 7, 2025).

The goal of the program: to help enterprises affected by hostilities rebuild destroyed production facilities or modernize equipment.

Amount of support: the total grant amount shall not exceed UAH 8 million, and for business entities that are renewing their fixed assets destroyed or damaged as a result of the armed aggression of the Russian Federation - up to UAH 16 million, but not more than the amount of damage.

Terms of use of funds: the grant is provided on the basis of a business plan and on co-financing terms; the share of state support depends on the type of project and the area of implementation. For businesses from the affected areas, this can be an essential tool for the rapid restoration of the production base.

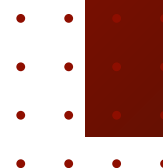
TAX AND CUSTOMS INCENTIVES FOR INVESTMENTS (DRAFT LAWS NO. 13414 AND NO. 13415).

As of April 8, 2026, these initiatives are not active legislation: the Verkhovna Rada adopted the draft laws only as a basis, so one should not automatically count on their launch in 2026.

The logic behind them is to introduce compensation for capital investments through tax instruments and provide additional incentives for investors in the processing industry.

For business, this should be considered a promising tool, but investment decisions regarding the resumption of production should be based primarily on existing programs, rather than on expected changes in legislation.

Primarily, such initiatives are focused on production investments in the creation, modernization, or expansion of processing capacities.



TAX AND CUSTOMS INCENTIVES FOR INVESTMENTS (DRAFT LAWS NO. 13414 AND NO. 13415) - CONTINUATION

The final investment thresholds, compensation amounts, and list of tax/customs incentives may change between the first and second readings.

Before launching a major reconstruction project, check not only draft laws, but also existing bylaws, grant and insurance instruments.

Target audience: primarily medium and large enterprises that plan to rebuild, expand, or create new production facilities in Ukraine.

INSURANCE SUPPORT THROUGH ECA (EXPORT CREDIT AGENCY OF UKRAINE).

Current as of April 8, 2026..

Regulatory framework: CMU Resolution No. 1541 dated November 28, 2025, amended by CMU Resolutions No. 96 dated January 28, 2026 and No. 352 dated March 18, 2026, and the budget payment mechanism is CMU Resolution No. 399 dated March 18, 2026.

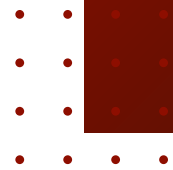
Since January 1, 2026, a Partial Compensation Program has been in effect in Ukraine, which covers both compensation for damaged/destroyed property and compensation for insurance premiums under war risk insurance contracts.

COMPENSATION FOR DAMAGED OR DESTROYED PROPERTY

! Important !

Compensation for property damage/destruction is only provided for property damaged or destroyed starting from January 1, 2026, if the business was a program participant as at the date of the damage and meets the program criteria on the date of the payment decision.

Participation in the program shall be confirmed by a written notification from ECA about inclusion in the program; without prior inclusion in the program it will not be possible to receive compensation for property that had already been damaged.



COMPENSATION FOR DAMAGED OR DESTROYED PROPERTY - CONTINUATION

To submit an application, it is necessary to prepare the following: an up-to-date extract from the Unified State Register, title documents for property, documents on the signatory's powers, and an internal list of assets with the approximate value of each object.

It is advisable to add to the application an internal inventory of assets and a backup electronic copy of all documents in the cloud storage - this significantly simplifies further work with the ECA, the insurer, and the appraiser.

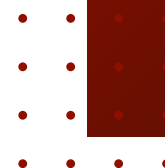
Transitional rule: For applications submitted during the transition period until May 1, 2026, separate rules for clarifying the declared amounts and applying to the insurer were in effect. Before submitting documents, it is necessary to check the current rules on the official ECA website

What property does it cover?

- Business property located in high-risk areas: production equipment, buildings and structures, separate premises, unfinished construction objects (if construction began after January 1, 2021), as well as external and internal engineering communications and equipment.
- The territories of increased risk are defined by the Order as Dnipropetrovsk, Donetsk, Zaporizhzhia, Mykolaiv, Odesa, Poltava, Sumy, Kharkiv, Kherson and Chernihiv regions, except for temporarily occupied territories from the list by order of the Ministry of Development No. 376.

What risks are covered?

- Damages from direct and/or indirect impact of missiles, UAVs (drones), aerial bombs, artillery shells, air defense/missile defense systems and their fragments, as well as fire, explosion and shock wave caused by such means of destruction are covered.



COMPENSATION FOR DAMAGED OR DESTROYED PROPERTY

- CONTINUATION

Who can get it?

- Individual entrepreneurs or legal entities (except for state and municipal sectors) that are residents of Ukraine, are not in bankruptcy/liquidation proceedings, are not under sanctions, and do not have prohibited ties with the aggressor state.

Amount of compensation

The total maximum amount of compensation for damage/destruction of property is up to UAH 30 million per business entity/entrepreneur during the term of the program, but not more than the amount of direct damage.

Practical nuance: compensation is determined separately for each asset and cannot exceed either the actual loss or the amount of probable loss that the business previously declared for this asset when entering the program.

Participation fee

One-time fee is 0.5% of the total amount of probable damage. For businesses, this means that with a maximum limit of UAH 30 million, the practical upper limit of the fee is UAH 150,000.

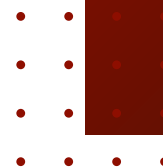
It is important to note that in case the compensation event does not occur, or if there is a refusal of compensation, or lack of budget funding, the fee is generally not refundable; a refund is possible only for overpayments exceeding the established limit.

How to become a member

Submit an application to the ECA, pay a fee, receive written notification of inclusion in the program, and electronically store a set of documents for each asset included in the program.

What to do if property is damaged or destroyed

Enter information into the Register of damaged and destroyed property, prepare a package of evidence (photos/videos, protocols, technical passports, assessment, acts/certificates from the State Emergency Service, police, military administration), submit an application for compensation and monitor the terms of consideration. The actual payment takes place within the budget mechanism (procedure) approved by Resolution No. 399.



INSURANCE PREMIUM COMPENSATION

Where it works

In territories where insurers actually provide property insurance against war risks and conclude contracts that meet the program's criteria.

Conditions

- Compensation is provided under property insurance contracts against war risks concluded after January 1, 2026, for a term of no more than one year, with insured amount, tariff, and insurance payment specifically indicated for war risks.
- The object of insurance must be the property itself, as determined by the ECA program, and the insured must be a business entity/entrepreneur that is a participant in the program.

Amount of compensation

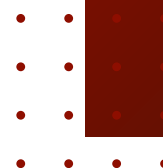
The state compensates for the part of the insurance premium that exceeds 1% of the insurance tariff for war risks.

The maximum amount of insurance premium compensation is up to UAH 3 million per business entity/entrepreneur during a calendar year.

If the contract provides for payment of the insurance premium in installments, compensation is paid in proportion to the installments actually paid.

Fee

The fee for participation in the insurance premium compensation program is UAH 5,000 and must be paid at the time of submitting an application to the insurer for participation in the program.



INSURANCE PREMIUM COMPENSATION - CONTINUATION

How to get it

- Sign a contract with the insurer, submit an application for participation in the program, pay the premium and save confirmation of payment.
- If the insurance premium is paid in a lump sum, the application for compensation should be submitted no earlier than the 31st calendar day and no later than 60 calendar days from the date of conclusion of the contract.
- If the premium is paid in installments, the first application is to be submitted within the same period of 31-60 days, and for subsequent installments - no later than 10 calendar days after the actual payment of each subsequent installment.
- It is practically important for businesses to immediately draw up a calendar schedule for each insurance contract, otherwise there is a high risk of missing the application deadline.
- War risk insurance and the ECA program do not replace an internal business continuity plan: compensation helps financially, but operational resilience is ensured by backup data, electronic document management, alternative platforms, and migration of critical functions to the cloud.

ECA CONTACTS:

official website, email info@eca.gov.ua,
phone +38 (044) 206-22-42, postal address for correspondence — Kyiv, 01001,
PJSC “Export Credit Agency”

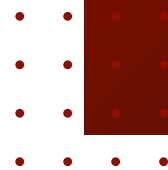
CHECKLIST: DOCUMENTS FOR ECA

To enter the ECA program:

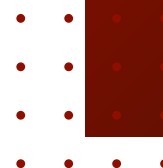
- up-to-date extract from the Unified State Register;
- title documents for property ownership/use;
- list of assets indicating values;
- documents on the signatory's powers;
- confirmation of payment of the fee;
- written notification from ECA about inclusion in the program.

For a claim upon damage:

- photo/video;
- inspection reports;
- certificates from the State Emergency Service / police / military administration;
- technical passports;
- appraiser's report;
- documents for the asset;
- bank details;
- confirmation of insurance and payment of insurance premium, if any.



PRACTICAL BLOCK: TRANSITION TO THE CLOUD AND BUSINESS CONTINUITY



When restoring damaged production or office facilities, the priority should not be to return to a local (physical) or paper-based model of work, but to transfer critical processes to a cloud and remote model. Ukrainian law allows for the maintenance and storage of a significant part of business documents in electronic form, and an electronic document cannot be denied legal force solely because of its electronic form; therefore, a more practical strategy for businesses is cloud-first recovery with qualified electronic signature, electronic document management, backups, and remote access.

First 24 hours: switch teams to cloud mail, CRM, accounting/ERP, payroll, contract archive, file storage and backups; separately record communication channels with clients, banks, key suppliers and employees.

First 72 hours: assign a recovery owner for each critical system, document RTO (Recovery Time Objective) and RPO (Recovery Point Objective), verify recovery from backups, and alternate access for executives and accounting.

In the first 30 days: change approval and signing of documents to electronic format with qualified electronic signature, complete migration of critical archives to the cloud, test the scenario of working without access to the office, and update the access control matrix.

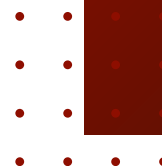
The minimum list of systems that are advisable to have in the cloud or in a backup cloud circuit: corporate email and collaboration, electronic document management, accounting/ERP, payroll, CRM, contract archive, file storage, backups, customer and supplier database, telephony/helpdesk.

For each critical system, identify: owner, backup administrator, RTO, RPO, alternative access channel, test recovery procedure, and backup storage location.

Minimum cloud-circuit security requirements: MFA for critical accounts, separation of access rights, separate administrator registry, unchangeable backups, monthly recovery test, data export control from the provider. If the company works with government information resources or information with restricted access, it is necessary to separately check special requirements for cloud services.

A practical package of evidence for the ECA/insurer/court: photos and videos, inspection reports, technical passports, title documents, appraiser's report, extracts from registers, confirmation of payment of contributions and insurance premiums, bank details, log of key decisions after the incident.

It is also desirable to have an internal financial model for downtime: the cost of 1 day of downtime, the minimum amount of working capital for restart, the cost of a backup cloud circuit, and recovery priorities based on business functions.



WHAT TO PREPARE IN ADVANCE (CHECKLIST FOR THE MANAGER)

WHAT TO PREPARE IN ADVANCE (CHECKLIST FOR THE MANAGER)

Below is a summary of key tasks and documents that you should prepare in advance, before an emergency occurs. This proactive approach will make it easier for you to act in the event of property damage and speed up the process of receiving compensation:

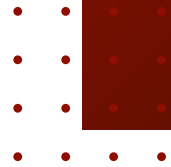
- **Title documents.** Check that you have title documents for all major assets available and in order: buildings, structures, equipment, inventory, transport, land plots, etc. Obtain the necessary extracts from registers in advance, make duplicate documents if the originals are old or may be lost.
- **Periodic asset inventory.** Conduct an inventory of property not only annually for financial reporting purposes, but also on an ad hoc basis in special circumstances. An up-to-date list of property with a description of its condition and value will become the basis for assessing losses. Document the results of the inventory (protocols, statements).
- **Photo-video archive of the condition of the property (before damage).** Create and maintain an up-to-date archive of photos and videos of your main facilities and valuable property in their normal condition. These can be photos of offices, workshops, equipment, warehouses with goods, taken before the war or in peaceful times. Record the appearance of each object, serial numbers of equipment, interior decoration of the premises, etc. Such "peaceful" photos before damage can then be compared with after-damage photos to clearly show the scale of destruction and the cost of lost property.
- **Financial and accounting documentation.** Make sure that primary documents, accounting registers, financial statements, contracts, HR and payroll documents are stored not only locally, but also in a structured electronic form with cloud backup. This speeds up damage assessment, filing claims with the ECA/insurer, and restoring accounting operations without access to the office.
- **Property insurance.** Consider insuring fixed assets against war risks and double-check right away whether the contract meets the conditions of the insurance premium compensation program through the ECA. When concluding the contract, ensure that the insurance tariff, the insured amount, and the insurance payment for war risks are separately identified.

continuation -

WHAT TO PREPARE IN ADVANCE (CHECKLIST FOR THE MANAGER)

- **Business Continuity Plan.** Have an internal BCP/DR plan: who is moving teams to remote work, who is responsible for cloud systems, who is filing claims with the ECA/insurer, who is communicating with banks and customers, where backups are stored, who is the backup signatory, and what RTO/RPOs are set for critical systems.
- **Store critical documents and know-how in the cloud.** Store copies of internal policies, contracts, technical drawings, patterns, production templates, process maps, instructions, personnel documents, IP/know-how documents, and key access registers in secure cloud storage. The cloud copy should be protected by MFA, access logging, and separate backups.
- **Documents package for ECA and insurer.** Prepare a template for an evidence folder: a checklist of documents, a template for an internal protocol, contacts for the appraiser, insurer, ECA, SES, police, military administration, as well as a calendar of deadlines for submitting applications.
- **Cloud map of critical systems.** Create a separate table: system / owner / backup administrator / where data is stored / RTO / RPO / recovery method / last backup test date.
- **In the first 24 hours, designate one person responsible for external communications.** Prepare a short message for employees, customers, banks, suppliers, and insurers. Do not publish photos of debris, exact coordinates, information about the impact or the work of air defenses until official announcements from the competent authorities.

Preparing for potential risks in advance is a contribution to the sustainability of your business. We hope that you will never need these recommendations in practice, but having them at hand will help you act confidently and correctly even in the most critical situation.

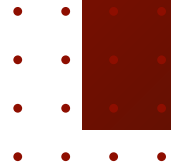


This document is prepared to provide general information on business actions in the event of damage or destruction of property as a result of armed aggression. The rules on ECA, state support programs, compensation of insurance premiums and other procedures have been updated to take into account the changes in effect as of April 8, 2026.

Ukrainian legislation concerning martial law, taxation, labor relations, criminal procedure, and compensation for damages is changing dynamically, as are the terms of state and international programs. Therefore, individual provisions, deadlines, procedures, or references may be amended, supplemented, or rendered obsolete following the publication of this document.

The information does not constitute legal advice and cannot be considered a final legal opinion. Before making any decisions, undertaking any legally significant actions, or submitting any documents, we recommend that you seek individual advice from a qualified professional and verify the current applicability of the relevant legislation and regulatory acts.

Links to official resources are as of the date of publication. Before submitting an application or documents, check the current requirements on the official websites of the relevant authorities and institutions.



This guide was developed in collaboration between EBA and BDO specialists in Ukraine.

The EBA is one of the most influential and numerous business associations in Ukraine. We work to give our companies the opportunity to jointly address issues important to the investment climate of Ukraine and improve it for the benefit of the industry, society, economy and the country as a whole.

BDO in Ukraine is part of the BDO network, one of the largest international audit and consulting companies, and has been engaged in professional activities in Ukraine since 1997. The company has three offices - in Kyiv, Dnipro and Lviv - where 231 employees work.

The company provides a wide range of professional services, including audit, accounting outsourcing, tax consulting, corporate finance, valuation, business and IT-consulting. BDO in Ukraine cooperates with private and state-owned companies, and also non-governmental organizations and joins the initiatives aimed at rebuilding Ukraine.

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