

# CORPORATE SOCIAL RESPONSIBILITY MANIFESTO

As the driving force behind economic growth, the business sector is uniquely positioned to help establish a more equitable, inclusive, and sustainable society. As this understanding becomes increasingly common for both companies and social partners, we are witnessing increased corporate engagement in society, as well as the rise of influential multi-sector initiatives.

## Commitment to Sustainable Development – Sustainable Investment and new market opportunities

During 2018, the Sustainable Development Goals (SDGs), a universally accepted guide for sustainable development to all people, organizations and countries around the world, also came into life in Serbia through numerous initiatives. In June this year, Serbia issued a National Voluntary Report on the implementation of the Agenda 2030. The report shows commitment to sustainable development, but also the need for a stronger involvement of all relevant actors, especially the business sector, and a systemic approach to the implementation of the Agenda, as well as reporting on the progress. In the Global Sustainability Index for 2018, Serbia took the good 40<sup>th</sup> place, outranking some more developed economies. However, the country's lowest scores were in the areas of environmental protection, circular economy and climate change.

At the same time, the European Union (EU) is developing regulations on the establishment of a framework to facilitate sustainable investment. The EU's ambition is to unlock EUR 175 billion in private investment a year until 2030 in order to bridge the investment gap towards achieving a transition to a sustainable economy. To support this ambition, an Action Plan was developed, with two main objectives - to redirect capital flows with the aim of achieving sustainable growth and mitigating risk factors related to ESG (Environment, Social, and Governance). Preparing the future regulations, the European Commission has developed a classification system, or Taxonomy, for environmentally sustainable economic activities. The Taxonomy is a key element of the Action Plan, aimed at providing guidance for policymakers, industry and investors on how to support and invest in economic activities that contribute to achieving a climate neutral economy.

This will mean that investors will demand even more comparable, relevant and timely data to direct their decisions, in addition to the existing Directive on Nonfinancial Infor-

mation Disclosure, which made non-financial reporting on environmental matters, social and employee aspects, respect for human rights, and anticorruption issues mandatory for all large public-interest entities with more than 500 employees. The aforementioned EU regulation provides perspective and guidance for companies operating in Serbia. It is good to note that, following outstanding global practices, a number of companies in Serbia issue annual sustainability reports in line with Global Reporting Initiative (GRI) standards.

However, the transition to a more sustainable economy will not only bring obligations, but also business opportunities. A report by the Business & Sustainable Development Commission shows a strong business case for sustainable development. Achieving SDGs in just four economic areas – food and agriculture; cities; energy and materials; and health and wellbeing – could bring at global level more than USD 12 trillion annually to the private sector by 2030.

## Venture philanthropy – towards making a long-term social impact

When it comes to support to communities, a new trend of philanthropy has emerged in Europe as a high-engagement approach to social investment and grant making, which combines business logic with philanthropy goals. Aiming to create shared value for both their business and society, many companies are now turning towards establishing programs for the community that have long-term and sustainable impacts. And although this approach is relatively new, companies and corporate foundations are in the second place in terms of investing in social innovations, with a noticeable growth in venture philanthropy funds.

## CSR and government responsibility

New trends imply a greater responsibility of the state itself, emphasizing commitment to fostering a competitive economy based on sustainable and responsible principles. This should be primarily done by creating an affirmative environment and, furthermore, by incorporating sustainable practices, whenever possible, into state-led initiatives. The reform and restructuring of public enterprises should take into account sustainable development goals, influencing public initiatives in a greener and more socially responsible manner, as well as sanctioning negative and recognizing good practices – to mention just a few of the numerous opportunities for state engagement.

### A step forward – A multi-sector approach for the common good

By establishing the Philanthropy Council in August 2018, based on a decision of Prime Minister Ana Brnabić, Serbia made a step towards improving the legal and regulatory issues related to giving for the common good and business engagement in this regard. The establishment of the Philanthropy Council was initiated by the Coalition for Giving (the Ana and Vlade Divac Foundation, Smart Kolektiv, the Trag Foundation, Catalyst Balkans, the

Responsible Business Forum, the Serbian Philanthropy Forum and the Serbian Chamber of Commerce) with the support from USAID, while the Government is represented by officials from relevant ministries and institutions. Within the Philanthropy Council, working groups and one working body have been formed with the aim of offering solutions for improving the existing legal and regulatory framework for philanthropy development, such as taxes on donations in goods and services, taxes on students' scholarships, the management of food surpluses, and other matters.

#### OUR COMMITMENTS

Believing that the business sector can play a leading role in driving economic growth, while fostering social inclusion and cohesion, as well as sustaining the natural environment, we remain committed to:

- sustaining the adoption of an adequate legal framework, which will enhance and stimulate responsible business practices;
- establishing and fostering multi-stakeholder and cross-sector dialogue in addressing the most acute economic, social, and environmental issues;
- acting as best practice examples of good corporate governance and transparency in all aspects of doing business by promoting and practicing transparent reporting on social and environmental impacts, in line with EU standards.