

# 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.

## The complexity of business' responsibility during COVID-19 crisis

The corona virus has shaken the whole world, testing healthcare and welfare systems, societies and economies, bringing uncertainty and changing the ways we live and operate. Our society also faced a public health challenge that outgrows to the economic crisis. In the new circumstances, all the complexity of business' responsibility and role in the society has been more stressed. Some business activities became vital for the functioning of a society during the lockdown - from the distribution of products that are much needed by households like food and medicine, through their availability to all citizens at fair prices, to the provision of vital services such as telecommunications, financial services, etc. Above all, there was another priority - to ensure that employees, partners, suppliers and consumers are safe and healthy, and that business activities do not contribute to the further spread of the virus. In addition, the business leaders showed tremendous solidarity and responsibility - in an emergency response, business community in Serbia provided the much needed support to the public health institutions and those most in need.

Despite the negative economic consequences of the pandemic are still to be counted and some sectors are more jeopardized than others, one should have in mind that from adversity often comes opportunities. Inevitably, business models will change, hopefully toward more resilient and more sustainable, a lot of processes will be redesigned driven by technological and social innovations, while digitalization is happening in a rate that could not be ever imagined before.

In the post COVID-19 context, it is time to make a step forward - a step towards transforming role of the business in the society, where all social problems we are facing are not only a limitations, but also opportunities for business to offer an economically viable and efficient solutions that will be better, more ethical and more environmentally acceptable.

In order to bounce forward from COVID-19 and build back better, the impact of individual efforts made by companies and civil society organizations should be outlined into clear vision and joint strategy with the Government for the better post COVID-19 future.

## A multi-sector approach for the common good

Joint challenges imply a greater responsibility of the state itself in defining public policies that will foster a competitive economy based on sustainable and responsible principles in accordance with the UN Agenda 2030 and European strategies. As well as business and community leaders, the state itself has a role in transforming our society by well-designed policies that use economic, political and social instruments in order to shape the outline of the better future.

Situations like current pandemic shows that the multi-sector approach and coordination among Government, business and civil society organization is more important than ever. A unique practice of such a cooperation is the Prime Minister' Philanthropy Council established in August 2018 on the initiative from Coalition for Giving. The Council represents a tool for multi-stakeholder dialogue aimed at improving the legal and fiscal issues related to giving for the common good and business engagement in this regard. Within the Council, the working groups have been working with active business participation to address topics such as reducing taxes on donations in goods and services, raising non-taxable amounts on student scholarships and improving the legal framework for food surpluses management. As one the first results, non-taxable amount on a scholarship has been raised to 30.570 RSD offering more favourable environment to support the most talented students and invest in the future workforce. As another improvement, the Tax Administration issued Guidelines for the corporate donors in order to explain and foster use of the existing legal mechanism for tax relief as defined in the Article 15 of the Law on Corporate Income Tax. Hopefully, this good practice of multi-sector cooperation should expand to more addressing number of topics where will be the most welcomed business and civil society inputs and expertise.

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

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. Venture philanthropy, as a

high-engagement approach to social investment and grant making, combines business logic with philanthropy goals in bringing long term impact.

**Sustainable Investment as a driving force for recovery**

In the post COVID-19 context, the European Commission is working to mainstream sustainable finance in support of a green recovery. It is expected that by the end of the summer, the European Union (EU) will publish a regulation on Taxonomy, a classification system that will support investors and companies in identifying environmentally friendly activities. This means that in the near future European companies falling under the obligation of the Non-Financial

Reporting Directive (NFRD) will have to disclose how, and to what extent, their activities are aligned with the Taxonomy.

The latest EU achievements in the field of sustainability provides good perspective and guidance for companies operating in Serbia. Namely, the changes in the national Law on Accounting adopted by the end of 2019 brought adjustment with the NFRD and oblige the large companies in Serbia to report on non-financial contributions. Following outstanding global practices, a number of companies in Serbia already issue an annual sustainability report voluntary and it seems that now the time has come to further expand this practice under the provision of the legal obligation.

**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.