

# 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.

In the last few years, investors have become much more focused on Environmental, Social, and Governance (ESG) standards when evaluating investment and sales decisions. As ESG standards become a more widely adopted investment assessment tool, the role of the corporate sector in the green transition becomes more tangible. At the same time, significant activity by regulators at the EU level already reshapes the markets. A set of public policies which have already been passed or are in the process of being adopted referring to sustainable financing, circular economy, responsibility in the supply chain, and climate action, set new demanding expectations in front of companies operating in the European market. Additionally, the adoption of the new Directive on Corporate Sustainability Due Diligence will foster sustainable and responsible corporate behaviour aiming to anchor human rights and environmental considerations in companies' operations and corporate governance. Moreover, the new Corporate Sustainability Reporting Directive will require companies with more than 250 employees to report in accordance with the new European set of standards for sustainability reporting becoming effective in 2024 for the 2023 financial year. In Serbia, disclosure of ESG information is fostered by the Law on Accounting which introduced non-financial reporting as an obligation for large companies with over 500 employees. Following the improvements introduced by the revised directive, it is also expected further alignment with the EU legislation in Serbia.

All these regulatory initiatives are to influence specifically capital and credit markets in terms of ESG risk assessment. Owing to the guarantees provided by international funds, some project-wise financing is already available in Serbia. However, greater availability of financing that is directly related to ESG performance is yet to be expected in the years to come.

Business leaders are largely aware of the risks that climate change carries for business and equate them with financial risk. From the 2,000 of the world's largest public companies, at least one-fifth (21%) committed to having net zero emis-

sions by 2050. For a large number of companies, the issue of waste management is one of the key issues concerning the environment, while the focus is also on actions related to energy efficiency and improving the use of resources and water quality.

Although agreement on key environmental issues has crystallized faster than for social factors, in the years ahead it is expected that the same will happen with regard to the factors that are most relevant to social issues. Under stakeholder pressure, companies are expected to review the policies related to employees, as well as respect for labour and human rights along the entire supply chain.

Growing legal obligations, as well as changing business models, impose the need for professionals who are empowered to deal with topics related to sustainability. The transition to a greener economy could create 24 million new jobs worldwide by 2030, if the right policies are put in place, says the International Labour Organization (ILO). On the other hand, it would be precisely the lack of personnel with adequate skills and expertise that could the global economy cost billions of euros. In this regard, the education of future business leaders and sustainability professionals becomes crucial.

Ranked on 35th place on the Global SDG Index 2022 (although fell back by one place in comparison to the previous year), Serbia however, still faces significant challenges, especially those in the domain of environmental issues such as responsible consumption and production. These 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 the European Green Deal. In order to bounce forward and build better societies, the impact of individual efforts made by companies and civil society organizations should be outlined in a clear vision and (Sustainable) Development Plan.

On the other side, it is encouraging that the dialogue on SDGs continued informally through the participation of the high-level state representatives in different dialogue formats. At the same time, a broad discussion among Serbia's non-state actors, including civil society, corporate sector, academic and research community, media, and the citizens, on aligning Serbia's development priorities within the objectives of the 2030 Agenda for Sustainable Development, has been taking place under the "SDGs for

All” Platform. The platform offers resources and support in understanding the SDGs, opportunities for dialogue and definition of policy recommendations.

It could be concluded that the complexity and sensitivity of certain social and environmental issues, imply the need for well-designed stakeholder engagement strategies and

ongoing stakeholder dialogue. This also requires companies to determine material issues – in order to understand which ESG topics and why are the most important to stakeholders. Having put in place meaningful stakeholder engagement strategies and well-designed materiality analysis, the business is on the right track to being sustainable and thus, also contributing positively to the community.

## 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.