

CORPORATE SUSTAINABILITY MANIFESTO

ESG—referring to the risks, impacts, and opportunities related to environmental, social, and governance factors—has been increasingly embraced by companies and investors in recent years. This growing focus underscores the corporate sector’s role in advancing sustainable development.

Significant regulatory initiatives at the local, European, and global levels aim to reshape market dynamics by focusing on reducing negative impacts on the environment and people. Many of the current binding regulations stem from long-established best practices and voluntary standards that have been widely followed for years. As a result, companies that were early adopters can now leverage their prior experience, but they must remain aware of the evolving landscape, which demands continuous advancement.

A wide range of public policies addressing sustainable finance, the circular economy, supply chain responsibility, and climate action—whether already in place or under development—are imposing stricter requirements on companies, especially those operating in the European market. Some of these regulatory efforts aim to shape capital and credit markets by integrating more stringent assessments of Principal Adverse Impacts into investment and lending decisions. As regulatory frameworks continue to evolve and sustainability expectations intensify, the share of financing directly linked to ESG performance metrics and targets is expected to grow significantly in the coming years, increasing the pressure on companies to strengthen their ESG practices.

EU regulators are also pushing companies to enhance their ESG disclosures for the benefit of investors and other stakeholders. The EU Directive on Corporate Sustainability Due Diligence (CSDDD) seeks to promote sustainable and responsible corporate behavior throughout entire value chains, embedding human rights and environmental considerations into companies’ operations and governance.

Meanwhile, the EU Corporate Sustainability Reporting Directive (CSRD) introduces comprehensive European Sustainability Reporting Standards (ESRS), aimed at improving the overall quality of disclosed ESG information. In Serbia, the practice of voluntary ESG disclosure, led by business leaders, is supported by mandatory non-financial reporting requirements under the Law on Accounting, which applies to large companies with over 500 employees. However, it’s important to view non-financial/ESG reporting as a chance to enhance transparency, and strengthen relationships with stakeholders while helping companies to identify risks and opportunities and guide their sustainability strategies.

The shifting business landscape underscores the need for outstanding leaders and skilled professionals who can navigate the complexities of sustainability. This demand requires a combination of technical expertise and the ability to manage transformative change while recognizing the importance of ESG governance. To achieve a truly sustainable future, it is essential to address social challenges alongside environmental and climate change issues, recognizing their interdependence. These three dimensions of sustainability are deeply interconnected; neglecting one can undermine progress in the others. Therefore, a comprehensive approach that simultaneously tackles environmental, social, and economic issues is a recipe for fostering a balanced and enduring business and societal transformation.

While it’s conventional to link ESG with risks, it is important to note that there also exist a multitude of opportunities—in innovation, the creation of green jobs, and the development of sustainable technologies. Embracing these opportunities can lead to new business models and practices that not only support environmental sustainability but also drive economic growth, enhance competitiveness, and contribute to social well-being. By focusing on these positive aspects, companies can position themselves as leaders in the transition to a more sustainable economy.

OUR COMMITMENTS

We believe that businesses can play a leading role in fostering economic growth while promoting social inclusion and cohesion, as well as protecting the environment. To this end, we remain committed to:

- Supporting the development of public policy frameworks that enhance and encourage sustainable and responsible business practices.

- Establishing and promoting multi-stakeholder and cross-sector dialogue to address pressing economic, social, and environmental challenges.
- Setting an example of good corporate governance and transparency by promoting and practicing transparent reporting on social and environmental impacts, in line with the best global practices.