

# LEGAL FRAMEWORK

The 2024 White Book provides a detailed insight into the current state of legislation and the business environment, with a special focus on key reforms that bring Serbia closer to the best world standards and practices and further support Serbia's path to membership in the European Union. Bearing in mind the dynamic changes in the last few years, Serbia shows year after year progress in the area of harmonization of legislation with EU regulations, confirming its commitment to the process of EU integration and improvement of business conditions for foreign and domestic investors.

During 2024, significant attention was given to the area of ESG (environmental protection, social responsibility and governance), which is increasingly becoming a central point of interest for international investors and national strategies. This topic is continuously developing, and this year initiatives that support sustainable development are noticeable in Serbia, which is in line with European ESG standards.

European regulations, such as the EU Whistleblower Directive and the German Supply Chain Due Diligence Act (LkSG), have a significant impact on improving the protection of whistleblowers and can serve as a model for the further development of Serbian legislation, especially in creating a more comprehensive and effective whistleblower system. Furthermore, the EU CSDDD (EU Corporate Sustainability Due Diligence Directive) further expands the obligations of companies to include mechanisms for gathering information through whistleblowing especially in the context of sustainability and social responsibility.

In addition to certain initiatives undertaken in the previous period in the direction of further changes to regulations and their improvement, which will be discussed in this chapter of the White Book, the FIC Legal Committee believes that there is still significant room for improvement.

To accelerate the green transition, Serbia should work on strengthening legislation within the framework of environmental protection, which means harmonizing national regulations with EU standards, such as the Air Quality Directive and the Industrial Emissions Directive. The harmonization process includes the adoption of new laws and/or amendments/supplements to existing ones. Furthermore, it is important to develop a modern system for continuous monitoring of the state of the environment, as well as reg-

ular reporting to the public on progress in the implementation of green policies. In addition, it is important to provide education in order to raise awareness about environmental protection, and this can be achieved by launching campaigns about the importance of environmental protection and the promotion of sustainable practices among citizens and businessmen.

In order to ensure that legislative changes have an impact, a general increase in the capacity of institutions is also necessary. By strengthening the capacities of regulatory bodies, inspection services and the judiciary, the proper and efficient application of current and new regulations is ensured. It is also necessary to continue with the practice of harmonizing the domestic regulatory framework with EU regulations.

As an introduction to the "Legal Framework" Chapter of the White Book, we will repeat the recommendations of the FIC Legal Committee from the previous edition, bearing in mind that it is still necessary to achieve the following:

- a more uniform practice of Serbian courts, as well as a generally greater efficiency of the judiciary and regulatory authorities. Although some efforts have been made, the duration of court proceedings is still one of the biggest problems in terms of creating a more favourable climate for investors;
- to work harder and provide additional funds in terms of improving the authorities and creating adequate mechanisms for law enforcement, bearing in mind a large number of new and specific areas that are important in the business environment (as is the case, for example, with the right to protect competition or the protection intellectual property rights).
- to invest more efforts in educating the public about the legal provisions and available options (for example, consumers and potential whistleblowers);
- to enable more practical options for the implementation of various legal solutions (as would be the case with the introduction of "foreign" electronic signatures, which would significantly facilitate business in Serbia).