

PRESS RELEASE

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Subject **CMS Belgrade raises awareness
of key ESG implementation risks**

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On 26 October 2022, CMS Belgrade hosted the largest ESG regulatory conference in the region. More than 180 ESG professionals from some 150 Serbian corporations gathered to learn how ESG regulations and trends are reshaping the business landscape in the EU and where Serbia stands on the path of ESG implementation.

The ESG conference called “**TAMING THE DRAGON: ESG implementation – risks demystified**” gathered unprecedented number of professionals from various industries, predominantly finance, real estate and FMCG, eager to learn how ESG regulations and trends are reshaping the business landscape in the EU and how ESG pioneers in Serbia are dealing with the challenges of ESG implementation in such an advancing environment.

The introductory speech by CMS Belgrade Managing Partner Radivoje Petrikić and a vibrant presentation of CMS Reich-Rohrwig Hainz Partner and Head of CMS Sustainability for Austria and CEE, Dr Döne Yalçın made it clear that regulations are shifting from soft to hard laws, from the NFRD to the CSRD, and that compliance needs to be tackled now.

Radivoje Petrikić, CMS Belgrade Managing Partner, emphasized that “disregarding the ESG regulations and standards now may result in future penalization, absence of investments, or even loss of important clients, but may also trigger the responsibility of the management and managing boards, due to their neglect of fiduciary duty and lack of proper due diligence procedures.”

Döne Yalçın, CMS Head of Sustainability for CEE, Austria and Turkey, explained that in line with the “no one will be left behind” pledge, new ESG compliance requirements will affect EU companies but also non-EU companies with significant operations in EU and those integrated into value chains of large EU companies.

A panel discussion with amazing speakers, moderated by **Danko Kalkan**, EY ESG Manager, brought to attention topics from different industries and shed the light on the importance of cooperation of all participants in the supply chain, especially those integrated into German supply chains, given the

upcoming introduction of ESG due diligence reporting that will affect Serbian suppliers of German companies.

Tijana Koprivica, Chief Sustainability Officer at Delta Holding, explained how Delta Holding sustainability practice evolved from the first CSR activities 20 years ago, through their voluntary GRI reporting and internal ESG projects, till today's very elaborate data management and reporting system for providing various stakeholders (banks, investors, business partners) with comprehensive ESG metrics. "The greatest challenge now for companies like Delta Holding and other multinational businesses with evolved ESG implementation, is to educate their suppliers, especially SME companies struggling with ESG implementation."

Ivan Smiljković, Executive Board Member at ProCredit Bank Serbia, confirmed that SMEs in Serbia still need to develop their ESG practices, based on his experience. He believes that agile SME businesses can use this new ESG regulatory wave to become more ESG compliant and harness the opportunity of being integrated into supply chains of EU companies, as well as to become more appealing as suppliers overall.

Dragana Bajić, CMS Belgrade Partner and Head of Labour and Data Protection, believes that the biggest challenge in tackling the S pillar in ESG implementation will be setting the non-discriminatory tone and practice of diversity, equality, and inclusion in Serbian companies. She concludes that Serbian companies with appetite for integration into German and EU supply chains will be required to take concrete actions, educate their employees, and raise positive awareness on the topics of human rights, diversity, inclusion, and equality at the workplace. Demonstrating these undertakings will be required under the upcoming sustainable due diligence reporting rules, with the first rules starting to apply as of the beginning of 2023 for suppliers of large German companies.

Goran Živković, Managing Director of Cushman Wakefield CBS International Serbia, stated that the real estate sector in Serbia can offer green solutions as developers have the necessary knowledge and their portfolio of green buildings, LEED and BREEAM certified, is growing. "ESG awareness and appreciation of green building certification among tenants of commercial real estate must rise if we want to see positive changes," Mr Živković concluded.

Nikola Dimitrijević, Plastic packaging and chemicals specialist at Delhaize Serbia revealed new sustainability trends presented at the recent Global Sustainability Workshop, among which the initiative of switching to reusable packaging stood out as one of the hot topics in the FMCG industry. As he further explained, this trend is also related to the introduction of refill stations for cosmetics and detergents in retail stores, which is already being rolled out in some European countries, with reusable packaging being the first choice. Alongside infrastructure as one of the mentioned key challenges, Nikola emphasized that for the successful implementation of these trends, it is important to simultaneously raise the awareness of customers about their importance for a more sustainable future.

To conclude, ESG compliance regulations are stepping up and Serbian companies will need to work on their readiness to comply with the upcoming reporting requirements. ESG is no longer nice to have, but it is a necessary business strategy for all corporations shaping a sustainable future.

The event was supported by CANSEE - Canadian-Serbian Business Association.

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Notes to editors:

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