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Case Study

Sustainable practices and reporting in
Atlantic Grupa



Case study- Sustainable practices and reporting in Atlantic Grupa

This Case study focuses on example of positive corporate practices regarding sustainability and reporting.

About the company

Atlantic Grupa is a vertically integrated multinational company whose business activities incorporate R&D, production and distribution of fast moving consumer goods in South-East Europe and the West European markets. Since the company's inception in early 1990's, Atlantic pursued a growth strategy based on the combination of organic growth and almost 50 acquisitions of different sizes, of which most prominent ones, or those with a transformative character, were the acquisitions of companies Cedevisa and Droga Kolinska (Atlantic Grupa, 2023, p. 8).

Today, Atlantic Grupa is a company with: (i) HRK 6.4 billion in sales revenues, (ii) 13 modern production plants (in Croatia, Slovenia, Serbia, Bosnia and Herzegovina, and Macedonia), (iii) developed regional distribution infrastructure and (iv) 9 brands with sales above HRK 140 million, high market shares and consumer recognisability. Atlantic Grupa has a well-balanced presence in South-East Europe accounting for 91.4% of total sales, while 8.6% refers to the company's presence in West Europe, CIS countries and other countries (Atlantic Grupa, 2023, p. 8).

Sustainable development reporting in Atlantic Grupa

Atlantic Grupa is a signatory of the UN initiative Global Compact since 2007, and their sustainable practices comply with the requirements of the European legislation in all elements. More than that, derived from the company value CARE, their activities go far beyond the boundaries of the legislation and the integrated quality system gives the framework for improvements in managing the environmental and social impacts, risks and opportunities. Until 2021 reporting year, the Global Reporting Initiative Standards (GRI) were used as a reference for sustainability reporting and later on for sustainability disclosures in the AG's first integrated report. At the end of 2022, AG become familiar with the requirements of the new Corporate Sustainability Reporting Directive (CSRD) and the related package of (draft) European Sustainability Reporting Standards (ESRS). Accordingly, with their 2022 report they have already entered into the alignment process with the new regulations, which will continue in 2023 (Atlantic Grupa, 2023, p. 42).

AG quality policy confirms company's commitment to the principles of sustainable development, that means, that economic efficiency is balanced with the environmental and social responsibility principles. Derived from the policy and after the materiality assessment, the sustainable goals are formulated, which dictate priorities for coordinated operation of all business and distribution units, as well as corporate and central functions on the field of implementing improvements and aligning future practices (Atlantic Grupa, 2023a).

As a company dedicated to transparency and responsible conduct, AG began applying GRI (Global Reporting Initiative) guidelines to their sustainability reporting back in 2013, and they have been steadily improving reporting practices for their financial, social, and environmental achievements ever since. In 2021, they released their first integrated Annual report that provides performance data from a range of material topics, in line with Atlantic's sustainability goals and the new national and EU reporting requirements and regulations (Atlantic Grupa, 2023b).

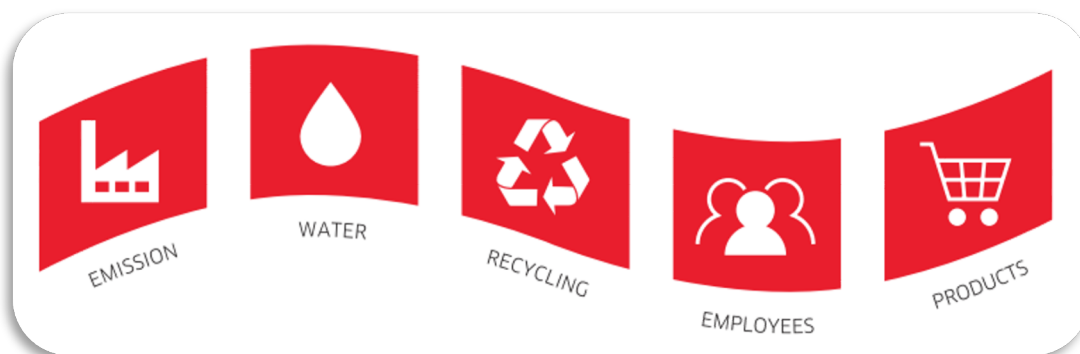
Sustainable development goals and Atlantic Grupa

In 2021, after the materiality evaluation of (Atlantic Grupa, 2023a):

- risks and opportunities, that emerge from the rapid changes on the planet and in the society,
- most important impacts that businesses generate towards the environment and society, and
- relevant expectations of stakeholders
- the new AG strategy and goals and
- taking into consideration the EU Green deal and non-financial reporting requirements,

Atlantic Grupa has decided on five priority pillars on which they build sustainable commitments and monitor progress of improvements from 2020 to 2025. In 2023 they additionally scanned the materiality on all sustainability matters covered in topical ESRS.

Graph 1. AG's five pillars of sustainable development



Source: Atlantic Grupa (2023). Annual Report of Atlantic Grupa for 2022. Available at https://flare.shape404.agency/atlantic/documents/6a4fe7b86ac77a675ffbdbbe2c2e5090/Annual_report_for_2022.pdf p.45.

The table below gives the insight on how the sustainability priorities and policies are in correlation with global Sustainable development goals and relevant European sustainability reporting standards topics/subtopics and which ESG KPIs AG uses to transparently measure progress towards the set goals:

Table 1. AG sustainability priorities and correlations with Sustainable development goals and relevant European sustainability reporting standards and ESG KPIs

AG SUSTAINABLE PILLAR and policy	AG ESG KPIs	Sustainable development goal (SDG)	ESRS topic and subtopic
EMISSIONS Reducing GHG emissions in line with Paris agreement targets	Direct and energy indirect GHG emissions in tons of CO2 equivalent Renewable energy use ratio	Goal 7 Ensure access to affordable, reliable, sustainable and modern energy for all	E1 Climate change Climate change mitigation/ Energy
WATER Improving technology and processes to reduce water withdrawals for operations	Water withdrawal for operations (m3, m3/t of product)	Goal 6 Ensure availability and sustainable management of water and sanitation for all	E3 Water and marine resources Water withdrawals

<p>RECYCLING</p> <p>Exclusive use of materials which are recyclable or recycled plastic</p>	<p>Percentage of packaging materials which are recyclable</p> <p>Recycled plastic use ratio (% of in total purchased plastic)</p>	<p>Goal 12</p> <p>Ensure sustainable consumption and production patterns</p>	<p>E5 Resource use and circular economy</p> <p>Resource outflows related to products and services/ Resource inflows, including resource use</p>
<p>EMPLOYEES</p> <p>Generate economic growth with highly engaged and capable employees, ensuring no injuries and gender equity</p>	<p>% of highly engaged employees</p> <p>Vocational training hours - annual average per employees</p> <p>Work related injuries (IR, LDR)</p> <p>Share of women on managerial positions</p>	<p>Goal 8</p> <p>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p>	<p>S1 Own workforce</p> <p>Working conditions/ Equal treatment and opportunities for all</p>
<p>PRODUCTS</p> <p>Innovate products in a sustainable way by reducing packaging and adapting recipes using claims that provide transparency and allow the consumers to choose a product according to their chosen lifestyle</p>	<p>Ratio of new recipes in sustainable (claimed) categories to all new recipes developed in a reporting year (%)</p> <p>Ratio of improved packaging with reduced environmental impact to all packaging innovation developed in a reporting year (%)</p>	<p>Goal 12</p> <p>Ensure sustainable consumption and production patterns</p>	<p>S4 Consumers and end-users</p> <p>E5 Resource use and circular economy</p> <p>Information-related impacts for consumers and/or end-users</p> <p>Resource outflows related to products and services</p>

Source: Atlantic Grupa (2023a). Sustainable Goals (Sustainable management/ ESG Rules). Internal company materials.

Atlantic Grupa is committed to the prudent use of energy sources and raw materials, responsible waste management, and the continual prevention of negative environmental impact in both production processes as well as final products and services. To reduce their impact on the environment, AG minimizes use of all energy sources, water, and natural gas, and by prudent application of optimal materials in all technological processes. Moreover, they strategically plan out their distribution routes and use Transport management systems to optimize their use of gasoline (Atlantic Grupa, 2023c).

They deliver holistic solutions for environmental protection through (Atlantic Grupa, 2023c):

- Solving water waste and emission measurement problems
- Waste management across all verticals
- Careful, compliant management of hazardous waste and proper handling of hazardous substances
- Measurement and monitoring of airborne emissions
- Compliant disposal of unsatisfactory raw materials, finished products, and packaging

- Selection of “clean technology” and compliance with environmental standards in the design and construction of facilities and plants
- Proper drainage and reclamation of sewage systems
- Lab monitoring by authorized laboratories

Atlantic Grupa is dedicated—through their selection of environmentally friendly technologies and services, risk management, and incentives to promote better energy conservation—to the continual protection and positive impact on environment (Atlantic Grupa, 2023c).

A large investment project to install solar photovoltaic power plants on all buildings in the region is underway, which will be completed by 2025 and which will provide around 18% of electricity from its own sources.

Award for contribution to achieving Sustainable Development Goals

In the annual CSR conference of the Responsible Business Forum, Atlantic Grupa was awarded for continuous donation of food for the most vulnerable population and significant contribution to the fight against poverty, as a contribution to achieving the Sustainable Development Goals. The CSR Forum, held in March 2020, was an opportunity to tackle various topics related to the role of business in advancing gender equality, youth inclusion, intersectoral/cross-sectoral cooperation, circular economy and other areas of importance in the context of Sustainable Development Goals (Atlantic Grupa, 2020, p. 37).

Values day

Values day is a day in which AG employees dedicate their time and effort to volunteering and giving back to the communities they operate in. Values day gives each member of their team the opportunity to get involved in the activities that best match their sensibilities—from donating blood to working in homes for children, from cleaning up the forests to helping at animal shelters, picking up around our facilities, and more (Atlantic Grupa, 2023d).

Concluding considerations

This case study exemplifies a set of positive sustainable activities within the analyzed company that help contribute to Sustainable Development Goals, and efficient sustainability reporting. Atlantic Grupa as a responsible company has constantly strived to improve its sustainability practices, as well as adhered to latest reporting principles. Regarding Sustainable Development Goals, Atlantic Grupa had focused mostly their activities and impact on SDG goals: 6 (Ensure availability and sustainable management of water and sanitation for all), 7 (Ensure access to affordable, reliable, sustainable and modern energy for all), 8 (Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all) and 12 (Ensure sustainable consumption and production patterns).

Atlantic Grupa sustainability approach and practices can serve as an example of how other companies can to a certain extent in its capacity contribute to Sustainable Development Goals.

Sources

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