

DELTA  
HOLDING

**CSR**

**report**

on Socially Responsible  
and Sustainable  
Business

**2015**

# TABLE OF CONTENTS

|                               |           |   |
|-------------------------------|-----------|---|
| <b>COMPANY OVERVIEW</b>       | <b>1</b>  |    |
| <b>ABOUT THIS REPORT</b>      | <b>5</b>  |    |
| <b>MARKET RESPONSIBILITY</b>  | <b>22</b> |   |
| <b>ENVIRONMENTAL CARE</b>     | <b>46</b> |  |
| <b>KNOWLEDGE IMPROVEMENT</b>  | <b>58</b> |  |
| <b>DELTA FOUNDATION</b>       | <b>76</b> |  |
| <b>LIST OF GRI INDICATORS</b> | <b>90</b> |  |



**DELTA**  
**AGRAR**

Delta Agrar Group is present in agribusiness since 1993 and is a leader in the primary production (farming, fruit and vegetables, livestock and fisheries), cooperation and purchase (fruit and vegetables, meat and livestock), agro-trade and distribution (pesticides, seeds and agro-mechanization, cereals, oil seeds and fertilizers) and production of food (meat and meat products - Yuhor, water bottling - Mioni, production of pasta and flour - Danubius and packaging and production appetizer, muesli, cereals and basic foodstuffs - Fun & Fit ).



**DELTA**  
**DISTRIBUTION**

Delta distribution is in business of distribution and storage of consumer goods and the provision of logistics services and domestic and international transport of goods (Delta DMD and Delta DTS) the general representative of brands BMW and Mini for Serbia and Montenegro (Delta Motors) and is an exclusive distributor of passenger cars and spare parts brands Honda (Delta Automoto).

**DELTA HOLDING**  
Creating Business



**DELTA MC**

Delta MC is the representative for Maximal forklifts and warehouse vehicles of various types, authorized distributor of Pirelli and Petlas tires as well as Banner batteries. Next to Shell and FAM oils and lubricants, the wide range of products includes all types of traction batteries for forklifts, warehouse vehicles and UPS devices, as well as Glysantin® antifreeze produced and distributed by Delta MC in association with B.A.S.F. Within the scope of the company is also Delta Bike, manufacturer of modern bicycles for children and adults





## DELTA REAL ESTATE



Delta Real Estate Group includes management of shopping malls (Delta City Belgrade, Delta City Podgorica, Delta Park Kragujevac) hotel management (Crowne Plaza, Hotel Park, Nacional), management of business premises (NBGP Apartments, Mala Kula, Impuls Hall) and strategic planning and development of projects in the field of construction.



## DELTA PAK

Delta Pak is an organization for packaging waste management, serving as an intermediary between the generator and the waste recyclers.



## DELTA FOUNDATION

Delta Foundation was established in 2007. It implements endowment projects supporting the population in social need and young people without parental care, as well as development projects in the field of education and culture.



# Creating Business

# About this report

Delta Holding was founded in 1991. Company<sup>1</sup> headquarters are located in Belgrade and Company business is predominantly carried out in Serbia, but also in the countries across the region (Montenegro, Bosnia and Herzegovina) and in Russia. Company's primary business activities include agriculture, food production and real estate. Member companies of Delta Holding operate as limited liability companies, and few of them are joint stock companies. Two non-profit organizations also operate within Delta Holding, namely Delta Foundation and waste management organization called Delta Pak.

In the seventh Sustainable Development Report, the most significant social, environmental and economic results and activities are presented. They are, in the opinion of stakeholders, crucial for further development and growth of the Company, as well as the overall economy and society.

The most significant activities include:

- Investments in agricultural production and irrigation systems

- Commencement of construction of InterContinental hotel in Ljubljana
- Commencement of construction of the second endowment
- Development of mentoring and leadership skills at all levels of management
- Support to young people in acquiring practical business skills and in career development
- Support to the development of social enterprises in the field of agriculture
- Energy efficiency

Sustainable Development Report is published once a year, using the G4 Reporting Guidelines methodology of Global Reporting Initiative (GRI). The report contains all the data and information required by the advanced level of the Progress reports under United Nations Global Compact.

The report reflects on the business operation in Serbia and it was verified by an independent audit firm KPMG Serbia at the initiative of the Company. Compared to the previous report, which was published on 29 May 2015, there have been no significant changes in the Company's portfolio.

<sup>1</sup> At Vladimira Popovića 6 Street, New Belgrade.





# Foreword by the President

This year, Delta Holding celebrates 25 years in business. Such long existence only confirms our sustainable operation in line with the strategy, which we knew how to implement.

Delta's most valuable assets are its human resources. We have educated people that are shaped within our system and that is something that only a few companies can boast of. We have the human capital that has enabled us to fully implement our mapped out strategy, and that is why we pay special attention to the development and satisfaction of people.

I particularly emphasize the fact that we have young people. Today's world is changing faster than ever, and this is especially true in business. We need those who will not lag behind trends, but follow the fastest ones in their field, or even go ahead of them.

Delta needs people who are ready for changes: those who are ready for changes in business, because we always aspire to start new ones, but also those ready for personal changes, as we need to learn every day.

Delta is a leader in social responsibility and intends to remain one. In order to achieve this, we have to follow the latest global guidelines, such as the 2030 Agenda of the United Nations. I am particularly pleased because in the UN Agenda, I fully recognize the following goals and actions that Delta has already been implementing:

- **We fight poverty** by helping families from rural areas launch their production, and by providing scholarships for children from socially vulnerable families
- **Sustainable agriculture** is organized on 5 of our estates, but also through our project Plantation for the future, which helps the development of social

enterprises

- I can safely say that we are leaders in the **inclusion** of marginalized social groups. Both our endowments are intended for people with disabilities
- We demonstrate our commitment to **gender equality** on a daily basis, among other things, by the fact that half of Delta's Board of Managers are women
- Our contribution to **reduction of inequality** is evident through strengthening regional development, and particularly through the development of agriculture in 11 towns in Serbia, by providing assistance for launching sustainable agricultural production.

All this gives me the right to claim that Delta will fully support and meet the goals of the UN 2030 Agenda as well as the 10 principles of the UN Global Compact, of which we are members, fully satisfied with excellent cooperation we have had for years.

A quarter of century of Delta Holding shows that we know how to change. This vitality assures us that the company has a future and that our best days are yet to come.

Miroslav Mišković,  
President Delta Holding







# Board of Directors

Operations of Delta Holding are founded on sound business and ethical principles. It is run by the Board of Directors which creates stimulative business environment fostering business development. The Board of Directors consists of the President, Executive Vice President of Operations, Vice President for Strategy and Development, Executive Vice President for Finance and Economy, Director of Legal and Corporate Affairs, Hotel and Business Units CEO, Shopping Malls CEO, Director of Planning and Analysis, Human Resources Director and Vice President for Agriculture.

There are 5 women and 5 men among them. The extended composition of the Board of Directors includes another 8 members.

The Board of Directors makes strategic decisions that also include decisions on environmental protection and investment in the community. The Board is fully dedicated to a transparent business and recognizes the needs of stakeholders, readily responding to changes. This way, the Board has gained and developed trust of business associates and representatives of the community for years.



**Miroslav Mišković**  
President



**Dejan Jeremić**  
Executive Vice  
President, Operations



**Marija Desivojević  
Cvetković**  
Vice President, Strategy  
and Development



**Milka Vojvodić**  
Executive Vice  
President, Finance and  
Economy



**Milorad Sredanović**  
Vice President,  
Agriculture



**Goran S. Karić**  
Vice President,  
International Business



**Milica Glavaš**  
Director,  
Legal and Corporate  
Affairs



**Živorad Vasić**  
CEO,  
Hotels and Business  
Units



**Ana Dišić**  
CEO,  
Shopping Malls



**Jasminka Kiselčić**  
Director,  
Plan and Analysis



**Tomislav Mimica**  
Director, HR



**Ivana Mišković Karić**  
Head of  
Delta Foundation



**Ivan Kostić**  
CEO,  
Delta Agrar Group



**Zorana Ždralc Burlić**  
CEO,  
Delta Real Estate



**Aleksandar  
Čamparević**  
CEO,  
Delta DMD



**Aleksandra Đurđević**  
CEO,  
Delta Auto



**Mira Cvijetić**  
Director, Finance  
and Accounting




**Milica Pejnović**  
Director,  
Internal Audit



**Ivan Vasić**  
Director, IT



# Economic results

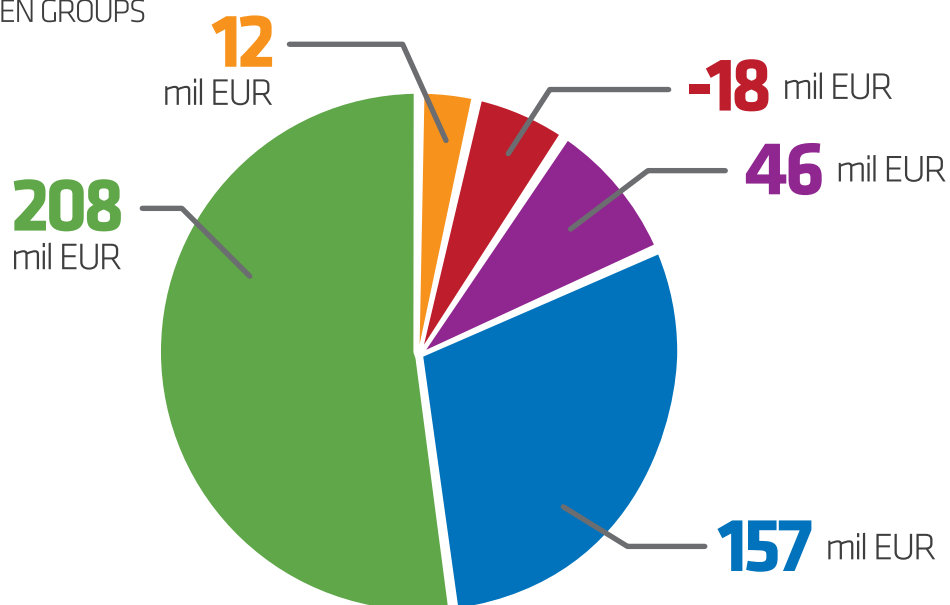
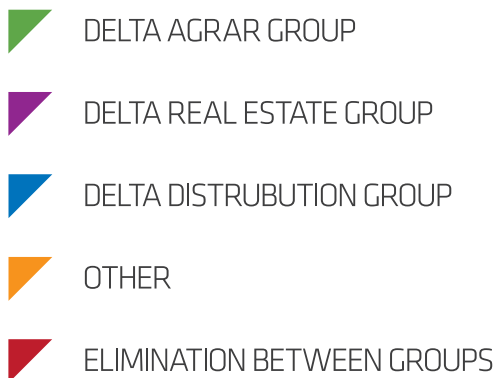


**In 2015, Delta Holding, achieved great results<sup>2</sup>. According to the consolidated balance, total income amounted to EUR 405 million. The consolidated balance did not include Delta MC with the recorded income of EUR 3 million.**

## DELTA HOLDING'S CONSOLIDATED INCOME IN MILLION EUROS

| Member Companies           | 2015          |
|----------------------------|---------------|
| Delta Agrar Group          | 207.89        |
| Delta Real Estate Group    | 45.34         |
| Delta Distribution         | 157.45        |
| Other                      | 11.59         |
| <b>Total</b>               | <b>422.27</b> |
| Elimination between groups | -17.63        |
| <b>Total</b>               | <b>404.64</b> |

<sup>2</sup> Revenue and EBITDA are based on the consolidated balance sheet. The results have not been audited since the report was published before the completion of the audit. The results of the Sport Group are included under the item Other.



| EBITDA<br>IN MILLION EUROS |              |
|----------------------------|--------------|
| Member Companies           | 2015         |
| Delta Agrar Group          | 18.79        |
| Delta Real Estate Group    | 21.21        |
| Delta Distribution         | 4.24         |
| Other                      | -1.08        |
| <b>Total</b>               | <b>43.16</b> |
| Eliminaton between groups  | -0.08        |
| <b>Total</b>               | <b>43.08</b> |



**In 2015 the Group has made 43 million EBITDA and confirmed the high level of operating profitability of 10.7%.**



72.5 mil EUR

Export of Delta Holding  
in 2015



56.91 mil EUR

Export of Delta Agrar  
in 2015

CEFTA 7.96 mil EUR

EU 28.78 mil EUR

Russia 16.01 mil EUR

Switzerland 3.86 mil EUR

Other markets 0.29 mil EUR

Total 56.91 mil EUR

Fruit and vegetables 11.49 mil EUR

Field crops 29.36 mil EUR

Oilseeds 4.62 mil EUR

Soybeans and wheat 0.76 mil EUR

Flour 1.94 mil EUR

Pasta 0.35 mil EUR

Meat and meat products 6.63 mil EUR

Appetizers and cereals 1.27 mil EUR

Water 0.07 mil EUR

Other 0.43 mil EUR

Total 56.91 mil EUR



In 2015, the Company funded its operations from its own resources and loans obtained from banks and other institutions. In the course of implementation of its business activities, incentives and subsidies prescribed by national legislation and available to all business entities were also used.

In 2015, Delta Holding paid EUR 89.4 million of taxes to the budget of the Republic of Serbia and budgets of local governments. Of this amount EUR 22.8 million are paid for taxes and contributions, and EUR 66.6 million for VAT.

During the same time frame, the Company invested EUR 1.15 million in the community. The Company invested the funds in the implementation of projects aimed at improving the quality of life of vulnerable groups and for support of educational and cultural development.

Since the establishment of Delta Foundation in 2007 to date, the Company has invested as much as EUR 34.64 million in the local community.







# Strategic and risk management

Strategic plans are made by all sectors and organizational units. The plans concerning the improvement of corporate governance, the development of health and safety at work, environmental protection and support to the community are made by the Chief Business Sustainability Officer in cooperation with managers responsible for the above-mentioned activities within Member Companies of Delta Holding.

Long-term plans are discussed at strategic workshops involving all levels of employees. The workshops also help in recognizing potential risks, uncertainties and all adverse or unexpected outcomes that may represent a risk for the implementation of strategic plans. The degree of their importance and the probability of their occurrence is also determined.

The output is a quality development plan, which is clear and acknowledged by all executive levels. Strategic plans are revised on an annual basis to ensure their compliance with market developments and changes in the environment.

Strategic plans of both profit and non-profit sectors are presented to the President of the Company and

restricted assembly of the Board of Directors on corporate strategic workshop, and the final decision on the adoption of the strategy is made thereafter.

Following a detailed revision performed in 2015, it was decided that the investments in the following five-year period should include:

- Development of primary agricultural production
- Development of precision agriculture
- Expansion of areas under irrigation systems
- Development of Food Processing
- Expansion of distribution network in the domestic and foreign markets
- Brand portfolio expansion
- Construction of office space, hotels and shopping malls
- Completion of construction of the second endowment and commencement of construction of the third one
- Development and trainings of employees both locally and abroad

# Risk assessment

## THE MOST IMPORTANT ENVISAGED RISKS IN 2015:

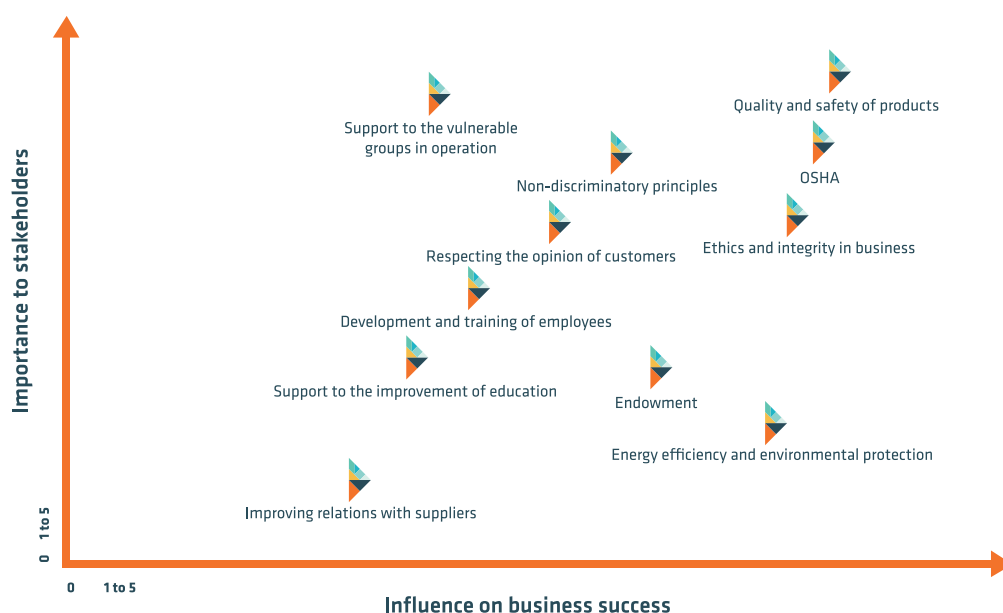
|    | RISK   | DESCRIPTION   |
|----|--|---|
| 01 | Market illiquidity                                   | Low purchasing power on local market and current illiquidity may result in bad debts.   |
| 02 | Agrarian policy                                      | Inadequate laws and non-implementation of long-term agricultural policy through subsidies and IPARD funds.                        |
| 03 | Competition  | Potential entry of foreign companies with better business terms on domestic market.<br>Risk of margins and market share decrease. |
| 04 | Local market limitations                             | Limited possibilities for the procurement of raw materials from local market in terms of quality and quantity.                    |
| 05 | Price of stock exchange commodities on global market | Drop in the price of stock exchange goods on global market can significantly jeopardize the segment of trade in this area.        |
| 06 | Economic situation                                   | Exchange rate instability and continuation of the recession in the region and the EU.   |
| 07 | Risk of interest rates rise                          | Potential risk from reduced lending activities of banks and cash flow decrease due to high interest rates.                        |

# Determining priorities for sustainable development

The strategic plans include 19 socially responsible aspects that were singled out according to their importance for Company's future growth in a survey conducted in late 2014. More than 100 external stakeholders expressed their opinions on the importance of those aspects for the development of their business and the community as a whole. The study included customers, suppliers, contractors, banks, media, NGOs, and educational institutions with which Member Companies have long-term cooperation, and on which Company's business operation may have the greatest impact.

In addition, the Board of Directors, managers and employees assessed the planned activities according to their:

- Impact on economic results
- Compliance with the law
- Compliance with internal rules and Code of Conduct
- Compliance with the business strategy
- Impact on health and safety
- Impact on the environment
- Importance for reputation



During the year, other surveys were carried out related to satisfaction of customers, suppliers<sup>3</sup> and employees through dedicated surveys or direct interviews.

Employees of Delta Holding submit their feedback on their satisfaction or challenges they face to Human Resources department within the Open Door programme or by sending emails at: [mojomisljenje@deltaholding.rs](mailto:mojomisljenje@deltaholding.rs)<sup>4</sup>.

<sup>3</sup> More in the section Market responsibility, page 32.

<sup>4</sup> More in the section Knowledge improvement, page 73.

# Business ethics and integrity

As one of the leaders in corporate social responsibility in the domestic and foreign markets, Delta Holding operates in accordance with legislation and ethical principles.

Company's Code of Ethics is binding to the employees within the company, but also to the employees engaged under special agreements in any part of the Company.

The basic moral principles are:

- **Responsibility** for conscientious and completely professional execution of activities
- **Legality of operations** based on respect for the laws, regulations, contracts and practice
- **Conscientiousness and honesty** with regard to the rights and responsibilities of employees, customers, suppliers, other stakeholders and the community.

The Code protects the rights of employees respecting the following principles

- Respect for diversity
- Prevention of harassment at work
- Right to a safe and healthy workplace
- Right to vocational training
- Right to salary and limited working hours
- Respect for political rights of employees
- Protection of personal information on employees

The Code stipulates the responsibilities of employees regarding the protection of Company's reputation, keeping trade secrets, prohibition of corruption and protection of company assets. It is clearly stipulated that the employees should execute delegated tasks so that the personal interests are not subordinated to company interests, or in the manner that their actions may cause a conflict of interest. The following actions are strictly forbidden: offering, giving, promising or accepting money, goods, rights, services and gifts exceeding the value of advertising materials (50 euros).

Company's Code of Ethics defines fair relations

with all stakeholders, which implies recognition and respect of their needs and interests in everyday work. Transparent and open communication is recommended as well as providing truthful and timely information. Protection of free competition is another in a series of principles on which the Company operates. Delta Holding fosters healthy and fair competition and protects ethical business environment, at the same time encouraging competitiveness in the business environment.

The Code of Ethics is transparent and available to all employees on the internal website in order to make sure that the expected conduct, rights and consequences are always clear and understandable. For those employees who do not have access to electronic devices and the Internet, the brochure of the Code of Ethics is provided in printed form.

In 2014, parts of the Code of Ethics were incorporated in employment contracts. In addition, the steps for the protection when reporting the cases of violation of some of the mentioned principles are clearly indicated. For any questions regarding the ethics and integrity, the employees can turn to the Human Resources Department and labour law officers.

In addition to the Code of Ethics, Delta Holding respects and promotes the Policy of corporate social responsibility which helps the employees become familiar with the Company's intention to integrate voluntary care for business partners, the community and the environment in everyday business processes.

Delta Holding complies with the United Nations Global Compact Ten Principles, as well as the principles of ISO 26000, the Code of Business Conduct, Pro Bono Policy and Etiquette in communication with people with disabilities. The respect of mentioned principles, policies and code represent the confirmation of Company's commitment to apply high standards for the protection of the environment, promote the fight against corruption, and protect human and labour rights throughout its operation.

# Standards

## INTERNATIONAL QUALITY STANDARDS

| STANDARD     | DESCRIPTION   | MEMBER  |
|--------------|---|---|
| ISO 9001     | ISO 9001 sets out the criteria for a quality management system in business organizations. ISO 9001:2008 helps ensure that customers get consistent, good quality products and services, which in turn brings many business benefits.  | Delta Agrar Group (Yuhor, Seeds Sombor), Delta Distribution (Delta DMD, Delta Auto, Delta Motors), Delta Generali |
| ISO 14001    | ISO 14001 is an international standard for the development of effective environmental management systems (EMS) applicable to all industry types.  | Delta Agrar Group (Yuhor)   |
| ISO 22000    | Food safety management - Requirements for systems of any organization in the food chain.  | Delta Agrar Group (Fun & Fit, Mioni, Danubius, Yuhor)   |
| GLOBAL GAP   | Global GAP is the pre-farm gate standard set in place by European leading food retailers to give their customers more assurance of food safety.   | Delta Agrar Group (Podunavlje, Jedinstvo, Napredak, Topola)   |
| ISCC         | Standard that defines use of biomass, produced under sustainable conditions of production and manufacturing process of the same biomass.  | Delta Agrar Group (Kozara, Jedinstvo, Napredak, Topola, Podunavlje, Danubius)                                     |
| IFS LOGISTIC | IFS Logistic is a standard for auditing all logistics activities for food and non-food products.  | Delta DMD, DTS  |
| HACCP        | HACCP is a management system in which food safety is addressed through the analysis and control of biological, chemical, and physical hazards from raw material production, procurement and handling, to manufacturing, distribution and consumption of the finished product. | Delta Agrar Group (Kozara, Jedinstvo, Napredak, Topola, Podunavlje, Fun & Fit, Mioni, Danubius, Yuhor), Delta DMD |
| HALAL        | Halal Certification is the recognition that the products are permissible under Islamic law.   | Delta Agrar Group (Yuhor)   |
| IFS          | Standard that guarantees safe and high quality products.  | Delta Agrar Group (Mioni, Fun & Fit)  |
| FSSC 22000   | Demonstrates that company has a robust Food Safety Management Sistem in place that meets the requirements of customers and consumers. FSSC 22000 is fully recognised by the Global Safety Initiative and is based on existing ISO Standards                                   | Delta Agrar Group (Mioni, Danubius)   |

# Memberships

**United Nations Global Compact** – a voluntary initiative of businesses that incorporates ten universal sustainability principles in their business operation. These principles include respect for human and labour rights, environmental protection and anti-corruption. As the world's largest civil initiative, Global Compact involves all the relevant social actors: public institutions, companies, trade unions and civil society organizations that represent the wider community and the United Nations. Delta Holding has been a member since 2008, and the member of the Global Compact Board since 2015. The company actively participates in working groups for social inclusion, environmental protection and the development of corporate social responsibility.



**Friends of Europe (FOE)** – Les Amis de l'Europe is a leading think-tank organization that aims to stimulate thinking on key global and European issues that span political, economic, social and environmental challenges. Using insightful publications and animated debates, FOE provides access to sharp analysis on current issues. It promotes the confrontation of ideas that is vital to policymaking and wishes to be a voice of those who are not sufficiently represented in the debates within the EU institutions but whose opinion is important for the future of Europe. Delta Holding has been a member of this organization since 2014.



**Responsible Business Forum** – a network of leading companies that contribute to community development, encouraging the development of corporate social responsibility and establishing permanent and stable CSR practices in business sector. The Forum represents a platform that connects leaders from the business world with the representatives of other sectors of society, fostering cross-sectoral dialogue, cooperation and exchange of good practices. The Forum develops practical and sustainable solutions for all four fields that are the pillars of corporate social responsibility: the local community, environment, workplace and marketplace.



Delta Holding became a member of the Responsible Business Forum and of the Board of Directors in 2015. Socially responsible conduct is adopted as a business principle that is achieved through the quality of products and services it provides, employee development, environmental protection and relations with the community.



# Awards



## AWARDS IN 2015

| Award  | Winner                                   | Organization giving the award                                    | Description of the award  |
|--|--|--|---|
| Virtus   | Delta Holding                            | Trag Foundation  | National award for corporate philanthropy   |
| Corporate Volunteering Award   | Delta Holding                            | Forum for Responsible Business                                   | Award for corporate volunteering in the Employee Development category   |
| Green Frog   | Delta Holding                            | Deloitte   | Award for setting an example in CSR reporting   |
| Award for Non-Financial Reporting  | Delta Holding                            | Forum for Responsible Business                                   | Award for contribution to the development of non-financial reporting  |
| Great Champion Trophy for exhibited combination gilts                                  | Delta Agrar                              | Agricultural Fair Novi Sad                                       | Award for the best exhibited F1 combination gilts, collection of fatlings and sow with piglets went to Delta's Napredak farm from Stara Pazova  |
| Trophy of the Novi Sad Fair for exceptional approach                                   | Delta Agrar                              | Agricultural Fair Novi Sad                                       | Award for exceptional approach in terms of preparation of the animals, way of exhibiting and presentation of results went to Delta's Napredak farm from Stara Pazova  |
| Trophy of the Novi Sad Fair for the exhibited sow with piglets                         | Delta Agrar                              | Agricultural Fair Novi Sad                                       | Award for the best exhibited sow with piglets went to Delta's Napredak farm from Stara Pazova   |
| Superbrands Serbia   | Delta Agrar                              | Superbrands  | Agriculture award for brand recognition and reputation, long-term consistency in business, and corporate responsibility   |
| Out in Front Club Award 2015   | Delta Real Estate, Crowne Plaza Belgrade | IHG  | Award for the best financial result in Europe in the F&B Sector   |
| Ambassadors of Good Service  | Delta Real Estate, Crowne Plaza Belgrade | National Tourism Organization of Serbia & Tourist World Magazine | Hotel with best service in Serbia   |
| IHG Top Performer - Loyalty recognition  | Delta Real Estate, Crowne Plaza Belgrade | IHG  | Our hotel had the highest percentage of recognitions by loyal members among all of the CP hotels  |
| HeartBeat Torchbearer Award  | Delta Real Estate, Crowne Plaza Belgrade | IHG  | The best HeartBeat result among all European hotels. It presents the overall guest satisfaction   |
| IHG® Academy Award   | Delta Real Estate, Crowne Plaza Belgrade | IHG  | Crowne Plaza Beograd took part in the largest number of actions of connecting with the academic community, and enabled the largest number of students to execute their practice and trainings at our hotel  |
| Meetings Centre of Excellence Award  | Delta Real Estate, Crowne Plaza Belgrade | IHG  | Crowne Plaza is a hotel with highest quality service in organizing events among all the hotels in Europe  |
| Best Execution in Innovation 2015  | Delta DMD                                | Diageo   | Delta DMD won the Best Execution in Innovation award for successful launch of the Smirnoff Ice Double Black brand, because with its dedication and strategic approach it has contributed to the success of this brand on Serbian market                           |
| Charter for 10-year successful cooperation between SC Johnson and Delta DMD            | Delta DMD                                | SC Johnson   | Charter for 10-year cooperation   |
| Excellent SME Montenegro certificate   | DMD Delta                                | Chamber of Economy Montenegro                                    | Serbian Chamber of Commerce awarded the company Delta DMD Excellent SME certificate issued by the French agency Co-face, which represents that company has good credit rating, reduced operational risk and gives confirmation of the credibility of the company. |
| Diploma for successful appearance at the 52nd International Belgrade Motor Show        | Delta Automoto                           | Association of Serbian Market Communications                     | Award was given for exhibition program of Honda   |
| Golden Award in the "Event Project" Category   | Delta Motors                             | Association of Serbian Market Communications                     | Award for organization of corporate event BMW Series 7 International Training   |
| Bronzano priznanje za sajamski nastup na 52. Međunarodnom salonu automobila u Beogradu | Delta Motors                             | Association of Serbian Market Communications                     | Reward for BMW's exhibition program   |
| Golden Car 2015  | Delta Motors                             | Auto Bild Magazine   | Reward went to BMW series 1 model, who was a winner in the category of compact cars   |

# MARKET RESPONSIBILITY

## SUSTAINABLE DEVELOPMENT GOALS

**9** Industry, innovation and infrastructure



**11** Sustainable cities and communities



**12** Responsible consumption and production







**INVESTMENTS**

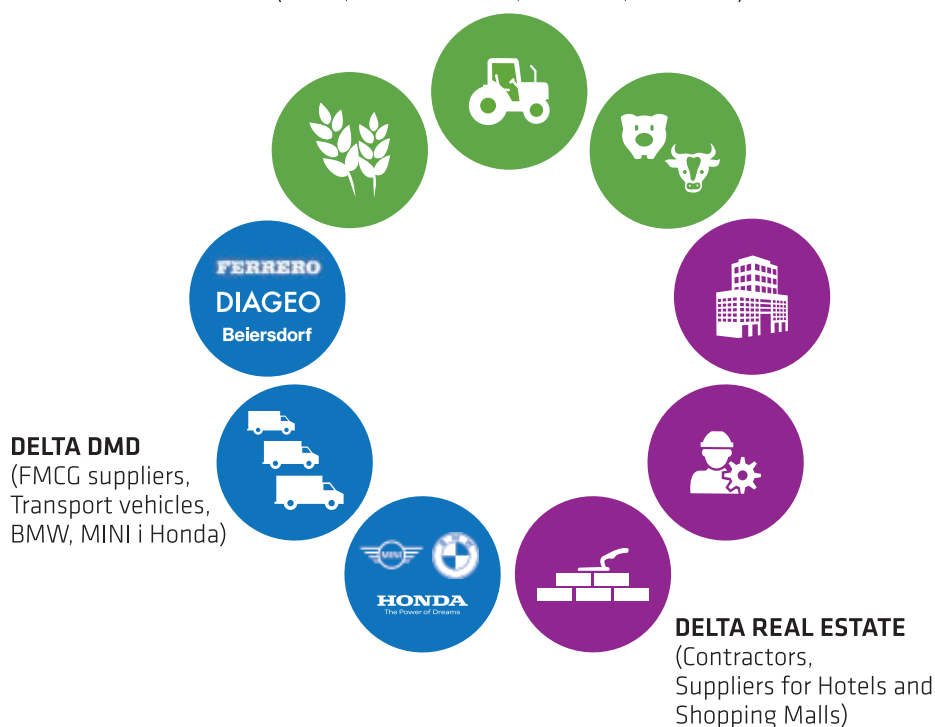


**QUALITY AND  
PRODUCT SECURITY**



**CUSTOMER  
SATISFACTION**

**DELTA AGRAR GROUP**  
(seeds, mechanization, livestock, fertilizers)



Delta Holding achieves market responsibility through continuous improvement in the quality of its products and services, innovation, and adoption of new technologies along with preserving the environment, improving the skills of employees and suppliers, improving customer satisfaction and other interested parties. This method encourages the development of society through partnership with stakeholders.

The satisfaction of customers, suppliers and business partners is a key factor in the long-term success of the Company. Member Companies carry out annual surveys of customer satisfaction and their proposals and suggestions for the improvement of existing products and services.

The quality of products and services is guaranteed by the fact that the partners of the Member Companies do business respecting the principles of socially responsible operation and have international standards of quality and safety.

From 2015, a clause was introduced in contracts under which the supplier commits to comply with the general principles of social responsibility, namely the following:

- Respect for human and labour rights, and acting in this area in accordance with relevant regulations, national and international practice
- Operating under the principles of environmental sustainability, in particular in accordance with

the regulations governing handling of hazardous materials, chemicals and substances, and improvement of environmental protection measures

- Responsibility for a product/service, which includes the delivery of products and/or services that meet certain quality and safety standards, and clear labelling of origin and components of which they are made, with recommendations for the safe use and disposal of packaging.

This way, the company educates its suppliers about the importance of social responsibility and encourages them to adopt these principles.



**In 2015, all member companies have improved their businesses through investments, innovations and improvement of the quality of products and services.**





# Delta Agrar Group

In 2015, Delta Agrar achieved growth and development in all areas of business. The above-average results in relation to Serbia, region and often in relation to the European Union are primarily the result of excellent staff but also of continuous investments in modernization of production and application of modern methodology.

The following investments were made in 2015:

- New calibration and packaging line in the cold storage facility at the estate Podunavlje in Čelarevo
- Irrigation system on the estate Kozara in Banatsko Veliko Selo
- Prune drying plant in Krusevac
- Reconstruction of the farms Kozara and Napredak



## Primary agricultural production

In primary production, Delta Agrar is engaged in farming, production of fruits and vegetables, livestock and fishing. Production is carried out on five farms, on the surface of nearly 15,000 hectares.

## Field crops production

On the surface of 13,409 ha under field crops, the following average yields were achieved in 2015:

- Corn 8.43 t/ha
- Wheat 7.66 t/ha
- Soybean 3.16 t/ha
- Sugar beet 57.68 t/ha
- Sunflower 3.55 t/ha

The achieved yields exceed by far the average achieved yields of these crops at the level of Serbia.

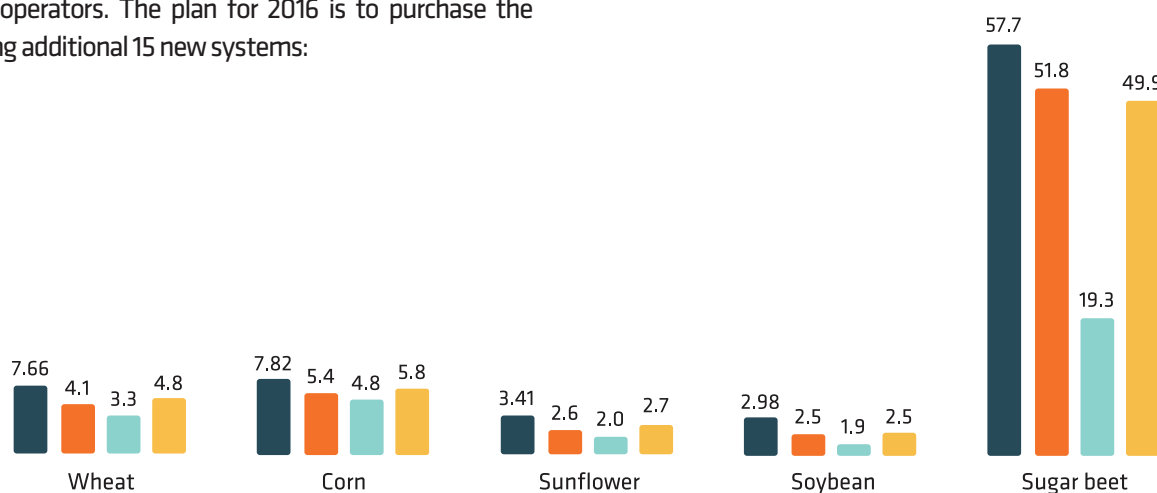
Seeding with the autopilot navigation was introduced in 2015, as a continuation of the precision agriculture program in Delta Agrar. The program envisages the introduction of GIS and GPS systems, automatic navigation and variable application of fertilizers, seeds and pesticides. These systems are products of the American company Trimble, the world's largest company for the development of this technology. For 5 years, Delta Agrar has been using 10 simple navigation devices which enabled precise positioning of tractors used for fertilization and crop protection. Autopilot navigation procured in 2015, facilitates greater precision, and completely replaces tractor operators. The plan for 2016 is to purchase the following additional 15 new systems:

- 4 Trimble Autopilot Electric Motor Drive (EMD) GPS systems for automatic control of agricultural machinery
- 11 Trimble EZ-Pilot systems for automatic maintenance of the direction of the passages, with the high-torque electric motor

The application of navigation systems and variable use of fertilizers, seeds, and pesticides facilitates:

- Reduced usage of nitrogen fertilizers that may cause environmental problems by draining into groundwater<sup>5</sup>
- Greater efficiency in work, which means lower consumption of labour, fuel, plant protection products, seeds and fuel. Apart from reducing production costs, it also reduces negative impact on the environment.
- Better control of production process and lower possibility of errors.

The introduction of automatic navigation system is only the first stage in the program of precision agriculture, and the introduction of entire system is planned by the end of 2020. The application of these systems is standard in Western Europe and North and South America.



Delta Agrar

Republic of Serbia

Central Serbia

Vojvodina

<sup>5</sup> There is still no Nitrate Directive in force in Serbia that would restrict the use of nitrogen fertilizers, but its adoption is expected in the future.

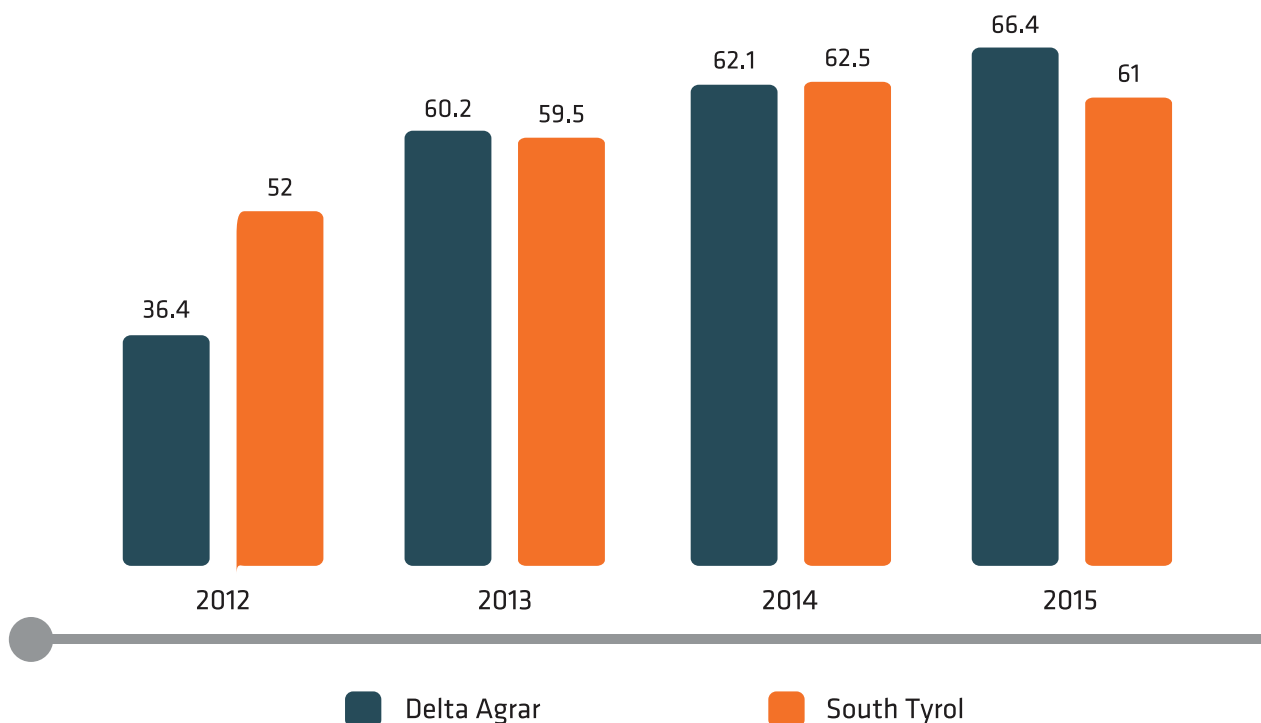
## Fruit and vegetable production

Delta Agrar continues with production growth and expansion of portfolio in fruit growing. In the orchard Podunavlje in Čelarevo, on the surface of 400 ha, different varieties of apples are produced. In addition to its traditional varieties Gala, Braeburn Marriri Red, Golden Delicious Reinders, Red Delicious, and Granny Smith, Delta Agrar has another 3 varieties of club apples in its production portfolio, namely Modi, Kiku and Pink Lady for which the production license was obtained in 2015. Club apples represent exclusive apples that can be produced only by the producers who have shown exceptional performance and commitment to safety and quality of products. In addition to the production rights, Delta Agrar has the exclusive right to distribute these varieties of apples on the territory of Macedonia, Bosnia and Herzegovina, Montenegro and Albania and non-exclusive distribution rights

in the territory of Russia. The orchard was organized according to modern Italian South Tyrol technology. It is equipped with anti-freezing systems, irrigation, fertilization, and hail protection which ensures the stability of yields. Irrigation system and meteorological station are within the GPRS system, which enables remote monitoring of plant growth. Monitoring of parameters and needs for irrigation and fertilization of plants contributes to saving water and other resources. Entire apple production is carried out according to Global Gap system, which enables export quality.

Within the orchard, there are two modern Ultra Low Oxygen cold storage facilities with total capacity of 13,000 tons, which, thanks to its dynamic atmosphere, facilitate preserving apples fresh up to 300 days without additional additives. In 2015, new Aweta Maf Roda line for pre-calibration and sorting of apples was installed in the cold storage facility (by colour, diameter and grammage).

**In 2015, the apple yield per hectare was 66.4 metric tons.**

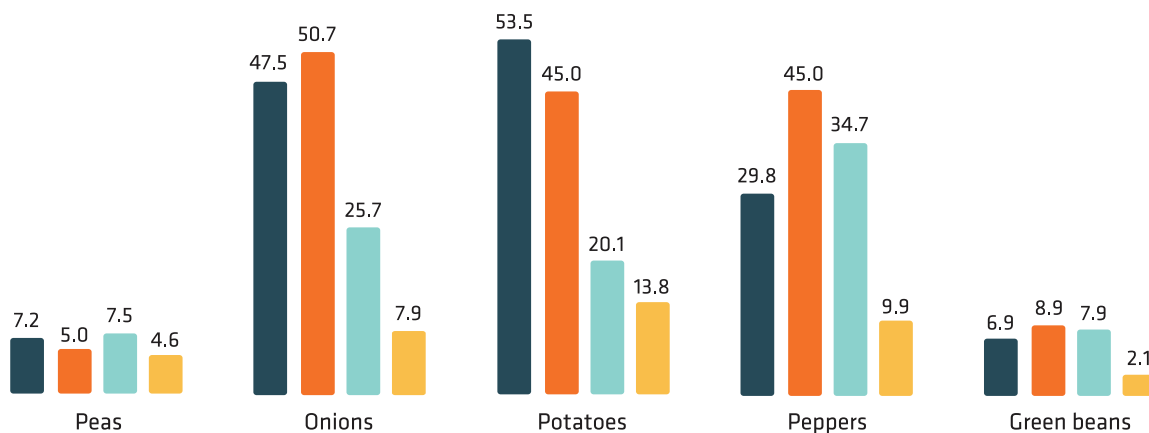




In 2015, there was an increase in yield of vegetable crops, and growth in sales and market share. The production of vegetables was carried out on 285 ha and the following vegetables were planted: potatoes, onions, green beans, peas, sweet corn, peppers, celery.

The entire area on which vegetables are grown is under irrigation system. Production takes place according to Global Gap standard, which in addition to control of the production process in the field refers also to storage. Onion and potato storage facility exceeds 3,000 tons. The storage facilities also include the centre for sorting, calibration, cleaning and packaging of onion and potato.

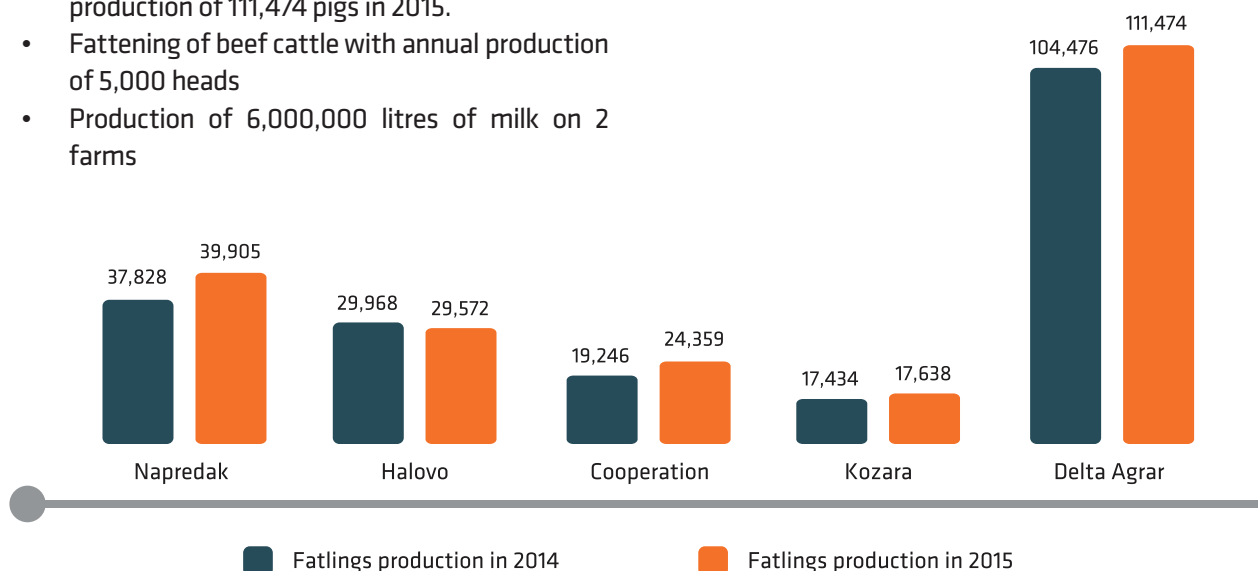
**The yield of vegetable crops was at much higher level than those in Serbia.**



## Animal husbandry

Livestock production is represented by:

- Fattening of pigs on 5 farms with total annual production of 111,474 pigs in 2015.
- Fattening of beef cattle with annual production of 5,000 heads
- Production of 6,000,000 litres of milk on 2 farms



In 2015, stockbreeding capacities were expanded:

- At the farm Kozara, 8 breeding sections and a farrowing stall with 44 farrowing points were reconstructed.
- At the estate Napredak, two additional breeding sections were built and they also incorporated modern equipment for breeding pigs by Dan Bred methodology.
- In 2015, the construction of feedlots with annual capacity of 5,000 hogs was completed.
- New production line was procured for the production of premixes, that is for mineral and vitamin mixtures for feeding animals. The new line increases the quality of food and it is more efficient than the previous one, thus affecting decrease in the cost of food.

In 2016, new ventilation and heating systems will be installed on the farms Halovo, Kozara and Vladimirovac.

| STOCKBREEDING                 |          |        |         |
|-------------------------------|----------|--------|---------|
| Year 2015                     | Napredak | Serbia | Denmark |
| Piglets per sow per year bred | 36.7     | 21     | 31.5    |
| Piglets per sow per year sold | 31.5     | 17     | 27      |

## Cooperation

Delta Agrar supports the development of agricultural producers through cooperation with them and by:

- Financing the production of fertilizers, seeds, pesticides and advance purchase of mercantile goods
- Professional monitoring of crop technology
- Secure placement of manufactured agricultural products
- Purchase of all surpluses of produced crops
- Service storage

Experts from Delta Agrar provide assistance to subcontractors to adopt Global G.A.P. standard and the HACCP system in order to achieve the highest standards of quality. In this way, Delta Agrar develops subcontractors as suppliers of their products, and strictly controls the quality of products as well as the quality of transport and storage.

In the area of farming, cooperation is achieved by contracting the field crops production, namely wheat, corn, sunflower, rapeseed and sugar beet.

In fruit growing, Delta Agrar provides the following apple varieties through cooperation: Idared, Granny Smith, Golden Delicious, Red Delicious, Jonagold, Jonagored, Cadel, and Mutsu.

The largest number of cooperation agreements with subcontractors are made in the field of pig farming, where Delta Agrar transfers Dan Bred methodology of pig farming to the subcontractors.

During the year, Delta Agrar agronomists visit international professional conferences and trade fairs, pay visits to farmers and go on study tours to Western Europe and North America. In 2015, they visited the Netherlands, France, Germany, Denmark, Poland, Italy and North America. The aim of these visits is to obtain information and adopt modern working methodology in order to implement them in Serbia. New know-how contributes to the development of Delta Agrar, but also to the development of sub-contractors and other stakeholders with whom Delta Agrar experts share their knowledge through cooperation or on numerous lectures and seminars. In 2015, 310 hours of lectures were held.

Delta Agrar experts transfer their knowledge to agricultural entrepreneurs by participating in various socially responsible projects. Program Plantation for the Future is realized together with colleagues from Delta

Foundation and Trag Foundation. The aim of this program is the development of social enterprises in the field of agricultural production. In addition to financial assistance for launching or continuing production which is provided to these companies by Delta Foundation, expert assistance on the application of modern methodology of cattle breeding and crops growing provided by Delta Agrar is also very valuable<sup>6</sup>.

In 2015 Delta Agrar continued to support the implementation of the project, Women Entrepreneurs in Agribusiness - Women's face of Agribusiness. The aim of the project is that women in agriculture become familiar with the basic rules and forms of entrepreneurship, in order to gain the necessary knowledge, skills and confidence to develop their own business. Delta Agrar Employees, held the following two lectures in 2015:

- Cooperative model and utility pig fattening
- The main issues in the protection of fruit



## Development plans:

- Modernization of machinery
- Expansion of surfaces under irrigation systems
- Investments in the development of seed crops and vegetables
- Education of employees
- Introduction and application of new technologies
- Development of precision farming
- The use of biomass and solar panels for energy generation on farms
- Expansion of capacities for accommodation of farm animals

<sup>6</sup> More about the program Plantation for the future can be found in the section Support to community on page 80.

## Food processing in Delta Agrar factories

**Danubius** is a modern factory for the production of flour and pasta. The daily output is 300 tons of flour of high quality, and annual production capacity of 7,000 tons of all kinds of pasta. In its operation, the factory applies the HACCP and food safety system as well as FSSC 22000 standard. The products do not contain genetically modified organisms (GMOs).

In 2015, Danubius achieved:

- Leading position in the segment of flour and pasta with a market share of 23%
- Growth in sales of flour by 11.4%
- Growth in sales of pasta by 28% and
- Growth of export

The success is also achieved by the new range of products tailored to the needs of consumers. In 2015, the following products were presented on domestic and regional markets:

- New kilo packaging of flour
- Vitaminized pasta for the Greek market
- Ditaloni Rigati and Ditalini Rigati - pasta for the Albanian market under the brand Danubius
- Tubetti Elicoidali and Cornetti Creste for the Serbian market.

In 2015, we invested in the purchase of new packaging machine and thus improved the quality of product packaging.

During the year, the survey on customer satisfaction with flour and pasta was carried out in four cities (Beograd, Novi Sad, Niš and Čačak). The features of products were scored ranging from 1 to 5 in the survey.

| THE SURVEY ON CUSTOMER SATISFACTION WITH DANUBIUS FLOUR |               |
|---|---------------|
| Product features  | Average score |
| Quality/safety  | 4,63          |
| Price   | 4,06          |
| Packaging   | 4,14          |
| Positioning   | 4,4           |
| Range   | 4,75          |
| Average score   | 4,4           |

A total of 106 customers participated in the survey on customer satisfaction with Danubius flour, of which 90% were between 20 and 60 years of age. In the total sample, men accounted for 24,5%, and women for 75,5%. The survey results indicate that the buyers are very satisfied with the variety of range and high quality of products. The survey also pointed out the demand for a 5 kg pack of flour. In this regard, the Company will consider the procurement of new packaging machine to make this possible. In 2014, the average score of consumer satisfaction with Danubius flour was 4.13. The improved score of 4.40 is very encouraging.

A total of 104 customers participated in the survey on customer satisfaction with Danubius pastas. In the total sample, men accounted for 25%, and women for 75%, while 87% of the surveyed were between 20 and 60 years of age.

| THE SURVEY ON CUSTOMER SATISFACTION WITH DANUBIUS PASTA |               |
|---|---------------|
| Product features  | Average score |
| Quality/safety  | 4.43          |
| Price   | 4.32          |
| Packaging   | 4.11          |
| Positioning   | 4.45          |
| Range   | 4.61          |
| Average score   | 4.38          |

Consumers commended the improved quality of pasta, which was achieved with the new line for pasta production installed in 2014. They also positively evaluated the improvement of the range with two new types of pasta. In the following period, frequent promotional sales are planned in retail stores to make the price more adjusted to the current purchasing power of consumers. In order to improve the quality of the packaging, it is envisaged to procure a new packing machine for long pasta and redesign of packaging. In 2014, the average score was 4.13, therefore, the pasta segment also achieved an increase in customer satisfaction.



Meat industry Yuhor from Jagodina is engaged in the production and processing of meat, meat trade, meat products and canned products. There are 200 products in its portfolio and the production is based on the strictest quality standards (ISO 9001, ISO 14001, ISO 22000, HALAL, and the HACCP system for quality and safety of food).

All development goals planned for 2015 were successfully fulfilled:

- Preparations for export were made;
- Growth in market share was achieved;
- 6 new flavours of Delicata pates were introduced, and
- Repositioning of hams was carried out using the improved recipe and new design



**The further development in 2015 involved the expansion of retail network of Yuhor stores. By the end of 2015, 16 facilities in 15 cities were opened, with 210,442 consumers.**

As a proof of commitment to quality and corporate social responsibility, in addition to the laws of the Republic of Serbia, Yuhor also applies the European Union

legislation, where legislation that is more rigorous has the advantage in application for a specific area.

In 2015, survey on satisfaction of business customers was carried out. Survey results are presented in the table below.

| SATISFACTION OF BUSINESS CUSTOMERS   |            |
|--|------------|
| Features   | Score      |
| Quality of product   | 4.3        |
| Contact person behaviour   | 4.9        |
| The quality of communication with personnel  | 4.9        |
| Contact staff training level   | 4.9        |
| Quality of distribution (means of transport)   | 4.1        |
| Responsiveness to customers requests   | 4.2        |
| The quality of supporting documents  | 4.4        |
| Will the customer buy/use the products?  | 4.2        |
| Does Yuhor AD deliver the goods and provide services that are valuable to customers? (The overall review of quality) | 4.3        |
| <b>AVERAGE SCORE</b>   | <b>4.5</b> |

During 2015, trainings of sales staff were carried out in order to improve response speed and the quality of communication with customers. This resulted in a high rate and level of customer satisfaction with this feature. Promotional activities were intensified during the year, and the quality of the product remained at the same level. Companies Delta DMD and DTS took over distribution and logistics, therefore, the improvement in assessment of these features is expected in the future.

In 2016, Yuhor factory planned optimization of production and manufacturing processes, sales promotion and a new pricing strategy, together with boosting exports, increasing investments and expansion of product range and investments in its retail chain.

The plans for 2016 include:

- Introduction of Yuhor brand, to be sold in Yuhor stores exclusively,
- Placement of Delicata pâtés on the European Union market
- Opening of 80 new Yuhor stores

The natural mineral and spring water bottling plant **Mioni** was built in 2007. Aqua Gala spring and mineral water is filled there from the wells with capacity over 20 l/s. It is equipped with the latest German bottling technology.

In 2015, Mioni factory achieved:

- 2% growth in market share
- 17% growth in sale
- Brand Gala achieved sales growth of 81%.

In order to meet the needs of customers, in 2015, Mioni introduced the following products:

- Aqua Gala mineral water Pet 1.5 l,
- Aqua Gala mineral water 0.25 l and
- Premia water PET 0.25 l

For the purpose of positioning on new markets and meeting the needs of customers, new recipe was introduced together with technological process for bottling carbonated water into PET and glass bottles.



The following four groups of products are produced in **Fun & Fit** factory: Appetizers, Muesli, Basic foodstuffs i Dried fruit

In this factory, during 2015:

- More than 1,000 various products were produced
- New logo, new visual identity, new communication and new packaging were introduced

- 40% savings were realized by optimizing procurement processes, distribution and production
- Additional control in the production plant was established
- IFS FOOD certificate was extended for the year 2016 and membership in the European Snack Association was renewed

From 1 January 2016, the Company has been operating under the name Fun & Fit company. Fun & Fit company has plans for expansion in the region by entering new markets.

### Suppliers testing

For better operation and maintaining quality of products, factories Yuhor, Danubius, Mioni and Fun & Fit carry out regular testing of their suppliers. The evaluation is conducted in the course of conclusion of agreements on cooperation, but also in the course of business dealing.

The most important operating segments, undergoing reviews are:

- Compliance with the health criteria (health of employees, safety of food and facility, safe storage of foods, etc.),
- The quality and safety of the equipment used in the production, and
- Hygiene maintenance in the premises of suppliers.

If necessary, following the review of a supplier, proposals for improvement and corrective measures are determined to improve the quality of work processes and products. The supplier is obliged to implement corrective measures while the proposals for the improvement are of advisory nature. The most common proposal to the suppliers is to perform checks of products quality twice a year in a lab.







# Delta Real Estate

## Crowne Plaza Belgrade

Crowne Plaza Belgrade is the first hotel of this world-renowned brand in Serbia and the region. Delta Real Estate opened the hotel in December 2013 following the complete reconstruction of the Continental hotel and an investment of 40 million euros. At the end of the first year of its operation in line to the highest standards of InterContinental Hotels Group, the hotel was declared the best ranked Crowne Plaza hotel in Europe, according to the opinion of its guests.



At the ceremony Europe Leaders' Day in London, Živorad Vasić, the Director of Crowne Plaza Belgrade, was awarded the prestigious Top Performer for the best general manager of European Crowne Plaza hotel.

The menus in three restaurants are tailored to fit different tastes and needs: in addition to conventional dishes, the guests can opt for vegan, gluten-free and the dishes prepared in accordance with HALAL standard. Once a month foodstuffs are controlled by the Centre for Food Analysis (CIN), while IHG group checks the quality of food on annual basis. The hotel is fully accessible to people with disabilities. All three restaurants have menus in Braille.

Hotel's operation is carried out in accordance with the IHG group standards, which implies that all guest-oriented procedures are clearly defined as well as all support activities. The hotel has been monitoring guest satisfaction in many different ways. One of the most important tools is the Social Listening platform, a system that gathers all the comments about the Crowne Plaza hotel posted on the communication channels such as

Booking.com, Trip Advisor and the like. These comments are saved and used as information about the preferences and habits of each guest in order to make their next stay in the hotel more enjoyable. Another way of collecting information about the guest satisfaction is through a questionnaire sent to the IHG Rewards Club members and users of meetings space within the Heart Beat IHG research. Questionnaires are emailed to the addresses that guests leave voluntarily. Questions are related to quality of service, quality of F&B services, hotel recommendation, intention to visit the same hotel again, the quality of rooms and the like. In 2015, Crowne Plaza achieved 92.38 out of maximum 100 points.

This year, customer care was further improved by the following activities:

- Gluten free, vegan and vegetarian food is available in the daily menu
- Children's corner - special attention is paid to healthy meals for children in order to raise the satisfaction of families who spend moments together at the Hotel Crowne Plaza. Specially prepared food to suit proper nutrition of children is available every day, and the menu is particularly diversified during Sunday brunch.
- China ready - the number of guests originating from China is increasing, that is why the measures were taken to raise the level of their satisfaction. We introduced the menus and other printed information material in Chinese. The restaurant offers Chinese dishes, and allows traditional preparation of tea.
- Room service alert - each guest is asked to report to the waiter possible allergies and intolerances to foods or drinks to avoid situations that may be harmful to health.
- Run station - specially designed mini station with fruit, towels and jogging and walking maps is available to hotel guests in support of recreation and sports activities.
- In 2015, trainings regarding guest data protection were organized for hotel staff.



The activities that aim to promote other aspects of social responsibility were also carried out during the year. Some of them include:

**Race around the world** is a race in the course of which the employees collected the so-called pledges engaging themselves in activities that concern healthy life and environmental protection. In this way they have collected funds for endangered areas and areas affected by natural disasters. It lasted one week and all EU Crowne Plaza hotels participated in it. During these activities, in 2015, employees of the IHG hotels from more than 100 countries collected 2,824 pledges and Crowne Plaza Belgrade won 1st place in the category of European Crowne Plaza hotels.

**Professional orientation for young people**, with the participation of students of the first, second and third high school grades with their teachers. During 2015, there were 200 participants in this program and they included students from the Hospitality and Tourism School with Student's dorm from Vrnjačka Banja, Commerce and Catering School from Leskovac, the Economic and Trade School Paja Marganović from Pančevo, and 4 Belgrade high schools: High school for Tourism, Hospitality and

Tourism School, Chemical and Food Technology School and the elementary school Kralj Petar II Karađorđević.

**Retraining program** provided support to the Adult Education Centre of Niš in cooperation with the National Employment Service by practical trainings organized for 40 citizens aged between 38 and 55 years who have been unemployed for a long time. Managers and employees at the Crowne Plaza provided them full support in acquiring new and applicable knowledge.

**Practical trainings for students and pupils** as an additional form of support to young people - Crowne Plaza Belgrade provided practical trainings for a large number of pupils and students from Serbia and abroad. Practical trainings lasted from two to three months, and students have shown remarkable results. The best students during the practice became a part of our hotel team.

**Awards for the best** - Those employees who stood out by their work and attitude towards colleagues and guests were awarded prize trips to attractive destinations and money for travel expenses.

## Hotel Park

Hotel Park operates within the legal entity HOPAR d.o.o., a member of Delta Real Estate Group. It was built in 1974 and it has been under the ownership of Delta Holding since 2008. It is located in Belgrade, in the very city centre. The hotel was fully renovated in mid-2012 and is categorized a three-star hotel. It has 122 rooms, 3 suites, Continental Restaurant, Café Parkić, two banquet halls, and wellness and SPA area.



Hotel Park offers vegan, vegetarian and gluten-free food produced in accordance with HALAL standards. If necessary, it also offers additional adjustment of the daily menu in the cases of specific food intolerance.

In order to improve the quality of services, in 2015, Hotel Park procured equipment for better Wi-Fi signal in banquet halls, in order to provide better Internet access to the guests at seminars and conferences.

Room service is available to Hotel Park guests from 06 to 23 h, while the reception is operational for 24 hours. The hotel is pet friendly so that the guests are able to enjoy the stay with their pets.

In 2015, the average hotel occupancy was 50%. The guests have rated their stay in the hotel on Booking.com with 8.3 score, which is a very satisfactory score.

## InterContinental Ljubljana

The partnership of Delta Holding and InterContinental Hotels Group, which has lasted since 2007, is further reinforced with the construction of InterContinental Hotel in Ljubljana.

This 5-star hotel will have 165 rooms, two banquet halls for 500 guests, several meeting rooms, a presidential suite, and a spa with swimming pool and fitness area. On the 21st floor of the hotel there will be a restaurant with a panoramic view of Ljubljana.

The hotel will be fully accessible and adjusted for the stay of persons with disabilities. It will have two apartments for their accommodation connected with rooms for their caretakers. Like the Crowne Plaza Hotel, it will also be fully compliant with the IHG Group standards with regard to care for guests and satisfaction of their dietary tastes and needs.



**Gross surface of the building is 23,322 m<sup>2</sup>, of which 17,273 m<sup>2</sup> is gross floor area above ground and 6,049 m<sup>2</sup> underground. The total investment of Delta Holding is 42 million EUR.**





## Shopping malls

In 2007, Delta Real Estate built Delta City, the first shopping mall in Belgrade and Serbia. The building was designed according to international standards of the International Federation of Engineering (FIDIC). To its visitors, this mall offers a variety of shopping, entertainment and leisure in 126 outlets. In 2015, three new global brands became a part of the shopping mall, namely Style, L'Occitane and Claire's. Due to its high standards and attractiveness, in 2009 in Barcelona, Delta City was declared the best shopping mall in Europe by the International Council of Shopping Centres (ICSC). Delta City Podgorica<sup>7</sup> was opened the following year, with many shops of famous brands and entertainment contents.



**In 2015, Delta City Belgrade had 10.000.066 visitors which is a record in visits so far.**

In an effort to meet the needs of loyal visitors, Delta City constantly introduces innovation. Starting from 2015, shopping with Delta City gift card allows owners to choose their custom gifts. In addition, in 2015, Delta City became pet friendly, enabling the visitors to enjoy shopping and walk their pets at the same time. Through a guest book, Delta City regularly monitors satisfaction of visitors with available contents and activities. All comments are carefully reviewed and used to improve satisfaction of visitors.

During the year, 58 humanitarian actions and 250 entertainment, fashion, sports and educational events were organized. Some of the most important humanitarian actions supported by the Delta City shopping mall are:

- Let's be together - Association of women diagnosed and treated for breast cancer marked the National Day of the fight against breast cancer together with Avon humanitarian action Don't forget your check-ups.
- Charity football tournament for women journalists – for raising funds for the operation of Janja Stamenkovic, a seven-year-old girl from Smederevo, suffering from pituitary tumour, who needed to undergo an operation in Turkey. This humanitarian action was supported by singer Bojana Stamenov, performing a mini concert in the shopping mall.
- Best cakes - humanitarian action and competition for the best cake in the organization of the Humanity Foundation of the daily paper Večernje Novosti included fundraising for children from 14 orphanages in Belgrade and Pančevo.
- Fairy humanitarian action –Delta City visitors had an opportunity to try a 70 m<sup>2</sup> Fairy cake, and for each served piece, they donated funds to Moša Pijade Children's Home, Centre for Protection of Children from Belgrade and Children's Village in Sremska Kamenica.

In addition to the above events, in March, Delta City participated in the humanitarian action called Cap for handicap in cooperation with Delta Foundation and the Association of Paraplegics of Banat.

## CAP FOR HANDICAP



<sup>7</sup> During the preparation of the report both of the Delta city shopping malls were sold.

Delta City in Podgorica was sold on 10.02.2016. and Delta City in Belgrade on 07.04.2016.



### Office space

Apartments and office space, within NBBG Properties d.o.o are located in one of the most attractive locations in New Belgrade. This complex consists of two buildings with rental space and a large number of supporting facilities with a shared underground garage.

The 8 floors Apartments building disposes of various types of premises ranging in size from 31 to 366 m<sup>2</sup>. At the end of 2015, Delta Holding's head office was moved to this building. Before that, the interior was reconstructed and adapted to the Company employees, and existing tenants. Occupancy of the facility increased from 62% to 96%, which represents a significant improvement compared to 2014, and there were 105 tenants during the year on average.

In 2015, the reconstruction of the facility Mala Kula was completed. The building has an open space of different sizes with associated offices in 10 levels. The

entire space was used by a single lessee, therefore the occupancy rate in 2015 was 100%.

### Delta Real Estate development Plan for 2016

In 2016, the company plans to

- Expand the business into new markets,
- Diversify its portfolio through greater regional presence,
- Enter new strategic partnerships, strengthening relations with the existing partners,
- Implement all planned projects.





# Delta Distribution

## Delta DMD and DTS

Placement of global and local brands depends on the successful distribution. As a leader in the field of distribution, Delta DMD represents the products from its portfolio in the best possible way, thus increasing their sales and providing their access to end consumers. Following the world trends in logistics development, DTS offers the solutions for all challenges, respecting the specific requests of our customers regarding storage, handling and transport of goods. It also provides additional various goods processing activities such as sorting, packing, re-packing, Co-packing, designating, declaring, customizing, assembling, repairing and the like.

Delta DMD operates through a branched network of regional warehouses and ancillary infrastructure. On the territory of Serbia, distribution centres are regionally positioned and located in Stara Pazova, Novi Sad, Čačak and Niš. On the territory of Montenegro, operations are carried out through a distribution centre in Podgorica.

Delta DMD and DTS business policy is based on management that is consistent with major international standards and systems in the field of quality and safety of products in all supply chain operations.

This system is based on:

- ISO 9001:2008 – standard with requirements for quality management systems,
- HACCP – food safety system based on an ongoing analysis of potential hazards, identification and appropriate management of all critical control points,
- IFS Logistics (International Featured Standard Logistics) – standard with the requirements for verification of logistics services in relation to the quality and safety of products.

The operation of Delta DMD and DTS is verified by various principals through internal audits of all processes. The most important reviews are related to the preservation of the quality of goods in stock, occupational health and safety and environmental protection. In addition to the positive findings of the inspection reports, the commitment in management for continuous improvement of operations is shown by long-term renewal of certificates from renowned certification companies TMS CEE from Serbia and TUV SUD Germany.

In 2015, Delta Distribution successfully recertified business system according to IFS Logistics 2.1 in the field of warehousing and food transport, household chemicals and cosmetics under ambient and cold regimes. On a certification audit, the company achieved 98/100 score and Higher Level rating. This level of compliance with the requirements is a success that only a small number of warehouses in Europe boasts. IFS Logistics Standard is approved by the GFSI (Global Food Safety Initiative), an organization consisting of world's most important producers and distributors of food and that is why it is particularly important to distributors.

Delta DMD portfolio in 2015 became richer by the following 6 new brands and principals: Savex, Milde, Zlatni Pelin, San Benedetto, Meggle and Unilever. On the territory of Montenegro, DMD Delta added the brand Zelena Dolina to its portfolio. At the end of 2015, contracts were signed for the distribution of brands Ledeni Kvas and Segafredo. Distribution of these brands has started in the first quarter of 2016.

## In 2015, Delta DMD achieved market share growth of the existing principal brands.

- Ferrero increased its markets share from 11.8% in 2014, to 12.04% in 2015.
- Brand Pufies has had the biggest market share increase from 9% in 2014 to 15% in 2015.
- Diageo increased its market share to 26.2%, compared to the last year's 23.3%, while Beiersdorf increased its market share from 97% to 98%.

In 2015 Delta DMD introduced new technologies and systems that improve the quality of work process. Business Intelligence program, which was introduced in the sectors of sales, finance and logistics, increased capacity and speed of data sharing and updating, reduced errors, while at the same time it enabled creation of more complete analysis and reports for decision makers. In 2015, Delta DMD also introduced mobile sales that brings numerous advantages:

- Simple and efficient inventory management,
- Route monitoring on the mobile application,
- More efficient sales and merchandising,

- Improvement of reporting and customer management system.

In 2016, it is planned to improve business processes and organization, by adding new brands to portfolio, monitoring, development and creation of sales policies for new brands and development of new software solutions.

In March 2015, a new **DTS distribution and logistics centre** started with operation in Stara Pazova, which meant that development infrastructure plans were implemented with which the range of logistics activities are significantly enhanced.

Distribution and logistics centre was built according to the latest standards and market needs in Serbia and the region. It covers the area of 20,730 m<sup>2</sup>, with the possibility of constructing additional 14,500 m<sup>2</sup> of storage space in the second phase. Centre capacity is 26,000 pallet positions, with five different temperature regimes, from - 20 to + 25 °C.

- Ambient regime from 5 - 25 °C,
- Choco regime from 10 - 18 °C,
- Milk and meat from 2 - 4 °C,
- Fruits and vegetables from 6 - 8 °C and
- Frozen at - 20 degrees °C to - 16 °C.

Owing to EUR 10.2 million investment for the construction of DTS logistics distribution centre, 400 new jobs were opened. This allows DTS to realize its business vision and become a leader in providing logistics services in the Serbian market.

The new facility has brought numerous technical improvements, of which, the most prominent are the installation of modern sprinkler fire-extinguishing system, electronic access control for employees and visitors through RFID Radio-frequency identification cards, construction of additional storage area for the reception and separation of goods from return which contributed to the improvement of the security system.

During the construction and equipping of warehouse, special attention was paid to designing a pleasant working environment. In the modern space, the employees have a canteen for lunch and breaks, new green space is planted and a bus transportation is available to all employees.

**During 2015, DTS achieved growth in operating income by 44%, that is, by as much as 99% in the international segment, and by 26% in domestic.**

Cooperation was established with some of the globally well-known companies such as Grimaldi Group, EUROmodul, OMW, Heineken, Pinales, Bambi, etc.

At the end of 2015, records in allocated/delivered quantities of goods from the warehouse were broken, while the average daily quantities are:

- 3,000 orders
- 20,000 items
- 180 tons of goods
- 180,000 pieces of declared products
- 10,000 co-packs

DTS fleet consists of more than 1,000 vehicles, with around 105,000 km travelled daily, and more than 5,500 pallets transported to 6,000 delivery locations. The fleet includes vehicles with different carrying capacities ranging from 2 to 25 tons under different temperature regime. DTS is one of the few authorized shippers/recipients of goods that allow direct shipment of goods from the premises of a company to border customs offices, and delivery of imported goods for direct customs clearance in the premises of a company.

In accordance with the requirements of contemporary market and business optimization, a series of advanced IT solutions to improve the quality of services were implemented:

- Warehouse Management System (WMS)
- Satellite tracking of the entire fleet
- Transportation Management System (TMS)
- Specially adapted ERP software
- Placing orders by HH devices.



WMS – Warehouse Management System completes the entire process of distribution, significantly facilitating management and operation under this system of distribution.

## Customer satisfaction surveys

The research involving traditional Delta DMD customers was carried out using a questionnaire. The sample was made according to regional affiliation, i.e. the share of subject region in total turnover and the customer structure. From a total of 979 TT customers, 80 of them responded to the invitation to participate in the study which is 8.17%.

The resulting average score was 4.10 out of maximum 5.

| CUSTOMER SATISFACTION SURVEY                   |             |
|--|-------------|
| Criteria                                       | Score 2015  |
| General, program and range                     | 4.04        |
| Communication and professionalism of personnel | 4.45        |
| Delivery                                       | 4.32        |
| Documentation                                  | 3.78        |
| Complaints                                     | 3.88        |
| <b>Average score</b>                           | <b>4.10</b> |

The research involving key account Delta DMD customers was carried out using a questionnaire. 43.75% of key account customers participated in the satisfaction survey. Total average score of satisfaction is 4.44.

| CUSTOMER SATISFACTION SURVEY                     |             |
|--|-------------|
| Criteria   | Score 2015  |
| General, programs and product range              | 4.25        |
| Promotional activities                           | 4.35        |
| Communication and professionalism of sales staff | 4.77        |
| Delivery of goods                                | 4.57        |
| Documentation                                    | 4.31        |
| Complaints                                       | 4.4         |
| <b>Average score</b>                             | <b>4.44</b> |

## Customer service

Customer service was established in 2014 in order to meet all the requirements and needs of the customers as soon as possible.

In 2015, there were 1,114 complaints in total. All complaints were successfully resolved, and it took 1 day on average to resolve them. The largest number of complaints are related to incomplete documentation.

In order to improve relations with clients and associates, a department for customer relationship management (CRM) was established in DTS. This idea was developed within the framework of the project Delta's Future which included young talents from different parts of the company. Internally developed CRM application is a detailed database on potential and existing clients that helps the CRM team in managing customer relationships.

The aim of establishing a CRM department was to increase retention rates and improve sales. The expected benefits are mutual. The company will be able to easily follow the development of cooperation with customers, who will receive services tailored to their specific needs. Customer satisfaction was measured before the introduction of the application, and it will be repeated in order to compare the results.



## Delta Motors and Delta Automoto

Delta Motors, exclusive distributor of BMW and Mini vehicles, and Delta Automoto exclusive distributor and technician of Honda vehicles on the Serbia and Montenegro territory, realized very good business results in 2015. In 2015, Delta Motors recorded 1% sales growth compared to 2014.

In their operation, Delta Motors and Delta Auto apply ISO 9001 standard and the internal standard of BMW Group Management Quality Assurance (QMA).

Customer satisfaction assessments are carried out by telephone surveys in order to improve business. Call Centre operators contact buyers of vehicles and users of service shops and interview them shortly. The questions comprise the entire process of service provision and customer satisfaction in every aspect. Overall satisfaction is obtained by calculating the average values of all aspects, including the satisfaction by the showroom appearance, delivery, explanation of guarantees and the waiting period for collecting the vehicle from servicing. The second monitoring parameter is the percentage of customers who are willing to re-use the services of the company, i.e. the degree of customer loyalty.

In line with BMW and Honda standards, there are two types of calls following rendered services in the sales or servicing segment. The first call is the so-called happycall and it is made by sales or service advisors a week after the service rendered. The aim of this brief call is to check if the vehicle is functioning properly. The second type of call, made 20 days after the service is performed by the call centre with the intention to check customer satisfaction with the complete process of service rendered, from the first contact to the happycall following the service rendered. Survey results are subject to detailed analysis.

On the other hand, a bonus program for salesmen was introduced stimulating them to conduct as many test drives as possible, so that the goal of 100% test drive could be achieved.

The following steps to develop customer relations were carried out during 2015:

- Establishment of a new CRM software in BMW for customer relationship management. New software provides a much better overview of all relevant customer data, client database, easier concluding and decision making about improving customer relations.
- A major project of establishing Business Development Centre was launched, and it will serve as a support to easier and faster passing information to clients about all current issues. This will enable that the service to each client is tailored, and information delivered timely.
- Steps are taken to improve overall services provided to customers, based on the advice given and information obtained through Mystery Shopping. A total of 40 Mystery Shopping checks were conducted in the course of 2015, which served as the basis for drafting action plans for improvement of the process. To achieve the impartiality of the process, entire organization, implementation and analysis of the results was carried out by a foreign partner, thereby measuring the degree of compliance with high customer relationships standards.
- The procedures to be followed in the fight against corruption carried out by the BMW Group have been verified. Delta Motors was classified as a company that implements all necessary measures to avoid abuse of office, bribery and corruption.

RESULTS OF SALES CLIENTS AND SERVICE SHOP USERS SATISFACTION SURVEY

|   | DELTA MOTORS (BMW and MINI)<br>2014 | DELTA MOTORS (BMW and MINI)<br>2015 | DELTA AUTOMOTO (HONDA)<br>2014 | DELTA AUTOMOTO (HONDA)<br>2015 |
|---|-------------------------------------|-------------------------------------|--------------------------------|--------------------------------|
| Overall satisfaction of service shop users      | 85%                                 | 86.6%                               | 89%                            | 97%                            |
| Overall satisfaction of sales clients           | 93.9%                               | 96.1%                               | 94%                            | 96%                            |
| The percentage of loyalty of service shop users | 76%                                 | 89.2%                               | 90.5%                          | 92%                            |
| The percentage of loyalty of sales clients      | 82.9%                               | 91.8%                               | 91%                            | 94%                            |





## **In addition to activities related to improvement of business operation, Delta Auto Group invests in socially responsible business.**

One of the basic principles of Delta Motors business policy is to encourage professional development of young and educated staff. For that reason, the Company decided to donate a new teaching tool in the form of the BMW N55 six-cylinder turbocharged EURO6 engine with all the aggregates, control unit, sensors and electrical installations to the Faculty of Mechanical Engineering and its Department of internal combustion engines. As future experts in the area of cutting edge technology, students will have the opportunity to expand their knowledge and gain practical experience.

In order to improve security and safety at work, in 2015, training on safe driving and safety systems was held for 12 Delta Holding drivers and couriers. The training was organized in cooperation with the National Driving Academy (NAVAK). Delta Auto employees were responsible for the organization and theoretical training, while practical training was conducted by NAVAK center trainers. The purpose of the training was to familiarize the drivers with the new security and safety systems existing in all new vehicles and to practice dealing with emergency situations in traffic.

Given that the risk of motorcycle accidents is 45 times higher than car accidents, a project called “100 safe Honda moto faces” was introduced. The main goal of this action was educating the young motorcycle and moped drivers in the area of safe-riding in traffic. Visitors, fans of two-wheelers, have had the opportunity in the panel discussion to openly talk about this subject with experts in this field, and the Red Cross demonstrated the safe removal of the helmet after the accident.

### **Plans for 2016**

In the coming year, it is planned to improve sales fleet, develop dealership network, and maintain relationships with brands in our portfolio for further successful cooperation.

In 2015, there were no complaints regarding the impact of the products and services of member companies to the health and safety of consumers. The company is not engaged in the sale of prohibited or disputed products and there were no complaints in this regard.

Products of all members of Delta Holding are properly labelled and contain all the necessary information on the origin and amount of the components of which they are made, as well as the recommendations for their safe usage and disposal of packaging. In 2015, there were no complaints to the accuracy and correctness of information in marketing campaigns, nor were there any customer privacy violations.



# ENVIRONMENTAL CARE

## SUSTAINABLE DEVELOPMENT GOALS

**6** Clean  
water and  
sanitation



**7** Affordable  
and clean energy



**13** Climate  
action



**14** Life  
below water



**15** Life  
on land







**RESOURCES  
PRESERVATION**



**ENERGY  
EFFICIENCY**



**WASTE CARE AND  
SELECTION**



Preservation of natural resources for future generations is one of the most important goals of Delta Holding. That is why we regularly monitor the environmental impact of our operations, constantly looking for improvements in processes and products. All employees are committed to saving energy, water and other resources, and to selection and disposal of waste. The company also encourages business associates, suppliers and users of products and services to take part in the environmental protection.

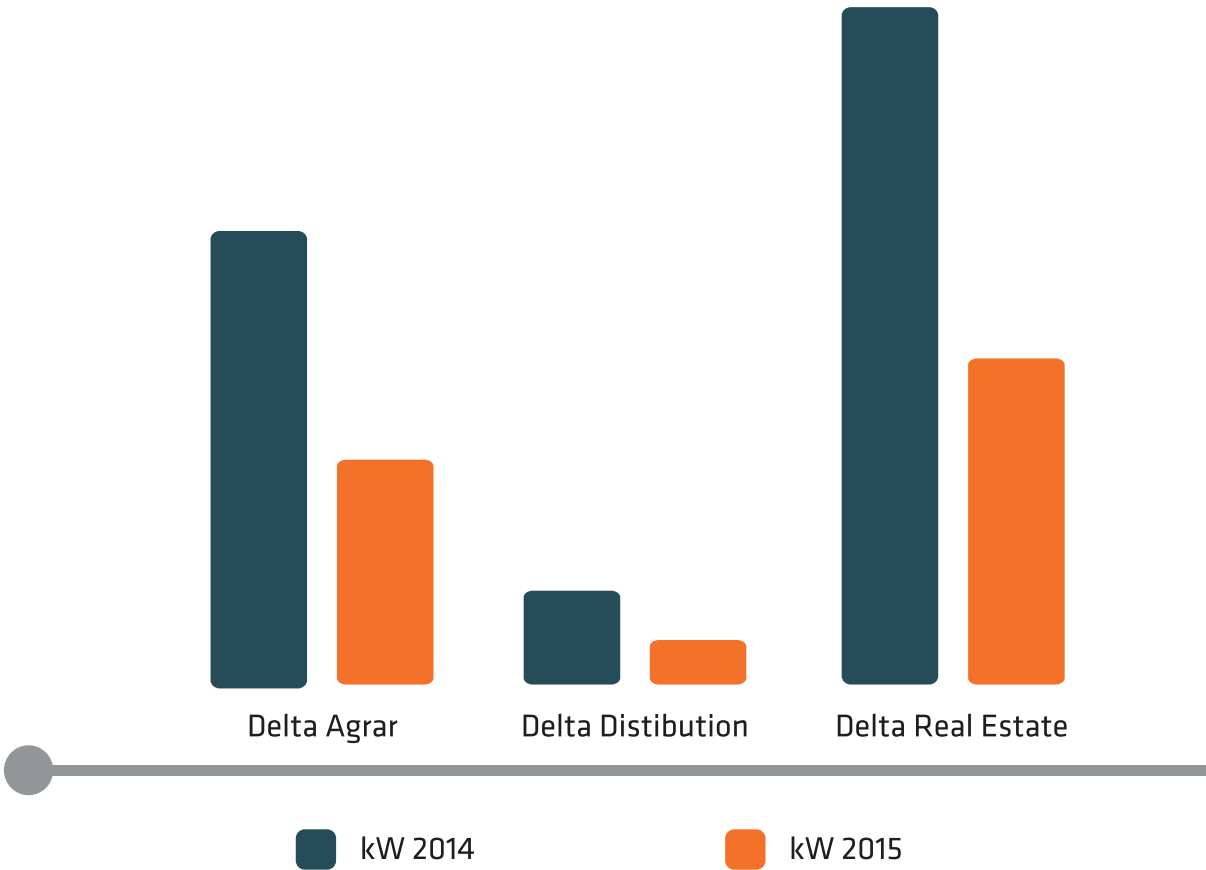
### Energy efficiency

In 2015, company devoted special attention to energy efficiency. In that respect, a detailed energy review was carried out in all Member Companies, and the following adequate measures were taken:

- Centralization of procurement of energy commodities
- Decrease in rate of power input
- Installation of compensating batteries for the reduction of reactive energy
- The use of biomass in new production facilities

Centralized procurement of energy contributed to financial savings worth about 250,000 euros. Decrease in rate of power input resulted in decrease in power orders for 18,050 kW. This led to financial savings in the amount of 20,490,632 dinars.

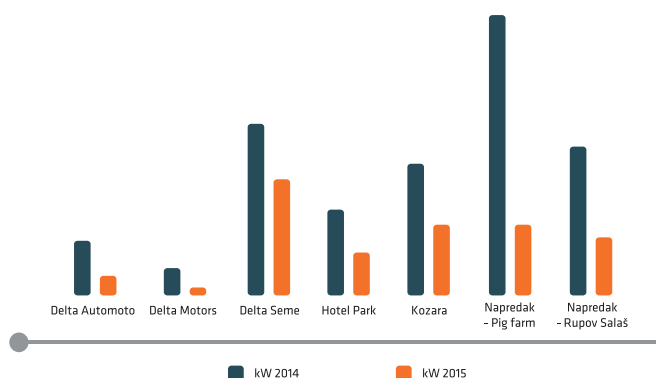
| ENERGY EFFICIENCY  |                             |                            |                   |
|--------------------|-----------------------------|----------------------------|-------------------|
| COMPANY            | Approved power in 2014 (kW) | Reduced power in 2015 (kW) | Financial savings |
| Delta Agrar        | 13,273                      | 6,210                      | 7,453,662         |
| Delta Real Estate  | 18,864                      | 9,405                      | 10,372,437        |
| Delta Distribution | 2,278                       | 750                        | 2,664,533         |
| SAVINGS IN 2015    | 34,414,94                   | 16,365                     | 20,490,632        |



## Reduction of reactive energy consumption

As a form of investment in energy efficiency, regarding reduction of energy consumption in order to reduce pollution and achieve financial savings, in 2015, Delta Holding took steps to reduce the consumption of reactive energy. Reactive energy, as opposed to active, is not transformed to useful work and represents a waste of energy from distribution network. It is used for creating and maintaining magnetic fields in electric motors and transformers. Reduction of reactive energy consumption is achieved by the installation of capacitor banks. In this way, reactive energy is not drawn from the network but from batteries, thus achieving savings without reduction of energy consumption.

These measures were undertaken in 2015 in member companies with the greatest consumption of reactive power. The results were noticeable immediately.



In the future period, cooperation with international experts on improving energy efficiency and the introduction of ISO 50001 is planned, which will contribute to the optimal utilization of energy.

## Other measures to the increase energy efficiency

Within Delta Agrar Group, the implementation of projects Cleaner Production and Low Carbon continued. These projects have been active since 2013 and they are implemented in cooperation with experts from the Faculty of Technology and Metallurgy and UNIDO agency. In 2015, options for improvements were applied on 4 farms and one estate.

Three existing facilities on the farm Kozara were reconstructed. On this occasion, works on the façade were carried out, the interior of the building was renovated and a new technological equipment was installed. The implementation of all the options proposed under the Low Carbon project in 2013 were thereby completed.

At two pig farms (Nucleus and Petrović Salaš) insulation of facade walls was completed, thereby energy efficiency standards were met. At the farm Petrović Salaš, the construction of a new 753 m<sup>2</sup> facility for raising pigs was completed. The building is fully compliant with energy efficiency standards, with thermally insulated walls and roof. The facility has underfloor heating which is connected to the existing farm system. The latest technological equipment was installed in the building. On a dairy farm, the facilities for heifers were reconstructed. The building is now brighter, more airy and more comfortable for the animals.

At the pig farm Vladimirovac, in 2015 roofs were reconstructed on three piglet breeding facilities, and the administration building. In addition to this, the method of production and usage of hot water for bathing sows was changed, which led to annual savings of 0.5 tonnes of oil, and the elimination of harmful gases. With the installation of the boiler with heat exchanger to the existing heating system, the water heating machine on oil is no longer used. This allows for weekly saving of 10 litters of oil, or 520 litters annually, i.e. RSD 78,000 annually, if expressed in financial terms. Furthermore, the production of harmful exhaust emissions was reduced, and at the same time, the continuing presence of hot water during the heating season (October-March) was enabled.

Energy savings were also achieved by the installation of mobile covers on the ventilation holes in the breeding facilities and farrowing pens. This prevents the loss of heat through the openings, but the ventilation is enabled by lowering the lids and by adjusting their height.

At Podunavlje estate in Čelarevo within the Silo working unit, the replacement of mercury vapour lamps with energy saving ones was continued, and in the commercial yard, several 330W lamps were replaced by 30W LED lamps, which also contributed to reduction in electricity consumption of 300W per hour per consumer.



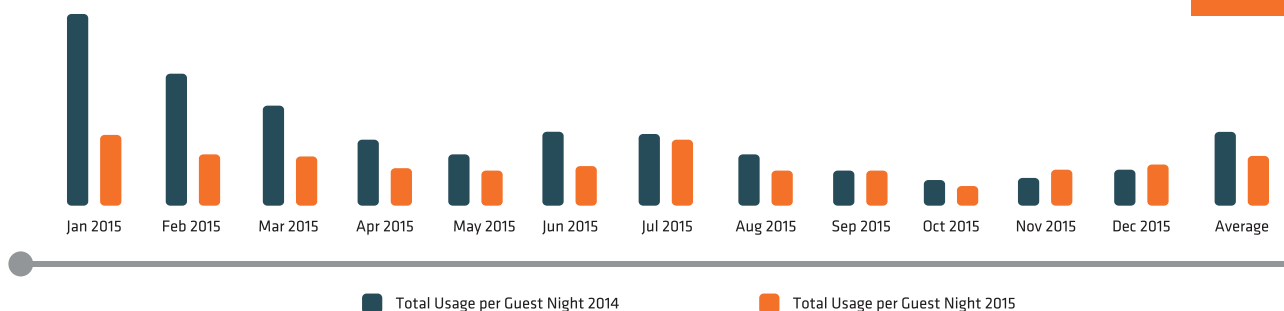
At the end of December 2015, **Delta Real Estate** commenced construction of the new **Intercontinental Hotel in Ljubljana**. The hotel will be built by the latest architectural methods and achievements and according to the highest standards of IHG Group. With its 22 floors and 165 rooms, it will constitute the tallest building in Ljubljana. The facade will be completely made of glass, and interesting prints on the glass be placed as sun protection, thereby also reducing the impact of outdoor temperature to a minimum. The lighting of the facade will not be constant, but it will be adjusted according to the guests' needs.

The hotel will use the Building Management System that connects the entire system from ventilation and temperature regulation, to lighting. This system, among other things, allows automatic temperature regulation in the hotel, where heating and cooling is reduced to a minimum when a room is empty. Another way to save energy will be by means of LED lighting. Basic heat supply will be secured from Ljubljana power plant that performs cogeneration of heat. Thermal energy is

generated as a side effect in the production of electricity with gas generators.

The air conditioning system has heat recovery: the exhaust air is lead to the rotating recuperator in the air conditioning chamber through the system of distribution drainage network where its thermal energy is being "recycled". In addition, purification in the air conditioning system is done through modern filters. All pumps and all fans are regulated frequently, thus ensuring saving in electricity consumption necessary for their operation. Fan-coil, designed for installation in hotel rooms, has an extremely low noise level. The cooling unit is cooled by water, which is heated and then reused for heating sanitary hot water.

In 2015, posters and stickers aimed at reducing energy consumption were posted in the **Crowne Plaza Belgrade**. The motivational posters recommend turning off lights when no one is staying in the rooms, and control and reduction of lighting through Brightness Building Management System. The replacement of light bulbs with energy-saving ones was also carried out.



In July and August, extremely high outdoor temperatures caused higher power consumption compared to 2014: in July for 36,000 kWh and in August for 75,000 kWh. In addition to that, the hotel occupancy was at a higher level.

| ELECTRICITY CONSUMPTION<br>IN HOTEL CROWNE PLAZA |          |           |
|--|----------|-----------|
| Crowne Plaza                                     | 2014     | 2015      |
| Number of overnight stays                        | 90,000   | 102,300   |
| Quantity of consumed energy kWh                  | 4,19,355 | 4,778,595 |
| Ratio (kWh per overnight stay)                   | 47.99    | 46.71     |

Green Engage - the team responsible for the integration of environmental protection activities in the everyday work of the hotel and to spread awareness of employees about the necessity of environmental protection. To this end, the members of this team are constantly guiding employees to save energy, paper and other resources.

The thermal energy for heating of premises, sanitary hot water and swimming pool water was 2,643.23 MWh in 2015, while it was 2,714.31 MWh in 2014 (2.62% savings or 71.08 MWh for the same surface). The achieved savings were influenced by tracking daily consumption, adjustments made to the operation of the system according to the schedule of events in the halls, measuring temperature, regular and planned maintenance and cleaning of equipment.

If we were to analyse the consumption of thermal energy for heating of premises, savings were achieved in that segment, while consumption increased for heating sanitary hot water and swimming pool due to the

increased number of guests.

The analysis shows that it is necessary to modernize a part of the system for production and distribution of thermal energy that heats sanitary hot water and swimming pool water in 2016. The aim is to achieve higher degree of usefulness of the mentioned system in order to reduce costs, i.e. the quantity of natural gas required for the production of thermal energy in MWh. This will contribute to savings in power consumption since pumps with frequency converter with lower power for heat distribution will be used. It is envisaged to reconstruct the secondary part of the plant for sanitary hot water to enable the use of waste energy from cooling units (chillers) when they are operational. This will generate additional savings.

According to the previous year model, **Hotel Park** will continue with innovations in order to meet the needs of their guests, and it is planned to install tap flow regulators and waste water separators from the kitchen to protect the environment.

During the reconstruction of the building **Mala Kula**, interior led lighting was installed, together with light sensors in toilets and on stairways, and the old facade was replaced with a new glass one. There is a new fan-coil heating system, with a very low noise level. The facade was replaced in accordance with the latest standards.





In 2015, Delta Real Estate built a warehouse and distribution centre in Stara Pazova for the company **DTS**, which was carried out according to the latest standards. The centre was designed in accordance with the Rulebook on energy efficiency for buildings, which means that all elements of thermal envelope have minimum prescribed values of the heat transfer coefficient, and from a global point of view, it was classified under category C, with an annual energy consumption of 46.56 kWh/m<sup>2</sup>. Open parts of the gallery and warehouse are treated as a part without temperature regime control, except during winter when the system that maintains the temperature at minimum 5 degrees is activated. The building is heated using gas boiler and therefore, CO<sup>2</sup> emissions is reduced to minimum. According to the location requirements, during design preparation, there was no need for the preparation of the Environmental Impact Assessment Study. The contractor was the company Tehnogradnja d.o.o from Kruševac, which is certified to ISO 9001, ISO 14001 and OHSAS 18001.

Although the new DTS distribution centre in Stara Pazova is fully in compliance with energy efficiency standards, additional measures were implemented for improvements in 2015. These measures relate to turning the lighting off after office hours, installation of LED lighting for the external DTS advertisement, turning off 40% of light bulbs in the warehouse without violating the regulations on permissible lighting limits and decrease in power demand from 800 to 400 kW.

Technical maintenance and security department in **Delta Auto** and **Delta Motors** regularly implements energy-saving measures (closing doors and windows, shutting down heating on weekends, turning off the lights etc.) thereby significantly raising the level of energy efficiency in buildings. As for the energy saving, the trend of replacing old light bulbs with energy-saving bulbs and installing LED bulbs continues.

## ENERGY INTENSITY

| Year 2015 | Energy consumption in GJ | Total sales in euros | Energy consumed per monetary unit of sales (GJ/€) |
|-----------|--------------------------|----------------------|---|
| Amount    | 619,375,862              | 404,640,000          | 0.0015  |

## ENERGY CONSUMPTION IN 2015<sup>8</sup>

| Member Companies        | Electric energy GJ | Coal Consumption GJ | Natural Gas Consumption GJ | Fuel Consumption GJ | Biomass GJ |
|-------------------------|--------------------|---------------------|----------------------------|---------------------|------------|
| Delta Agrar Group       | 116,646            | 5,772               | 83,431.24                  | 99,051.42           | 52,136.57  |
| Delta Real Estate Group | 123,797.73         | 0                   | 42,079.74                  | 1,723.182           | 0          |
| Delta Distribution      | 11,581.2           | 0                   | 28,417.85                  | 54,738.93           | 0          |

## CONTRIBUTION TO ENVIRONMENTAL PROTECTION USING RENEWABLE ENERGY SOURCES<sup>9</sup>

| Member Company | Renewables (biomass)        | Calorific value MJ/kg (biomass) | Electricity | Calorific value MJ/kg | CO <sub>2</sub> emission (t CO <sub>2</sub> / t) | CO <sub>2</sub> emission reduction |
|----------------|-----------------------------|---------------------------------|-------------|-----------------------|--|------------------------------------|
| Napredak       | 1,315 t soybean straw       | 15                              | 1,095.83 t  | 18                    | 0.52   | 569.83 t                           |
| Jedinstvo      | 27.75 t soybean straw       | 15                              | 23.13 t     | 18                    | 0.52   | 12.03 t                            |
| OU Seme Sombor | 1,806.4 t cobs              | 14.7                            | 1,474.9 t   | 18                    | 0.52   | 766.94 t                           |
| VIP            | 626 m <sup>3</sup> firewood | 14.4                            | 300.48 t    | 18                    | 0.52   | 156.24 t                           |
| VIP            | 500 kg briquettes           | 16.56                           | 0.46 t      | 18                    | 0.52   | 0.239 t                            |
| VIP            | 1,830 kg kernel             | 16.5                            | 1.67 t      | 18                    | 0.52   | 0.872 t                            |

<sup>8</sup> 1 kg coal = 0.0185 GJ ; 1 m<sup>3</sup> natural gas = 0.0333 GJ; 1 l fuel = 0.043 GJ;

1 kWh electricity and terminal energy = 0.0036 GJ; 1 t biomass = 15 GJ

<sup>9</sup> <http://www.slideshare.net/masfaknis/alternativni-izvori-toplote-alternativna-goriva-motora-sus-1355538>

<http://www.vusb.hr/~mcobovic/encert/Predavanje%20Jukic%20-%20202.pdf>

<http://library.certh.gr/libfiles/PDF/PAPYR-927-MARCH-2001-CALC-CO2-011-08-ISS1-CAD-ENE-EFF.pdf>

[http://www.oie-res.me/uploads/archive/Publikacija\\_Drvna\\_goriva\\_finalna\\_verzija%5B1%5D.pdf](http://www.oie-res.me/uploads/archive/Publikacija_Drvna_goriva_finalna_verzija%5B1%5D.pdf)





### Fuel saving

In all member companies, emissions are regularly monitored. Measuring is performed by an authorized laboratory, and the 2015 results were within the permissible limits. CO<sub>2</sub> emissions are caused by the production, transport of goods and services, etc. A large number of the aforementioned activities that contributed to energy savings affected the reduction of CO<sub>2</sub> emissions. In addition, the reduction of greenhouse gas emissions was affected by the renovation of machines and vehicles used in the production and for transportation.

In the orchard in Čelarevo and the estate Jedinstvo, new agricultural machinery was procured. The new Landini tractors have engines with reduced fuel consumption and CO<sub>2</sub> emissions.

In 2015, DTS procured transport vehicles with modern engines of the new generation with reduced CO<sub>2</sub> emission. Also, for their employees who work in the field, Delta DMD renewed its fleet with 17 new passenger cars of which 75% are vehicles with CO<sub>2</sub> emissions below 120 g/km. Such tendency will continue in the future.

Of the total number of Delta Motors vehicles sold in 2015, 38% has an average CO<sub>2</sub> emission of 115 g/km. The goal set by the EU is that the average CO<sub>2</sub> emissions for all

new vehicles sold as of the year 2015 is below 130 g/km. Of the total number of Delta Motors vehicles sold in 2015, as much as 86% meet this criterion.

| CO <sub>2</sub> EMISSIONS    |                       |                       |                              |
|------------------------------|-----------------------|-----------------------|------------------------------|
| Direct emissions             |                       |                       | Indirect emissions           |
| Natural gas tCO <sub>2</sub> | Coal tCO <sub>2</sub> | Fuel tCO <sub>2</sub> | Electricity tCO <sub>2</sub> |
| 4,421.86                     | 577.2                 | 51.06                 | 7,582                        |
| 2,230.23                     | 0                     | 101.76                | 8,046.85                     |
| 1,506.15                     | 0                     | 116.15                | 752.78                       |
| 9,058.41                     |                       |                       | 16,381.63                    |

| GREENHOUSE GAS (GHG) EMISSIONS INTENSITY |                                |                      |   |
|--|--------------------------------|----------------------|---|
| Year 2015                                | CO <sub>2</sub> emissions in t | Total sales in euros | CO <sub>2</sub> emission per monetary unit of sales (t/€) |
| Amount                                   | 25,440.04                      | 404,640,000          | 0.000063  |

## Water savings

Delta Agrar continuously invests in modern irrigation systems which uses only as much water as necessary for normal plant growth. As the amount of precipitation in 2015 was significantly lower than in 2014, the amount of water for irrigation and watering of crops increased. Being a socially responsible company, Delta Agrar finds a way to return the used water uncontaminated to nature or to reuse it for other purposes. Thus, the company uses the water drawn from the Danube–Tisa–Danube Canal which is naturally deoxygenated in the fishpond to irrigate estate Budućnost located near the fishpond. On this farm, sugar beets, soybeans and corn seed are grown. The amount of water for irrigation in 2015 amounted to 917,426.6 m<sup>3</sup>.

In 2015, at the pig farm Vladimirovac, rotating sprinklers were installed for pre washing of the facilities, which lead to water savings, since until then, prewashing was done with a pressure hose using water from the water supply network. Setting up sprinklers also facilitated better redistribution of working hours of the employee engaged on washing. On the farm Napredak, water meters were installed on both wells. This enabled quality monitoring of water consumption.

The members of Delta Real Estate Group also take into account the saving of water. During the renovation of the building Mala kula, water sensors were installed in the toilets that will contribute to water savings in the future period. Water consumption in the Crowne Plaza Belgrade for watering lawns (about 1.8 ha), trees, plants and flowers are regularly monitored. In 2015, the amount of water consumption increased due to summer drought and high temperatures (consumption in 2014 amounted to 10,224 m<sup>3</sup>, while in 2015 increased to 16,462 m<sup>3</sup>). In the new Intercontinental Hotel in Ljubljana, the installation of taps

with sensors in the toilets is envisaged. The installation of separators of grease, oil and petroleum products is envisaged in the sewage system. Kitchen air conditioning systems are equipped with filters to extract smells and greasy pores.

During the construction of a new DTS distribution centre, water consumption was optimized as well. All water taps in toilets are equipped with the so-called time delay faucets, set for a few seconds of water jet duration. For lawn watering, water from several wells in the yard is used. With the introduction and utilization of wells, much less water is used from the Waterworks of Serbia system. Of the total 7,577 m<sup>3</sup> of water, 1,600 m<sup>3</sup> was used from wells for watering lawns. The sewerage network is designed so that the water from the kitchen is purified through a grease separator, while storm water from the parking lot is purified by means of two separators of light petroleum products. Water from battery cell is lead to the manhole, while other waters are treated as unpolluted and as such they are directly brought into the sewerage network.

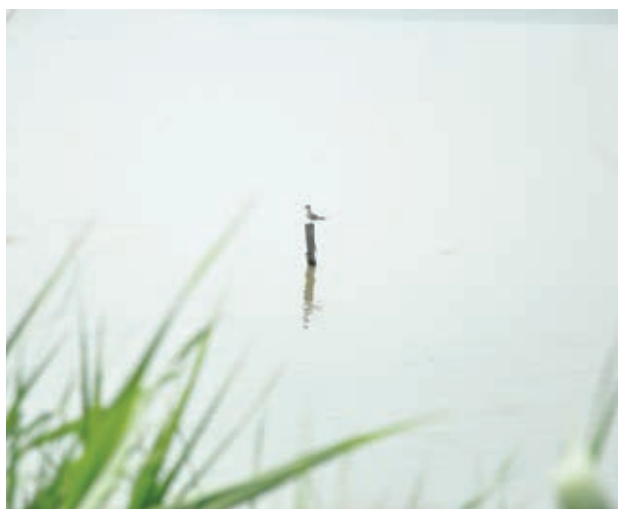
In the companies Delta Auto and Delta Motors, waste water is periodically tested before being discharged into the municipal sewage system. The system used for completely controlled reception of oily atmospheric water from all surfaces, as well as the separator of oil/water for treatment of oily water before releasing it into the recipient, reduces the risk of contamination of soil and watercourses. Laboratory monitoring of wastewater is carried out by an authorized laboratory (City Institute for Public Health) four times a year, even though this is not a legal obligation of the company. Laboratory analysis conducted in 2015 showed that all parameters were within the permissible and environmentally friendly limits.

EXTRACTED WATER IN m<sup>3</sup>

| Member Companies        | Well water | Lake water | Surface water | City waterworks water | Total       |
|-------------------------|------------|------------|---------------|-----------------------|-------------|
| Delta Agrar Group       | 1,420,925  | 737,300    | 70,213        | 917,426.6             | 3,145,864.6 |
| Delta Real Estate Group | 0          | 0          | 169,266       | 0                     | 169,266     |
| Delta Distribution      | 1,600      | 0          | 22,046.5      | 0                     | 23,646.5    |

## Natural reservoir

Delta Agrar also takes care of the nature reserve, a fishpond on the estate Jedinstvo d.o.o. The fishpond has a surface of 150 ha and it consists of several smaller 50 ha isles with flora and fauna. These must not be affected without control and approval of the Institute for nature conservation of Serbia. It is illegal to cut rush or cane growing on small isles, or to catch, hold or kill herons, as well as to destroy their nests, breeding areas and habitats. This prohibition is regulated by the Law on Nature Protection, Rulebook on the proclamation and protection of strictly protected and protected wild species of plants, animals and fungi, and the Institute for Nature Conservation of Vojvodina Province issues decisions in line with these regulations.



## Waste Management

All Delta Holding member companies are engaged in the selection, storage and disposal of waste. Non-profit organization called Delta Pak also operates within the Company.

Delta Pak was founded in 2010 with the aim of environmental protection and the fulfillment of legal

requirements relating to packaging waste. The main role of Delta Pak is to connect the organizations placing packaging on the market with the recyclers, to achieve legally defined targets for recycling in order to dispose of packaging waste. In 2015, Delta Pak had 90 members, including all the companies within Delta Holding system. Delta Pak helps its customers in proper waste management on their locations, in compliance with the legislation and national targets, as well as in record keeping and reporting to national services, and with regard to all other challenges in this field.

In 2015, Delta Pak facilitated meeting national targets for all clients. A total of 11,940.9 t of packaging was placed on the market in the Republic of Serbia by legal entities or entrepreneurs who transferred their obligations in this respect to the operator Delta Pak. The total amount of re-used and recycled packaging waste by the operator Delta Pak was 4,869 t and as much as 1,418.7 t of these quantities accounted to municipal waste. Based on the mentioned data it follows that the National general objectives of the Republic of Serbia for 2015 were fulfilled by the operator Delta Pak in the amount of 40.7% for the recovery of packaging waste, and recycling of packaging waste.

In addition to the activities of packaging operator, Delta Pak operates as an advisor for environmental protection, management of hazardous and non-hazardous waste, special waste, chemicals and safe transport of dangerous goods (dangerous cargos). During 2015, it established cooperation with 11 clients as a consultant in the field of environmental protection and with thirteen clients as an advisor for chemicals and safe transport of dangerous goods, which includes the protection of health of people and the environment. Delta Pak prepares Waste Management Plans for 5 clients. During 2015, trainings were held for the clients' employees, namely dm drogerie markt d.o.o. and Vega ADM doo, in order to raise awareness about the importance of proper eco-management.

QUANTITY OF GENERATED AND DISPOSED WASTE IN TONS

| Member Companies        | Non-hazardous waste generated in 2015 | Quantity of non-hazardous waste as of 01.01.2015. | Quantity of non-hazardous waste as of 31.12.2015. | Total generated hazardous waste in 2015 | Quantity of hazardous waste as of 01.01.2015. | Quantity of hazardous waste as of 31.12.2015. | Disposed quantities of non-hazardous waste | Disposed quantities of hazardous waste |
|-------------------------|---------------------------------------|---|---|---|---|---|--|--|
| Delta Agrar Group       | 290,672                               | 14,034  | 16,568  | 18,630                                  | 8,787   | 12,611  | 288,138                                    | 14,806                                 |
| Delta Real Estate Group | 3,262.91                              | 0   | 0   | 4.1                                     | 0   | 0   | 3,262.91                                   | 4.1                                    |
| Delta Distribution      | 186.75                                | 0.7   | 0.3   | 23.33                                   | 3.4   | 1.5   | 187.15                                     | 25.23                                  |

In the course of 2015, Delta Pak joined Delta Foundation in the humanitarian and ecological action Cap for handicap. The action involves employees collecting all kinds of bottle caps. The funds received from the recycling companies serve for the procurement of orthopaedic and other aids (wheelchairs, walkers, crutches, diapers for adults, etc...) by the Association of the Disabled from South Banat to its members.

#### QUANTITIES OF DISPOSED PACKAGING

| Types of packaging waste  | Specific national targets for 2015 |
|---------------------------|------------------------------------|
| Total Plastics            | 14%                                |
| Total Glass               | 19%                                |
| Total Metal               | 23%                                |
| Total Paper and Cardboard | 38%                                |
| Total Wood                | 11%                                |

#### QUANTITIES OF DISPOSED PACKAGING - DELTA HOLDING

| Year 2015   | Total non-returnable packaging placed on market (t) | Total reusable packaging placed on market (t) |
|---|---|---|
| PET   | 304.45  | 14.63   |
| Other types of plastics                           | 430.75  | 500.8   |
| Total Plastics                                    | 735.2   | 515.43  |
| Total Glass                                       | 580.13  | 0   |
| Iron  | 113.71  | 0   |
| Aluminium   | 25.85   | 0.27  |
| Total Metal                                       | 139.56  | 0.27  |
| Total Paper and Cardboard                         | 1,346.57  | 55.77   |
| Pallets   | 127.93  | 545.67  |
| Other (Planks, Cork)                              | 20.47   | 0   |
| Total Wood  | 148.4   | 545.67  |
| Total Textile                                     | 0   | 0   |
| Total Ceramics                                    | 0   | 0   |
| Other types of packaging                          | 0.09  | 0   |
| <b>Total</b>                                      | <b>2,949.95</b>                                     | <b>1,117.14</b>                               |
| Percentage of reusable packaging placed on market |   | 37.87%  |



# KNOWLEDGE IMPROVEMENT

## SUSTAINABLE DEVELOPMENT GOALS

**4** Quality  
education



**5** Gender  
equality



**8** Decent work  
and economic  
growth



**10** Reduced  
inequalities



**16** Peace, justice  
and strong institutions







**REGRUTATION  
AND SELECTION**



**EMPLOYEE  
DEVELOPMENT**



**HUMAN RIGHTS**



# Human resources development

Human Resources Sector supports the development of all Delta Holding businesses, taking care of its most valuable capital - people.

There are three units within Human Resources Sector: the department for the selection of candidates, for labour law and employee development.

The Company values - Excellence, Achievement, Innovation, Integrity and Care for people, represent the foundation of activities of all Human Resources departments. In 2015, the HR Manifest was created in line with Company values.

## Sharing knowledge

For many years, Delta Holding has been organizing external and additional trainings.

In 2015, the focus has shifted to the internal trainings with the intention of making use of employees' knowledge and experience.

For this purpose, projects were launched to encourage the employees to share their knowledge and exchange it with colleagues and other interested parties. Raising employee awareness about the value of their knowledge strengthened teamwork synergy and empowered individual competencies. All levels of management were included in these projects.

Delta Holding managers had the opportunity to pass on their knowledge by participating in the following projects:



**ALWAYS DO YOUR BEST. WORK ON YOURSELF.  
GROW AND DEVELOP.**

**EXCELLENCE**

**ACHIEVEMENT** **PERSIST IN ACHIEVING WHAT YOU WANT.**



**INNOVATE. TRAVEL. TRY SOMETHING NEW.  
MEET NEW PEOPLE.**

**INNOVATION**

**INTEGRITY**

**SHARE KNOWLEDGE.  
LET YOUR ACTIONS FOLLOW YOUR WORDS.**



**RESPECT THE OTHERS - WE ARE STRONGER IN DIVERSITY.  
THE QUALITY OF LIFE DEPENDS ON THE QUALITY  
OF RELATIONS YOU BUILT WITH OTHERS.**

**CARE  
FOR PEOPLE**

**LOVE YOUR JOB.  
CHANGE IT AND FIND THE ONE THAT SUITS YOU BEST.  
BELIEVE IN YOURSELF.  
YOU ONLY HAVE ONE LIFE.  
LET IT BE WORTH LIVING.**



### The development of young talents

Delta Holding is focused on the development of young talents through their programs Youth Leaders and Delta's future.

**Young Leaders** program was launched in 2012 and it continued in 2015, with 24 young leaders of the fourth generation. The program envisages one year of work in three or four different sectors of Delta Holding in order to acquire a complete picture of the company's business. Rotations facilitate becoming familiar with practice and processes within different sectors which are the subject of one's interest. This provides balance between the needs of the company and their orientation and inclinations. The significance of the program is in the new energy and creativity of young people that helps Delta in developing its business while at the same time it helps the community in providing practical trainings and keeping young people in the country.

The Company's young talents who have achieved significant results are included the program **Delta's Future**.

For participants of both programs external and internal trainings were organized. In addition to theoretical training, participants were given the opportunity to work in small multidisciplinary teams on innovative projects and thus become creators and initiators of further business development of Delta Holding. In the course of the project, mentors and HR Sector tracked their progress and supported them. Upon completion of the project, young talents presented their ideas to top management of the Company.

In 2015, the Young Leaders worked on the following projects that they themselves picked:

- School of Young Leaders
- Popularization of Delta Foundation

- Bringing a new brand/business in a new field
- Raising environmental awareness in the company
- Delta lives healthy - Raising awareness of healthy living among employees

### Raising environmental awareness in the company was selected the best project of Young Leaders and its implementation is underway.

The employees who were part of Delta's Future have been working throughout the year on the following projects:

- Traceability in the process of harvesting
- Proposal of a new product for distribution
- Conceptual design of a new delivery system for flour silos
- Implementation of CRM processes in DTS
- Development of markets for Fun and Fit Company

These programs will continue in 2016 with a series of planned trainings and support in career development of young people.

## Internal trainings

**Delta Business Café** is a program in which top management gives interactive lectures transferring the experience onto young people in the projects Delta's Future and Young Leaders. The aim of the lectures is to gain knowledge about leadership, assessment of the situation in the environment, business decision making and strategic planning. In 2015, the following lectures were held:

- Operations in Serbia
- Crisis management
- Leadership
- Controlling system in complex organizations
- Customer care
- The art of negotiating and building relationships with clients and associates
- Authentic Leadership

Sixty-eight young talents attended these lectures.

**Delta DMD Business Café** is a project through which the managers of divisions and regional sales managers share their rich experience with colleagues. Specific lectures were related to the operation of Delta DMD, but also to required skills and abilities for the employees of this member company. In the first round in 2015, the following lectures were held:

- Successful communication
- Negotiation skills
- Influencing skills
- The power of brand - concept that makes the difference
- Sales analyses
- How to make quality decisions
- Establishing a successful business cooperation with a foreign principal
- Building successful teams
- Identifying the needs and planning development of team members
- Time management
- Authentic leadership

## Mentoring

The project for the development and expansion of internal mentoring continued in 2014. The colleagues who were promoted and took new positions were given mentors. In a structured six-month process, each of them worked with their mentor on pre-defined objectives and on the development of the needed skills.

Mentoring skills are also developed within the project Young Leaders. In 2015, there were 14 mentors for the employees who were promoted and 38 mentors for Young Leaders. In 2015 again, one of Delta Holding managers took part in the AmChamps program as one of the mentors.



### Let's get to know each other better

In order to get to know the Company better, different activities within the system were launched, such as the projects „Get to know Delta” and „In your shoes”.

The project called „Get to know Delta” was launched in 2015. Employees visit other member companies and learn about their work processes, the specifics of business, brands, products and service range within Delta Holding. This is an opportunity to meet with colleagues from other member companies, exchange experience and strengthen team spirit. This project contributes to the development of interpersonal relations, strengthening loyalty and satisfaction. Within this project, the following member companies were visited: Yuhor, Mioni, Topola, Danubius, Napredak and Podunavlje. The project will continue in 2016 as well.

The program „**In your shoes**”, launched in 2015, aims to strengthen team spirit, better understanding between sectors and provide insight into different types of jobs. The program allows employees to spend one day in the workplace of another colleague and try doing their jobs. This contributes to better understanding and cooperation between colleagues at different levels of the Company. In 2015, 19 employees spent one day in their colleague's shoes. The activities within the program started with the management working on the line in the restaurant for employees.

The project will continue in 2016 and it will include more employees.



### Career planning

Top, senior and middle management of Delta Holding is included in the career-planning project. More than 150 managers of the Company went through different types of assessments to identify their strengths and areas for development.

Each of them will receive individual development plans to define the trainings they need for career development in the Company.

### Development projects

During 2015, development projects were implemented in several segments of the Company (Delta

DMD, DTS, IT). The aim was to improve existing processes, communication and work methods based on the analysis of satisfaction and needs of employees. The analysis was carried through the series of qualitative interviews with focus groups. As a result, suggestions for improvement and further action plans were drafted.

### Trainings

Human Resources Sector encourages employees to continue their education, acquire knowledge and improve their skills. Application of new knowledge contributes to the development of innovation, quality and professional performance of tasks.

In 2015, the Crowne Plaza Hotel stood out by organizing creative educational trainings for its personnel. During the year, they conducted a series of 80 ten-minute trainings during which they went through seven important topics relating to data protection, emergencies and incidents, fire protection, food safety, the safety of guests, security in the building, and employee safety. The total of 1,600 hours of training was conducted in 2015. At the end of the training course, they organized a quiz to test acquired knowledge. A special focus was on the trainings related to health and safety at work and for that reason, 40 different trainings and practical work were organized on this topic. In addition to regular trainings on security of the facilities, special training sessions for emergency situations were held (explosive devices, fire, etc.) simulating crisis situations.

The trainings which are considered to be of importance for general information and raising awareness of individuals included all employees, for example the trainings in the field of personal data protection and health protection of guests.

| TRAININGS      |           |
|----------------|-----------|
| Year 2015      | Number    |
| Training hours | 23,576.25 |
| Women          | 5,200     |
| Men            | 3,922     |



## TRAINING AND EDUCATION

| Key results   | BEGCP 2014 | BEGCP 2015 |
|---|------------|------------|
| I am proud to be working in Crowne Plaza                                  | 96%        | 98%        |
| I would recommend this hotel for good working environment                 | 87.5%      | 98%        |
| The way they treat me here encourages me to put additional effort at work | 86.5%      | 95%        |
| I go to work happy  | 87%        | 96%        |
| My job gives me a true sense of achieving results                         | 89%        | 95%        |

**The employee satisfaction survey showed that 94.9% of employees are satisfied with their jobs, which speaks enough about the success of the aforementioned program for motivation of employees.**

### Pro bono and skill-based volunteering

In order to improve employee satisfaction, the following activities were held:

- Celebrate Service Week – During this week, the employees participated in a series of organized competitions and fun activities. This is an opportunity to demonstrate to the employees the importance of teamwork, the necessity of each job and what support really means to colleagues. Managers replaced employees in their jobs in the attempt to confirm how much they appreciate and understand the value of their work and effort, for example, serving in cafeteria.
- The best female and male employee of the year
- The manager of the year
- The best female and male co-worker
- Rising star – an employee who has made the biggest advancement in his/her career during the year is rewarded for this achievement.
- Recognition card – special recognition to the employees for their efforts, special gesture of dedication in providing excellent service (commended by guests, colleagues, team, etc.). The employee with the biggest number of recognitions, i.e. cards collected during the year, wins the prize and is publicly commended.
- The kindergarten children visited the workplaces of their parents
- Celebration within the Service Week project and New Year celebration

As a company with diversified operations, Delta is able to provide different types of education and practical trainings to interested parties. Therefore, for many years, Delta employees have provided assistance, transferred their knowledge and professional skills in volunteer activities, lectures and taking part in conferences and seminars. In this way, they help the community through the education of citizens and the development of the economic environment. In 2012, Pro bono policy was established to encourage a greater number of employees transfer their knowledge and skills to those who needed career development or job.

In 2015, 25 employees spent 544 hours giving numerous lectures and expert meetings, passing on their knowledge.

## Recruitment and Selection

In addition to the selection of candidates whose qualifications, knowledge and competencies are most appropriate to the requirements of the job, the selection process also includes:

- Advertising vacancies through the media or an external mediator
- The collection of CVs and other required documentation
- The selection process through the analysis of CVs,

written or practical assessment of knowledge and competencies, interviews and group workshops.

In 2015, there were 4,583 persons engaged through employment contracts in Delta Holding. Due to the requirements of business, in the months of seasonal jobs, in the midst of season, Delta Holding engages almost 5,300 persons.

### NUMBER OF EMPLOYEES AS OF 31 DECEMBER 2015

| MEMBER COMPANY                             | Employed in Serbia in 2015 | Employed in region in 2015 | Total in 2015 | Total in 2014 |
|--|----------------------------|----------------------------|---------------|---------------|
| Delta Agrar Group                          | 1,540                      | 6                          | 1,546         | 1,462         |
| Delta Real Estate Group                    | 471                        | 0                          | 471           | 496           |
| Delta Distribution                         | 738                        | 87                         | 825           | 747           |
| Common Functions                           | 192                        | 0                          | 192           | 204           |
| Delta MC                                   | 32                         | 0                          | 32            | 34            |
| Delta Sport                                | 0                          | 0                          | 0             | 232           |
| Engaged under various engagement contracts | 1,517                      | 0                          | 1,517         | 1,258         |
| <b>Total</b>                               | <b>4,490</b>               | <b>93</b>                  | <b>4,583</b>  | <b>4,433</b>  |

## Personnel turnover rate

This year, we externally hired 516 new colleagues. For the development and utilization of own potentials, Company favours internal human resources whenever possible. In 2015, 111 employees used the opportunity to continue the development of their careers in another member company.

Redirecting of an employee from one Member Company or sector to another is always planned and coordinated. When the management of a business unit or sector shows the initiative to take over an employee from another part of the Company, they have to inform Human Resources Sector and his immediate superior. An employee who receives an offer has to respond to it within 8 days.

### EMPLOYEE TURNOVER BY GENDER IN 2015

| MEMBER COMPANY          | Newly employed in 2015 |            | Left the organization in 2015 |            |
|-------------------------|------------------------|------------|-------------------------------|------------|
|                         | Women                  | Men        | Women                         | Men        |
| Delta Agrar Group       | 142                    | 119        | 40                            | 119        |
| Delta Real Estate Group | 61                     | 47         | 67                            | 60         |
| Delta Distribution      | 79                     | 162        | 53                            | 135        |
| Common Functions        | 15                     | 10         | 21                            | 13         |
| Delta MC                | 0                      | 2          | 4                             | 0          |
| <b>Total</b>            | <b>297</b>             | <b>340</b> | <b>185</b>                    | <b>327</b> |
| Internal fluctuation    | 111                    |            | 111                           |            |

### EMPLOYEE TURNOVER BY AGE IN 2015

| MEMBER COMPANY          | Newly employed in 2015 |            |             | Left the organization in 2015 |            |             |
|-------------------------|------------------------|------------|-------------|-------------------------------|------------|-------------|
|                         | 18-29 YOA              | 30-50 YOA  | Over 50 YOA | 18-29 YOA                     | 30-50 YOA  | Over 50 YOA |
| Delta Agrar Group       | 97                     | 156        | 8           | 37                            | 94         | 28          |
| Delta Real Estate Group | 54                     | 48         | 6           | 61                            | 56         | 10          |
| Delta Distribution      | 94                     | 140        | 7           | 49                            | 131        | 8           |
| Common Functions        | 14                     | 10         | 1           | 10                            | 20         | 4           |
| Delta MC                | 0                      | 2          | 0           | 0                             | 4          | 0           |
| <b>Total</b>            | <b>259</b>             | <b>356</b> | <b>22</b>   | <b>157</b>                    | <b>305</b> | <b>50</b>   |
| Internal fluctuation    | 111                    |            |             | 111                           |            |             |



### Employment of people with disabilities

For years, the company has been adapting buildings and workplaces to facilitate the employment of people with disabilities. In the recruitment of persons with disabilities, Delta Holding has been successfully cooperating with the organization Youth with Disabilities Forum. Before welcoming a new employee, Forum members provide useful advice and give lectures to other team members on the method of communication with new colleagues and with the opportunities and challenges that they face in everyday life. Etiquette in communication with persons with disabilities, as an additional form of education to employees is available on the Company's internal portal.

Human Resources Sector provides further support in career development. In 2015, there were 48 persons with disabilities employed in Delta Holding.

### Students' internships

In order to develop and support young people in acquiring practical knowledge and skills relevant for career development, Delta Holding provides practical experience and opportunity for employment within member companies to all interested students. During 2015, the Company admitted 32 students from different faculties on specialized trainings in duration of 2 to 3 months. The largest number of students came from the Faculty of Organizational Sciences and the Faculty of Economics. Eight persons were employed after the completion of professional practice in 2015.



## Determination of earnings

The earnings of employees are determined exclusively in accordance with the requirements of the subject position. This means equal valuation of the work that requires the same degree of education, same responsibilities, same amount of work, and intellectual and physical abilities, regardless of gender or any other personal features of an employee. The earnings of all employees, including the Board of Directors, consist of:

- Earnings for work performed and time spent at work
- Earnings based on the employee's contribution to the Company business success (awards, bonuses, etc.)
- Other employment-related income, in accordance with the general act and the employment contract

The earnings for work performed and time spent at work consists of basic salary, part of the salary for performance at work and increased earnings. Basic salary is determined by the President of the company or director of the member company, in accordance with the Rules of Procedure. The employment contract for managers and executives may determine basic earnings in the amount exceeding the basic salary prescribed in accordance with the elements stipulated in the general act, based on the degree of qualification, complexity and responsibilities of job, and the conditions of performing the subject job.

Basic salary is expressed in the nominal gross value in the employment contract for full-time and standard work performance. The performance related earnings is determined based on the following general elements for the assessment of work performance:

- Carried out activities in relation to the planned ones
- The volume of work done
- The quality of work performed
- Employee's attitude towards assigned duties
- Accuracy in performance of duties
- Work and technology-related discipline
- Achieved operational results for the employees in departments

The earnings can be increased up to a prescribed percentage in accordance with the provisions of general act, depending on the performance of employees or the achieved business results of the company. Furthermore, an employee can be paid a one-off reward or given an in-kind gift for extraordinary efforts at work, and in accordance with current possibilities of the company.

### RATIOS OF DELTA HOLDING EMPLOYEES SALARIES COMPARED TO LOCAL SALARIES

| Salaries on the day<br>Nov 30, 2015 | Minimal gross I wages |  | Average gross I wages |  |
|-------------------------------------|-----------------------|--|-----------------------|--|
|                                     | Delta Holding         | Republic of Serbia<br>Official statistic | Delta Holding         | Republic of Serbia<br>Official statistic |
| Beograd                             | 36,219.50             | 27,367.62                                | 118,884.13            | 74,694                                   |
| Novi Sad                            | 38,585.24             | 27,367.62                                | 72,095.92             | 69,097                                   |
| Čačak                               | 38,906.10             | 27,367.62                                | 64,706.48             | 53,567                                   |
| Jagodina                            | 38,831.28             | 27,367.62                                | 59,787.69             | 45,362                                   |
| Niš                                 | 36,763.19             | 27,367.62                                | 63,715.27             | 54,141                                   |

## Benefits and solidarity aid

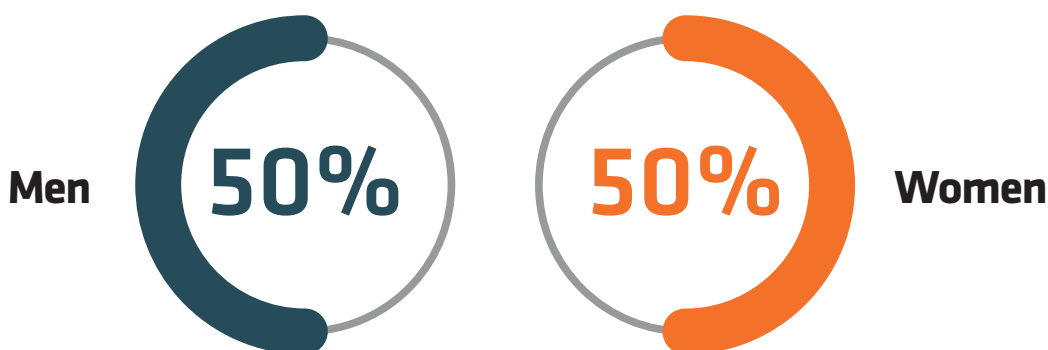
Within care for employees, Delta Holding assists employees in the event of the childbirth, illness, illness of an immediate family member, and death of employee or death of an immediate family member. This kind of assistance also includes financial support to the children of deceased employees attending school regularly until the end of their schooling. For all Delta Holding employees, collective supplementary health insurance in case of serious illnesses and surgical interventions was contracted, together with the collective accidents insurance (24h). Each year, Delta Holding provides New Year gifts for the children of employees up to 8 years of age.

## Non-discriminatory principles and protection of human rights

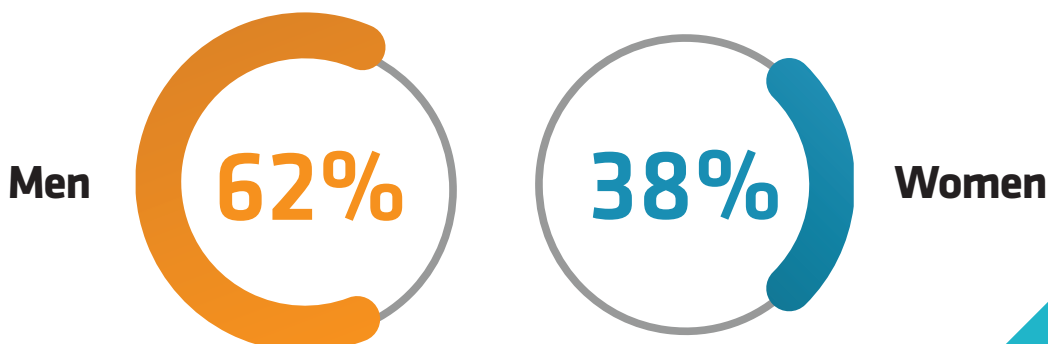
Delta Holding pays much attention to non-discriminatory principles and protection of human rights. All candidates are protected even during the selection process. Discrimination in the course of employment is strictly forbidden in terms of gender, language, race, colour of skin, age, pregnancy, health condition, nationality, religion, marital status, family obligations, sexual orientation, political or other beliefs, social background, financial standing, membership in political organisations, trade unions or any other personal feature. In the selection process, the Company protects data of the candidates and notifies each applicant personally on the outcome. Minors are not allowed to work in the Company.

New employees are informed about their rights on the first working day. In a welcome email, they receive link to an internal portal where they can find general information about the Company, Code of ethics, standards and procedures of Human Resources Sector. The operational procedures also include non-discriminatory principles, prohibition of harassment and rights and obligations of employees regarding these issues. All 627 of new employees in 2015 spent at least 314 hours educating themselves about their rights.

### Gender structure Top Management



### Gender structure all employees



## EMPLOYEE GENDER STRUCTURE

| MEMBER COMPANY          | Employed in Serbia |              | Employed in the region |           | Total        |              |
|-------------------------|--------------------|--------------|------------------------|-----------|--------------|--------------|
|                         | Women              | Men          | Women                  | Men       | Women        | Men          |
| Delta Agrar Group       | 514                | 1,026        | 0                      | 0         | 514          | 1,026        |
| Delta Real Estate Group | 212                | 259          | 0                      | 0         | 212          | 259          |
| Delta Distribution      | 286                | 438          | 23                     | 64        | 309          | 502          |
| Common Functions        | 122                | 70           | 0                      | 0         | 122          | 70           |
| Delta MC                | 8                  | 24           | 0                      | 0         | 8            | 24           |
| <b>Total</b>            | <b>1,142</b>       | <b>1,817</b> | <b>23</b>              | <b>64</b> | <b>1,169</b> | <b>1,881</b> |

## EMPLOYEE AGE STRUCTURE

| MEMBER COMPANY          | Employed in Serbia |              |             | Employed in the region |           |             |
|-------------------------|--------------------|--------------|-------------|------------------------|-----------|-------------|
|                         | 18-29 YOA          | 30-50 YOA    | Over 50 YOA | 18-29 YOA              | 30-50 YOA | Over 50 YOA |
| Delta Agrar Group       | 169                | 916          | 453         | 0                      | 0         | 0           |
| Delta Real Estate Group | 127                | 269          | 75          | 0                      | 0         | 0           |
| Delta Distribution      | 155                | 558          | 43          | 30                     | 56        | 1           |
| Common Functions        | 27                 | 128          | 37          | 0                      | 0         | 0           |
| <b>Total</b>            | <b>478</b>         | <b>1,871</b> | <b>608</b>  | <b>30</b>              | <b>56</b> | <b>1</b>    |

## EMPLOYEE QUALIFICATION STRUCTURE

| MEMBER COMPANY          | PhD      | Magistrate | Master    | University Degree | College    | Highly-qualified | Secondary school | Qualified  | Semi-qualified | Non-qualified |
|-------------------------|----------|------------|-----------|-------------------|------------|------------------|------------------|------------|----------------|---------------|
| Delta Agrar Group       | 2        | 1          | 8         | 327               | 65         | 13               | 451              | 394        | 21             | 258           |
| Delta Real Estate Group | 0        | 2          | 5         | 135               | 52         | 12               | 184              | 54         | 2              | 25            |
| Delta Distribution      | 0        | 2          | 8         | 215               | 102        | 25               | 362              | 111        | 3              | 15            |
| Common Functions        | 1        | 2          | 4         | 96                | 23         | 2                | 55               | 7          | 1              | 1             |
| <b>Total</b>            | <b>3</b> | <b>7</b>   | <b>25</b> | <b>773</b>        | <b>242</b> | <b>52</b>        | <b>1,052</b>     | <b>566</b> | <b>27</b>      | <b>299</b>    |

Together with their employment contract, all employees are provided with the document containing the rights and obligations with regard to the prohibition of harassment at work and the rights related to disclosure of information in the event that the Company violates regulations, human rights, carries out operations harmful to health and safety of its employees, other citizens and the environment as well as for the prevention of large scale damage. There were no reports on this matter and on discrimination at work in 2015.

There are no positions or processes within the Company that may have caused forced labour.

Company's suppliers are mostly international companies that respect the principles of human rights, do not allow employment of children and forced labour. According to the available information, local companies that are business partners to Delta Holding also respect the diversity and operate in accordance with applicable laws that explicitly prohibit forced labour, harassment at work and the exploitation of child labour. All Delta Holding business associates sign the Agreement stating that they will respect the principles of social responsibility, human and labour rights.

The Company allows trade union organization and collective association of employees.

## PERCENTAGE OF EMPLOYEES UNDER A COLLECTIVE AGREEMENT

| Year 2015     | Total number of employees | Number of employees under a collective agreement |
|---------------|---------------------------|--|
| Delta Holding | 4,583                     | 447  |

## PERCENTAGE OF EMPLOYED UNION MEMBERS

| Year 2015     | Total number of employees | Number of employed union members |
|---------------|---------------------------|----------------------------------|
| Delta Holding | 4,583                     | 731                              |



## Return from maternity leave

An important part in care for people is also the support of employees in the development of their families. The Company supports its employees in starting families and in use of pregnancy and maternity leave. Young mothers resume their work posts upon return from their maternity leave. The plan is to introduce flexible working hours that will mean a lot to those employees with younger children as they have to leave them in schools and kindergartens before coming to work.

RETURN TO WORK AND RETENTION RATE AFTER MATERNITY LEAVE

|                     | Men | Women | Total |
|---------------------|-----|-------|-------|
| Return to work rate | 100 | 98.46 | 98.61 |
| Retention rate      | 100 | 96.88 | 97.18 |

RETURN FROM MATERNITY LEAVE

| MEMBER COMPANY          | Employees entitled to leave for child care 2014 |           | Employees who have exercised their right to leave |           | Expected number of employees for the return from leave |           | Employees that resumed work upon leave |           | Employees that returned to work after leave and are still employed 12 months thereafter |           |
|-------------------------|---|-----------|---|-----------|--|-----------|--|-----------|---|-----------|
|                         | Men   | Women     | Men   | Women     | Men  | Women     | Men                                    | Women     | Men   | Women     |
| Delta Agrar Group       | 0   | 20        | 0   | 20        | 0  | 20        | 0                                      | 20        | 0   | 19        |
| Delta Real Estate Group | 0   | 11        | 0   | 10        | 0  | 10        | 0                                      | 10        | 0   | 10        |
| Delta Distribution      | 7   | 31        | 7   | 27        | 7  | 27        | 7                                      | 26        | 7   | 26        |
| Common Functions        | 0   | 13        | 0   | 8         | 0  | 8         | 0                                      | 7         | 0   | 6         |
| Delta MC                | 0   | 1         | 0   | 1         | 0  | 0         | 0                                      | 1         | 0   | 1         |
| <b>Total</b>            | <b>7</b>  | <b>76</b> | <b>7</b>  | <b>66</b> | <b>7</b>   | <b>65</b> | <b>7</b>                               | <b>64</b> | <b>7</b>  | <b>62</b> |

## Sports activities

Another aspect of caring about people, about their satisfaction and health are the sporting activities organized for Company employees. Paid basketball, volleyball, soccer and bowling trainings twice a week are available to the employees. Tournaments are organized on a monthly bases and grand finale and celebration for all participants are organized annually. Once a year, for two consecutive weekends, traditional Tournament 8 is organized. This is an opportunity for the employees and their families to spend a weekend in the countryside enjoying organized excursions, performances, educational workshops and lunch. During Tournament 8, competitions in basketball, volleyball, tennis, football, badminton, chess, bowling and darts are held. The winning teams of this year's tournament qualified for the competition on Kopaonik, which was held in September under the title Corporate Sport Days. Sports and competitive team activities promote company values and strengthen team spirit of employees from different member companies.



## Internal Communications

In accordance with the five-year strategy of internal communications, in 2015, various activities for strengthening corporate culture, better understanding of Company's values and the promotion of cooperation among employees were carried out.

During the campaign, Choosing the Ambassadors of Our Values employees nominated their co-workers whose work best reflects Company values. During the nine-month campaign, Internal Communications received 2,410 nominations for ambassadors. Three ambassadors were chosen for each value. In 2014, the ambassadors of Excellence and Innovation were chosen, and in 2015, the ambassadors of Achievement, Integrity and Care for people.

In order to improve internal communication, we conducted a survey called Together we develop. In cooperation with Human Resources Sector, we selected those employees who have contacts with a large number of people due to the nature of their work both within the system and outside the company. They were participants

in the focus groups, while online questionnaires were sent to senior and middle management. The central issue of the research was the satisfaction with the existing communication channels, the efficiency of internal information and mutual communication.

Based on the results obtained, an internal communications development plan was prepared and its implementation started in 2015. A guide for efficient communication was designed, which describes the characteristics of a successful and assertive communication through 20 lessons. Once a week, employees received an email containing lessons and tips applicable in everyday business and personal relationships. In addition, in-house newspaper which was last published in 2009 called Delta Today was re-launched, as it represents an important channel of communication for employees who do not have access to the internal portal or computer. The plans for future period involve the introduction of a new platform for internal communication, which will simplify and make more efficient exchange of information, experience and ideas among employees.



## Occupational Safety and Health and Fire Protection

In accordance with corporate social responsibility, Delta Holding provides safe working environment and conditions for performance of tasks through the application of the latest technologies, provision of new equipment, means of work and personal protective equipment. Adequate conditions of working environment are provided in workplaces. Tests are performed on microclimate parameters, illumination, physical, chemical and biological hazards in relation to the type of work and the dangers and hazards in workplace.

When starting employment, in the event of changing workplace and introduction of new technologies, employees are trained both in theory and in practice for safe and healthy work and protection from fire and other emergencies. In addition to these trainings, first aid courses for staff are held continuously. Proficiency tests are carried out on a regular basis.

A total of 1,460 hours of trainings were held in the field of OHS, FP and first aid. Delta Agrar Group devoted 1,337 hours to trainings, Delta Distribution - 246 hours, while Delta Real Estate d.o.o, Delta City 67 d.o.o and Hopar d.o.o. had 93 hours of trainings. NBGP Properties d.o.o. had 373 hours of trainings, while Common functions had 142 hours.

In addition to regular trainings on safety in the facility, there are special trainings for emergency situations (explosive devices, etc.). Crisis situation is simulated during the training. In addition, as a method of preventing illness and disease, employees become familiar with standard procedures in locating potentially contaminated items, which are treated with special care and disposed of in specially designed boxes and waste disposal locations.

All employees are included in the trainings that are considered to be of importance for the general information and raising awareness of individuals, for example, the trainings in the field of personal data protection and health protection of guests, and sorting and disposal of packaging waste. The employees were able to use the knowledge acquired on these trainings in family environment as well.

Risk assessments carried out on all workplaces determine risk levels, therefore, health of employees is monitored accordingly at workplaces with increased risk. Regular eye examinations by an ophthalmologist are organized for those employees using equipment with monitors in their work.

In the distribution and logistics centre of Delta Transportation System in Stara Pazova, new guidelines

were posted for movement in workspace together with the instructions for visitors, in order to secure safe stay in the facility. From the aspect of road safety, activities were carried out in the parking space for parking of vehicles moving in reverse. Horizontal road markings were placed for the movement of forklifts in the warehouse, and wearing reflective vests for employees and visitors is mandatory. When entering the warehouse, visitors are provided with protective gaiters for feet protection.

Within the organizational units of Danubius d.o.o., Delta DMD, and Delta Transport System, firefighting and building evacuation drills were held. Evacuation drills were held twice in the Crowne Plaza, and one of them was carried out together with hotel guests, while fire protection trainings are held on a quarterly basis.

In the flour and pasta factory Danubius d.o.o. the diesel engine was procured to serve as a backup power supply for hydrant pumps. New fire protection systems, devices and equipment were installed and the existing ones were upgraded (Delta City 67 d.o.o.- Delta City shopping mall, Hopar d.o.o. - Hotel Park, NBGP Properties d.o.o.- Mala kula). They are monitored and tested on a regular basis in order to secure safe stay of employees, guests, visitors, tenants, contractors and associates within those premises.

At Delta City shopping mall, the fixed fire detection and fire alarm system was improved by replacing the existing switchboard with the latest generation model. This facilitated detection of fire at an early stage and appropriate response by qualified personnel.

Higher level of safety in the facilities was achieved by undertaking technical, technological and organizational measures.

There were 19 injuries at work less than in 2014. Most injuries in 2015 were recorded in Delta Agrar Group, in Yuhor factory, where 40 light injuries occurred, while there were no serious injuries.

Works performed in this member company involve more risk owing to utilization of sharp object in meat processing.

The largest number of injuries occurred due to slips and cuts. In order to reduce injuries and raise awareness of employees, posters, manuals and brochures were made with clear instructions for safe and healthy work and the consequences of non-compliance with these rules.

## STATISTICS OF WORK-RELATED INJURIES IN 2015

| MEMBER COMPANY          | Number of light injuries | Number of heavy injuries | Total number of injuries | Number of work days lost |
|-------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Delta Agrar Group       | 56                       | 6                        | 62                       | 1,616                    |
| Delta Real Estate Group | 1                        | 2                        | 3                        | 119                      |
| Delta Distribution      | 9                        | 2                        | 11                       | 205                      |
| Common functions        | 0                        | 0                        | 0                        | 0                        |
| <b>Total</b>            | <b>66</b>                | <b>10</b>                | <b>76</b>                | <b>1,940</b>             |

|                               |           |
|-------------------------------|-----------|
| Total number of working hours | 9,569,304 |
| <sup>10</sup> IR rate         | 7.94      |
| <sup>11</sup> ODR rate        | 0.2       |
| <sup>12</sup> LDR rate        | 1.62      |

<sup>10</sup>IR rate - Total number of injuries / Total number of working hours x 1,000,000

<sup>11</sup>ODR rate - Total number of lost days / Total number of working hours x 1,000

<sup>12</sup>LDR rate - Sick leave due to injuries at work / Total number of working hours x 1,000



# DELTA FOUNDATION

## SUSTAINABLE DEVELOPMENT GOALS

**1** No poverty



**2** Zero hunger



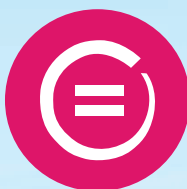
**3** Good health and well-being



**4** Quality education



**10** Reduced inequalities



**17** Partnerships for the goals





**HELPING THE  
POPULATION**



**SUPPORT TO  
EDUCATION**



**ENDOWMENT**



**The daycare centre for people with disabilities  
The Sun, City of Belgrade - The first endowment of Delta  
Holding**

Delta Foundation, founded in 2007 as the first foundation of a private company in Serbia, has carried on the tradition of the great Serbian endowers by building the first endowment after The World War II - The daycare centre for people with disabilities The Sun on Bežanijska kosa quart in Belgrade. In 2012 Delta Foundation has donated to the City of Belgrade and the children with disabilities the only daycare centre located on the New Belgrade. It is now the object of public significance and safe place to stay for 103 children and youth with disabilities.

In The Sun daycare centre, children and persons with disabilities receive quality services that fully meet their daily needs. The beneficiaries of this centre can express their creativity in ceramics, IT and horticulture workshops. Nine living rooms, sensory room, IT workshop and gym are at children's disposal every day.

Delta Foundation actively supports and assists in the work of the Daycare centre that provides an innovative service called "A break in parenthood". The service includes occasional, short-term separation of beneficiaries from their parents, to help them gain

independence and socialization, while parents can carry out some other family or professional tasks for the time being. In 2015, Delta Foundation fully covered the costs of implementation of these services. Activities envisaged within this service include overnight and extended stay of children in the specially equipped daycare centre the Sun. The facility allows accommodation of 6 to 8 users at one time.

To assure the quality of services and unimpeded running of the daycare centre, the Foundation supports the operation of this endowments, inter alia, by regular in kind donations and preparing New Year's gifts. In addition, several times a year, through Delta Foundation, the Centre organizes sales exhibitions in the Delta City shopping mall and other facilities of Delta Holding. All proceeds from the sale of goods are used for the procurement of materials, which are then used for art objects made by people with disabilities, i.e. endowment beneficiaries.

Moreover, Delta Foundation representative is an active member of the Management Board of the Centre for accommodation and daycare of people with disabilities, which is the umbrella organisation for the operation of all daycare centres in Belgrade, including The Sun Centre.



## **The second Delta Holding endowment - The Centre for Sport and Rehabilitation of Persons with Disabilities Iskra, City of Kragujevac**

Continuing the implementation of endowment projects in Serbia, in March 2015, in the City Hall of Kragujevac, Delta Foundation signed the contract for the Centre for Sport and Rehabilitation of Persons with Disabilities Iskra.

The construction of the second Delta Holding endowment commenced in November 2015, and is the result of a long-term cooperation of Delta Foundation with Paralympic Club Junior. The 600 thousands euros worth investment for the construction of 660 m<sup>2</sup> Iskra Centre is managed by Delta Real Estate. The following units are designed within the facility:

- Four apartments,
- Multifunctional space for trainings, seminars and inclusive gatherings,
- Sports and rehabilitation block (with a therapeutic massage room, room for hydrotherapy, sports hall and psychologist and pedagogue office).

The facility will be fully architecturally adapted to the persons with disabilities, barrier-free, with tactile paving, braille markings and adequate changing rooms. The centre will service around 88 beneficiaries, of which 21 beneficiaries of the rehabilitation facilities, 15 users of the apartment block and 52 users of multi-purpose areas.

By using the services of the Centre and by staying at the Centre for several days, persons with disabilities will have the opportunity to develop their capacities, and with professional support, they will be encouraged to make maximum of their potentials. The Centre “Iskra” will provide the best conditions for sport and rehabilitation of persons with disabilities, but also raise awareness of their possibilities and the challenges they face every day. Sport and recreational activities will enable persons with disabilities efficient post rehabilitation and resocialization.

The place where, in the future period, athletes of Paralympic sport will prepare for the world championships, recreational athletes can engage in sports activities, but also socialize, is named “Iskra” (eng. Spark) as a symbol of a new beginning.

Iskra Centre will be the only facility in the region with services of this type, and will work under the auspices of the responsible city institution. The construction of the Centre Iskra will be completed in May 2016, when it will be donated to the City of Kragujevac for administration.







### Plantation for the Future

In order to support organizations that are engaged in agriculture according to the principles of social entrepreneurship and thus help the community to reduce poverty, unemployment and inclusion of marginalized groups, Delta Foundation launched a project in 2015 – Plantation for the Future.

The project includes financial grants, assistance of agricultural experts of Delta Agrar and possibility of products purchase, which empowers the associations and organizations to improve agricultural production. In this way entrepreneurs learn about the new technologies and standards of achieving sustainability of production.

The **first competition** for the award of grants under the pilot project was launched in May 2015 in cooperation with Trag Foundation. The contest was dedicated to social enterprises with a minimum of one year of experience in the field of agriculture, registered in the territory of the Republic of Serbia.

The total budget for the allocation of grants amounted to 8 million, while the maximum amount of grant per individual project amounted to 1.8 million dinars.

A total of 66 project ideas were received, six of which were supported by Delta Foundation. The decision on grant awards was based on the eligibility criteria of the competition, and it was made by a five-member committee comprised of the representatives of:

- Team for Social Inclusion and Poverty Reduction of the Government of the Republic of Serbia

- Trag Foundation
- Delta Agrar
- Delta Holding
- Delta Foundation

Six communities in Serbia (Šabac, Priboj, Zemun, Smederevo, Užice and Surčin) received funds that were used to purchase:

- 7 greenhouses of 1,797 m<sup>2</sup> in total area,
- 9 pieces of agricultural machinery,
- Several thousands of seedlings of raspberries, blackberries, strawberries, pepper, and other fruits and vegetables, and
- 120 m<sup>2</sup> pig fattening facility,

The following social goals were achieved:

- 65 socially vulnerable persons employed or engaged
- 1,811,178.32 dinars - total earnings achieved
- Initiatives produced over 15,000 fruits and vegetables, and 120 of fatlings
- 1,617 beneficiaries had direct benefit from this project
- 34 volunteers with 1,656 hours of work have contributed to the project's success
- Initiatives from 6 communities in Serbia achieved profit in the amount of 1,855,097.24 dinars

The **second competition** within the project Plantation for the future was organized in December 2015. The competition was designed for organisations, citizens' associations and cooperatives operating according to the principles of social enterprises/entrepreneurship.

Based on the results the first competition grantees have achieved, total amount of grants for the second competition has increased to more than twice of the original amount, and now is a total of 18 million dinars. Delta Foundation has received 28 project ideas which applied for financial grants to a minimum value of 240 thousands to a maximum of 1.8 million dinars per grant.

Project ideas are aimed at improving or starting primary or secondary agricultural production in the area of fruit, vegetable growing and pig breeding.

Those organizations that go into the third round of the competition will present their project ideas on the public presentation held in February 2016. Delta Foundation will organize a ceremony for the grant award mid-March 2016.

Even before the completion of the first cycle of the project Plantation for the future, Delta Foundation supported the work of social enterprises. Association Optimist from Bosilegrad, which through their services economically empowers the poor population of this city and southern Serbia, was supported in the implementation of the project "If you can - then you have to" in the form of a grant of 615 thousand dinars for the construction of small facility for processing fruit.



## Strengthening families

The National Strategy for Social Protection<sup>13</sup> of the Republic of Serbia puts family and its strengthening in focus, because strong family is the basic cell of a healthy society and safe place for a proper childhood.

For this reason, in 2013, Delta Foundation joined the SOS Children's Village in Sremska Kamenica in the implementation of the project called Strengthening families. The aim of the project is to empower families to prevent displacement of children in social care institutions. Social workers work with them, monitor their progress and help them achieve independence and sustainability.

The program includes:

- Psychosocial support (regular home visits, individual counseling, self-support club)
- Support in the realization of various entitlements
- Educational workshops for children and their parents
- Involvement in as many services as possible which support children and families
- Advocating for children's rights in the local community
- Financial support

From the beginning of the project to date, 118 families with 325 children were the beneficiaries of these services. During 2015, in cooperation with Delta Foundation, the Children's Village helped 29 families with 90 children, 20% of which is fully strengthened and continues to take care of their children independently. Ten families received the necessary building materials for renovation of their living space and improvements in housing conditions.

| STRENGTHENING FAMILIES                          |                          |                          |
|---|--------------------------|--------------------------|
|   | Total number of families | Total number of children |
| Families in the project in the period 2012-2015 | 118                      | 325                      |
| Strengthened families                           | 22                       | 44                       |

From 2014, the project was extended by opening a day care room called "Time for myself" within the

Children's Village for the stay of children included in this project. The employment of parents led to the need of providing daily accommodation for their children, thus resulting in the opening of this daycare space.

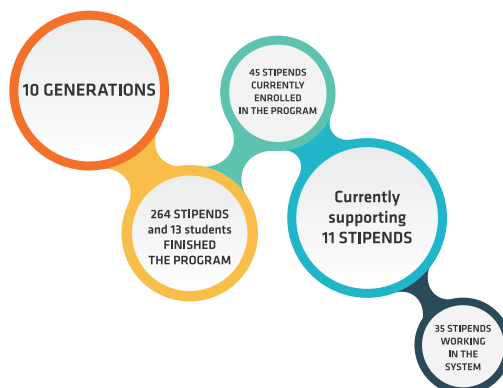
In 2015, the Children's Village worked intensively on the standardization of services related to support of biological families. Republic Institute for Social Protection established a working group, and the Children's Village became a member of this group. Now, it is actively engaged in order to enable inclusion of this service in social protection system from March 2016.



## Fund for the Future

Fund for the Future program was launched in 2006 in order to provide young people living in social welfare institutions with support after leaving the institution due to a lack of institutionalized support programs. The program includes business and practical education for finding employment and monthly scholarship.

From 2006 to September 2015, 277 young people without parental care was professionally directed, including 13 students, while 11 students still continues to receive the scholarship until the end of the study.



<sup>13</sup> <http://www.minrzs.gov.rs/files/doc/podrobnosti/Strategija%20razvoja%20socijalne%20zastite.pdf>



The focus of the new strategy of corporate social responsibility of Delta Holding is to support the community in the development of agriculture. Accordingly, the Fund for the Future program was improved by the inclusion of students of secondary agricultural schools. Since the school year 2015/2016 the program attended 45 students from secondary agricultural schools from Sombor, Zrenjanin and Futog and adopted theoretical and practical knowledge which the company has in the field of agriculture. Experts from Delta Agrar teach scholarship students how to apply modern technology in work, so they can improve business standards in this area, and to secure a future for themselves. This change follows the needs of society and the labor market, but also an EU strategy which includes the development of young people through education and professional internships.

This two-year program is implemented in the following phases:

- Call for applications and selection of scholarship recipients
- Monthly scholarships with business and practical training
- Certificate award
- Possibility of employment in Delta Agrar

The two-year program includes theoretical (business) training in the form of educational workshops. The workshops last 4 semesters, and are led by experts, psychologists and educators, who are making sure that students participate actively in the program and discuss

each topic. Some of the topics that scholars adopt are: presentation skills, how to make a business plan, the motivation in the workplace, effective communication, etc. The practical training takes place at Delta Agrar estates in Čelarevo, Apatin and Banatska Topola in a period of 5 working days. Managers and employees of the Company introduce the scholarship recipients with the work and business, organizational structure and potential positions.

As an additional motivation for stipends to be a successful and good students, they are given a monthly scholarship in the amount of 10 thousand dinars. Participants of the program receive a monthly scholarship for a period of two years.

After completing two years of training, all successful participants will be presented with certificates of completion of the business training program Fund for the Future. Scholarship students who express a desire to start a business career under the auspices of Delta Holding, have the possibility of employment at Delta Agrar estates. The aim of the program is for the participants to become self-sufficient for finding and keeping a job, learn the basics of communication skills and business bon-ton, managing personal finances etc.

In the school year 2015/2016 the program attended 45 students that have excellent grades, are in the final year of agricultural schools in Futog, Zrenjanin and Sombor, and come from families of poor financial status.

In the school year 2016/2017 the program will be attended by 90 students of the three agricultural schools.





## Support for talented students

Delta Foundation continued with support to students who received a financial grant in the academic year 2012/2013 covering their tuition fees, costs of living, return tickets, purchase of books and materials necessary for school attendance. The right for extension of financial support was granted to those students who timely met their contractual obligations as well as the conditions for continuation of their studies at the same or higher level of education in Serbia and abroad. These students are obliged to bring the acquired knowledge back to Serbia, through the provision of consulting services, lectures to younger colleagues or through similar activities.



## Support for educational institutions

Delta Foundation financially supported Boško Buha Theatre from Belgrade to facilitate its smooth operation and improve the quality of this theatre.

Delta Foundation also joined the action for the renewal of Children's Cultural Centre Belgrade aimed at raising funds for the restoration of this cultural institution and ensuring its unimpeded functioning.

## Support for persons with disabilities

About 10% of the population in Serbia are persons with disabilities. Since its establishment, Delta Foundation has been actively supporting their independence and inclusion in all aspects of life - social, economic, political and cultural.

In cooperation with other associations and organizations that share the same goal - equal opportunities for all, Delta Foundation organizes and supports sports, recreational and educational workshops to help persons with disabilities to develop, but also to express their potential and opportunities.

In 2015, following sports activities were implemented:

**International tournament in sitting volleyball** in Belgrade and Kikinda with the aim to affirmate sport activities for persons with disabilities and to indicate their possibilities.

**The twelfth cycling marathon Kragujevac - Mostar** with inclusive character, which promotes biking as a sport for people with disabilities. This hike was the trigger for the establishment of mutual cooperation between associations of persons with disabilities.

The sports club for people with disabilities "Pčelice" (the Bees) from Kragujevac and Delta Foundation organized Charity Indoor Football Tournament. The tournament helped raise funds for allowance money for four female volleyball players who represented Serbia at the **Special Olympics in Los Angeles in the United States**. Delta Foundation donated sports equipment and a check of \$ 500 to each of them.



In the inclusive race titled **“I am running to send out a message to the world”** participated around 200 children with disabilities together with their parents and friends and all those who support the inclusion of people with disabilities and social integration.



Children's **Special Olympics** under the slogan **“Goodness is the greatest virtue, the fairy tales from ancient times have taught us”**, that is for the 27th time traditionally organized by the school **“Anton Skala”** in Belgrade. This school is engaged in education of children with disabilities and children with autism. The participants in this sporting event were the children from the regular, special schools and day care centers for children with disabilities.



Support of Delta Foundation in the field of culture:

**The sixth Belgrade International Film Festival (BOSI)**, under the slogan **“Labyrinth of opportunities”**, displayed 180 films that deal with people with disabilities or whose authors are people with disabilities. Festival promotes equal opportunities for all and inclusion of people with disabilities.

**The preparation of the documentary called “Lazar”** by journalist Slavisa Lekic is underway. This is a film about the life of people with autism, their needs and abilities. The representatives of the Belgrade Daycare and accommodation centre for persons with disabilities will take part in this documentary, together with doctors, professional staff, and parents.





# The involvement of Delta Holding employees in humanitarian work

## The project Third parent

The importance of investment in the development of the community in which the Company operates, its efforts to improve the quality of life of their fellow citizens, has been recognized by employees. With personal participation in projects and humanitarian actions implemented by the Delta Foundation, they actively contribute to their success.

In 2015, employees of Delta Holding expressed their desire to contribute with personal engagement in the project “Strengthening the Family”, which Delta Foundation organizes in cooperation with Children’s village “Dr Milorad Pavlović” in Sremska Kamenica, aimed at strengthening and preserving families. To this goal, Delta launched the project “Third parent” which provides additional support for both children and parents.

Several times a year, on the occasion of the holidays, children’s birthday and the start of school, 98 employees in Delta Holding prepare packages with food, hygiene items, clothes, toys, school supplies, for 38 socially vulnerable children from Novi Sad, Temerin and Vrbas.

The joy of giving encouraged all the Third parents to work with their children in making Christmas holidays better for all of the supported children. They prepared 151 Christmas gift in the humanitarian action “Santa’s little helpers”, in which caravan of Mini cars with Santa Claus went from Belgrade to Novi Sad for New Year’s Eve show “Šalabalabajka” to make the holiday complete for the children.

To provide children with a happier childhood is a wish for all the “Third parents” and child’s smile is the only reward they expect. With additional engagement they provide families with support in addressing the challenges they face every day. Employees will continue to take care of socially disadvantaged children as long as there is a need for additional support.

## “I run for butterfly children”

For the third consecutive year, Delta Holding employees supported Debra association taking part in Belgrade Marathon. Traditionally, T-shirts with the inscription “Running for Butterfly Children” represented the support for patients with epidermolysis bullosa, among which majority are children. A total of 273 thousand dinars was collected through this humanitarian campaign for the patients with this severe skin disease, and the funds were paid to Debra association.

## Voluntary blood donation

In 2015, Blood Transfusion Institute presented Delta Holding with the plaque for outstanding achievements in the popularization of voluntary blood donation. Delta Holding won this plaque as a result of four blood donation campaigns during 2015. About 70 employees participated in each of these actions.





# Application of reporting principles

## MATERIALITY

The vision of Delta Holding is for it to be in the eyes of its clients, partners and staff a strong global company recognisable for its values, and its operation is accordingly aimed at satisfying the needs of all interested parties. In this respect, the CSR Report focuses on information which may be of interest to all parties which are in direct or indirect contact with the Company.

## INCLUSION

The Report states in all of its chapters the manner in which the Company promotes relations with interested parties, surveys their satisfaction levels and defines plans for further development. In this regard, the Company welcomes feedback on the content and quality of this Report and will duly take them into consideration for the purpose of preparing subsequent reports. Contact details for the provision of feedback are available at the end of this Report.

## SUSTAINABILITY

The significance of the Company for further development of Serbia and the region is conditional upon continuous development of operations in line with sustainability principles. Memberships in international organisations and active participation in international conferences, fairs and seminars confirm that the Company strives to bring to Serbia the best international experiences. The five-year operating strategy clearly defines each segment of activity, also taking into account prospective changes in the region and the occurrence of other circumstances which may affect further growth and sustainability of operation.

## COMPLETENESS

The Report contains information and data as at 31st December 2015 which, where applicable, was compared to the 2014 data. Financial and economic indicators were taken from the report compiled for the annual Company meeting.

## **BALANCE**

The Report contains information on all areas included in the presented GRI indicators, which are of relevance to all interested parties. Achieved results are presented, as well as challenges that the Company faces in its operation. Thus, insight into segments that require improvement is given.

## **COMPARABILITY**

Stakeholder will be able to compare the Report with the similar reports published by other companies. This is enabled by the application of GRI standards and indicators used for definition of GRI reporting levels. Data for the reporting period are also included; the same measurement methods were used throughout the report, were applicable. Application of different methodology, the reasons and effects of the aberration are also listed. There was no correction of the data edited in the 2014 Report.

## **ACCURACY**

The Report contains qualitative and quantitative data, listed with the highest possible precision and accuracy. In absence of the original data, separate calculations were made and listed together with a detailed explanation of the methodology behind them. Financial and economic data are in the Company's financial statements.

## **TIMELINESS**

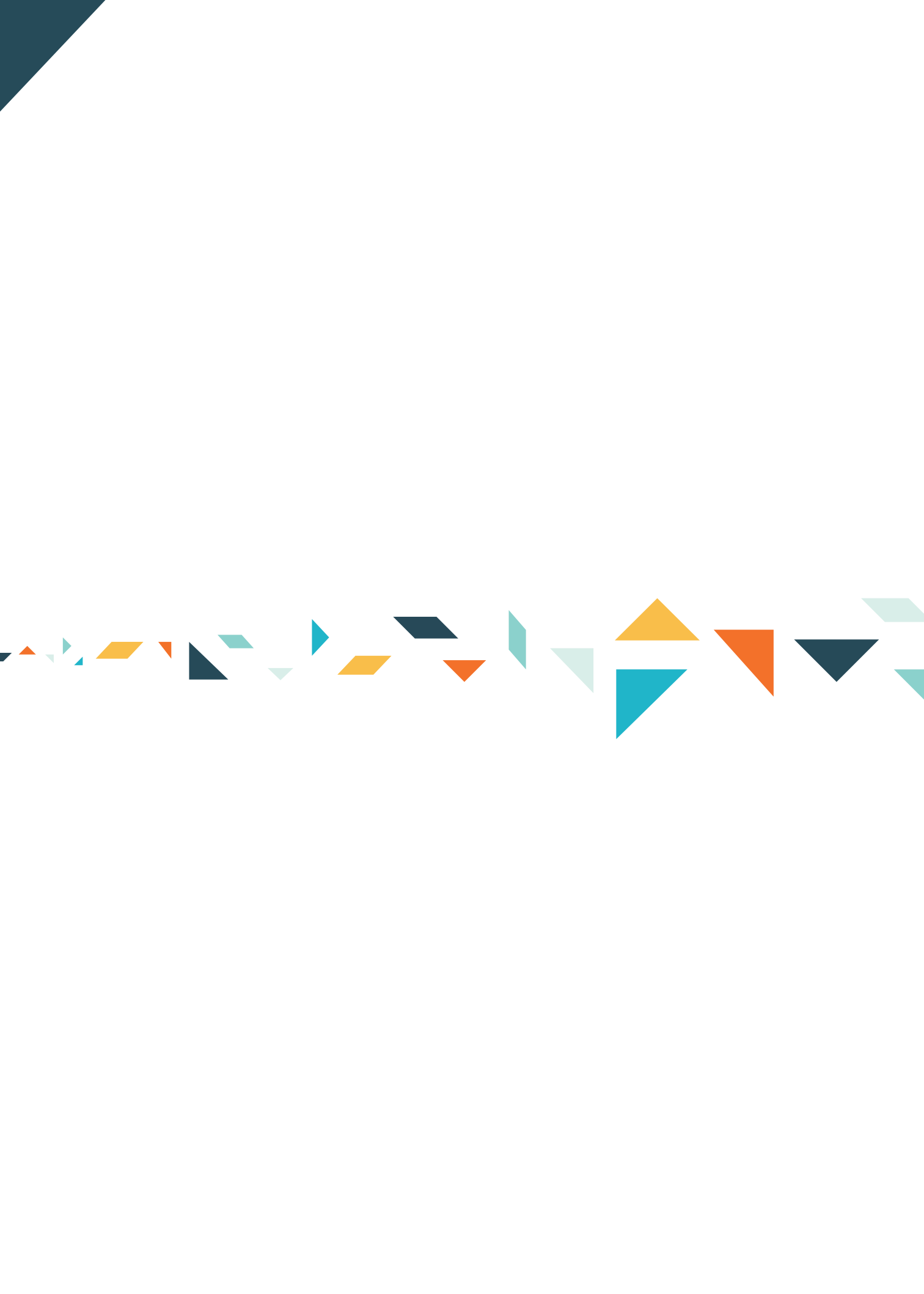
The report data will allow the stakeholders to reach timely and informed decisions on cooperation with Delta Holding based on data from Report.

## **CLARITY**

Principles of clarity and simplicity were observed and the wording of the Report is clear and simple. Explanation of certain terms and abbreviations is in the footnotes.

## **RELIABILITY**

According to the reporting principles adopted by the Company, independent evaluation is necessary for ensuring information and data reliability. Accordingly, independent verification of this report was performed by the auditing firm KPMG d.o.o. Belgrade.





# **LIST OF GRI INDICATORS**



**STRATEGY AND ANALYSIS**

|      |   |        |
|------|---|--------|
| G4-1 | Statement from the most senior decision-maker of the organization | 7      |
| G4-2 | Description of key impacts, risks, and opportunities              | 14, 15 |

**ORGANIZATIONAL PROFILE**

|       |   |                  |
|-------|---|------------------|
| G4-3  | Name of the organization.   | 2                |
| G4-4  | Primary brands, products, and services.   | 2 - 3            |
| G4-5  | Location of the organization's headquarters.  | 5                |
| G4-6  | Number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.  | 5                |
| G4-7  | Nature of ownership and legal form.   | 5                |
| G4-8  | Markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).  | 5                |
| G4-9  | Report the scale of the organization, including: total number of employees, total number of operations, net sales, quantity of products or services provided  | 2, 3, 10, 11, 65 |
| G4-10 | Total number of employees by employment contract and gender and region.   | 70, 71           |
| G4-11 | Percentage of total employees covered by collective bargaining agreements.  | 71               |
| G4-12 | Describe the organization's supply chain.   | 24               |
| G4-13 | Significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain.   | 5                |
| G4-14 | Report whether and how the precautionary approach or principle is addressed by the organization.  |                  |
| G4-15 | List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.  | 18               |
| G4-16 | List memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization: holds a position on the governance body, participates in projects or committees, provides substantive funding beyond routine membership dues, views membership as strategic. | 19               |

## MATERIAL ASPECTS AND BOUNDARIES

|       |   |         |
|-------|---|---------|
| G4-17 | a. List all entities included in the organization's consolidated financial statements or equivalent documents.<br>b. Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report. | 10, 11  |
| G4-18 | a. Explain the process for defining the report content and the Aspect Boundaries.<br>b. Explain how the organization has implemented the Reporting Principles for Defining Report Content.  | 14 - 17 |
| G4-19 | List all the material Aspects identified in the process for defining report content.  | 16      |
| G4-20 | For each material Aspect, report the Aspect Boundary within the organization.   | 16      |
| G4-21 | For each material Aspect, report the Aspect Boundary outside the organization.  | 16      |
| G4-22 | Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.   | 88,89   |
| G4-23 | Significant changes from previous reporting periods in the Scope and Aspect Boundaries.   | 88,89   |

## STAKEHOLDER ENGAGEMENT

|       |   |    |
|-------|---|----|
| G4-24 | Provide a list of stakeholder groups engaged by the organization.   | 16 |
| G4-25 | Report the basis for identification and selection of stakeholders with whom to engage.  | 16 |
| G4-26 | Report the organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.                   | 16 |
| G4-27 | Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns. | 16 |

## REPORT PROFILE

|       |   |               |
|-------|---|---------------|
| G4-28 | Reporting period (such as fiscal or calendar year) for information provided.  | 5             |
| G4-29 | Date of most recent previous report (if any).   | 5             |
| G4-30 | Reporting cycle (such as annual, biennial).   | 5             |
| G4-31 | Provide the contact point for questions regarding the report or its contents.   | 102           |
| G4-32 | GRI Content Index for the chosen option and the reference to the External Assurance Report, if the report has been externally assured.<br>GRI recommends the use of external assurance but it is not a requirement to be 'in accordance' with the Guidelines. | 5,100,<br>101 |
| G4-33 | The organization's policy and current practice with regard to seeking external assurance for the report.  | 5             |

## GOVERNANCE

|       |   |        |
|-------|---|--------|
| G4-34 | The governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.   | 8, 9   |
| G4-35 | The process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees.   | 8, 9   |
| G4-36 | Report whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body.  | 8, 9   |
| G4-38 | The composition of the highest governance body and its committees.  | 8, 9   |
| G4-39 | Report whether the Chair of the highest governance body is also an executive officer (and, if so, his or her function within the organization's management and the reasons for this arrangement).   | 8, 9   |
| G4-40 | Report the nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members.   | 8, 9   |
| G4-41 | Report processes for the highest governance body to ensure conflicts of interest are avoided and managed. Report whether conflicts of interest are disclosed to stakeholders.   | 17     |
| G4-42 | Report the highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts.   | 8, 9   |
| G4-43 | Report the measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics.   | 8, 9   |
| G4-44 | a. Report the processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics. Report whether such evaluation is independent or not, and its frequency. Report whether such evaluation is a self-assessment.<br>b. Report actions taken in response to evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics, including, as a minimum, changes in membership and organizational practice. | 14, 15 |
| G4-45 | a. Report the highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities. Include the highest governance body's role in the implementation of due diligence processes.<br>b. Report whether stakeholder consultation is used to support the highest governance body's identification and management of economic, environmental and social impacts, risks, and opportunities.   | 8, 9   |
| G4-46 | Report the highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics.   | 14, 15 |
| G4-47 | Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities.   | 14, 15 |
| G4-48 | Report the highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material Aspects are covered.   | 8, 9   |
| G4-49 | Report the process for communicating critical concerns to the highest governance body.  | 8, 9   |

## ETHICS AND INTEGRITY

|       |   |    |
|-------|---|----|
| G4-56 | Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics. | 17 |
|-------|---|----|

|       |  |    |
|-------|--|----|
| G4-58 | Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines. | 17 |
|-------|--|----|

## CATEGORY ECONOMIC

### ASPECTS Economic Performance

|      |  |         |
|------|--|---------|
| EC 1 | Direct economic value generated and distributed (Revenues, EBITDA) | 10 - 13 |
|------|--|---------|

### ASPECTS Market Presence

|      |   |        |
|------|---|--------|
| EC 5 | Ratios of standard entry level wage by gender compared to local minimum wage at significant location of operation | 68, 69 |
|------|---|--------|

### ASPECTS Indirect Economic Impact

|      |   |                 |
|------|---|-----------------|
| EC 7 | Development and impact of infrastructure investments and services supported | 13, 30, 76 - 87 |
|------|---|-----------------|

|      |  |             |
|------|--|-------------|
| EC 8 | Significant indirect economic impacts, including the extent of impacts | 13, 76 - 87 |
|------|--|-------------|

## CATEGORY ENVIRONMENTAL

### ASPECTS Energy

|      |  |    |
|------|--|----|
| EN 3 | Energy consumption within the organization | 53 |
|------|--|----|

|      |                  |    |
|------|------------------|----|
| EN 5 | Energy intensity | 53 |
|------|------------------|----|

|      |                                 |         |
|------|---------------------------------|---------|
| EN 6 | Reduction of energy consumption | 48 - 55 |
|------|---------------------------------|---------|



| ASPECTS Water                              |   |         |
|--|---|---------|
| EN 8                                       | Total water withdrawal by source  | 55      |
| EN 10                                      | Percentage and total volume of water recycled and reused  | 55      |
| ASPECTS Biodiversity                       |   |         |
| EN 11                                      | Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas | 56      |
| EN 13                                      | Habitats protected or restored  | 56      |
| ASPECTS Emissions                          |   |         |
| EN 15                                      | Direct greenhouse gas (GHG) emissions (scope 1)   | 54      |
| EN 16                                      | Energy indirect greenhouse gas (GHG) emissions (scope 2)  | 54      |
| EN 18                                      | Greenhouse gas (GHG) emissions intensity  | 54      |
| EN 19                                      | Reduction of greenhouse gas (GHG) emissions   | 48 - 54 |
| ASPECTS Effluents and Waste                |   |         |
| EN 23                                      | Total weight of waste by type and disposal method   | 56, 57  |
| EN 25                                      | Weight of transported and exported hazardous waste under the terms of the Basel Convention  | 56, 57  |
| ASPECTS Products and Services              |   |         |
| EN 27                                      | Extent of impact mitigation of environmental impacts of products and services   | 48 - 54 |
| EN 28                                      | Percentage of products sold and their packaging materials that are reclaimed by category  | 56, 57  |
| ASPECTS Compliance                         |   |         |
| EN 29                                      | Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations         | 45      |
| EN 31                                      | Total environmental protection expenditures and investments by type   | 46 - 54 |
| ASPECTS Environmental Grievance Mechanisms |   |         |
| EN 34                                      | Number of grievances about environmental, impacts field, addressed, and resolved through formal grievance mechanisms                              | 45      |

| CATEGORY    | SOCIAL   |               |
|-------------|--|---------------|
| SUBCATEGORY | LABOR PRACTICES AND DECENT WORK  |               |
| ASPECTS     | Employment   |               |
| LA 1        | Total number and rate of new employee hires and employee turnover by age group, gender, and region   | 66            |
| LA 2        | Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation                                      | 69            |
| LA 3        | Return to work and retention rates after parental leave, by gender   | 72            |
| ASPECTS     | Labor/Management Relations   |               |
| LA 4        | Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements   | 65            |
| ASPECTS     | Occupational Health and Safety   |               |
| LA 6        | Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender                    | 74 - 75       |
| LA 7        | Workers with high incidence or high risk of diseases related to their occupation   | 74 - 75       |
| ASPECTS     | Training and Education   |               |
| LA 9        | Average hours of training per year per employee by gender, and by employee category  | 63 - 64       |
| LA 10       | Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings                          | 60 - 64       |
| LA 11       | Percentage of employees receiving regular performance and career development reviews, by gender and by employee category   | 63            |
| ASPECTS     | Diversity and Equal Opportunity  |               |
| LA 12       | Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity | 8, 9, 67 - 71 |

|             |  |         |                                      |
|-------------|--|---------|--------------------------------------|
| ASPECTS     |  |         | Equal Remuneration for Women and Man |
| LA 13       | Ratio of basic salary and remuneration of women and men by employee category, by significant locations of operation  | 68      |                                      |
| ASPECTS     |  |         | Labor Practices Grievance Mechanisms |
| LA 16       | Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanism   | 71      |                                      |
| ASPECTS     |  |         | Investments                          |
| HR 2        | Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of the employees trained        | 71      |                                      |
| ASPECTS     |  |         | Non-discrimination                   |
| HR 3        | Total number of incidents of discrimination and corrective actions taken   | 71      |                                      |
| ASPECTS     |  |         | Child Labor                          |
| HR 5        | Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor                  | 71      |                                      |
| ASPECTS     |  |         | Forced or Compulsory Labor           |
| HR 6        | Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor | 71      |                                      |
| ASPECTS     |  |         | Assessment                           |
| HR 9        | Total number and percentage of operations that have been subject to human rights reviews or impacts assessments  | 71      |                                      |
| SUBCATEGORY |  |         | SOCIETY                              |
| ASPECTS     |  |         | Local Communities                    |
| SO 1        | Percentage of operations with implemented local community engagement, impact assessments, and development programs   | 77 - 87 |                                      |
| ASPECTS     |  |         | Anti-corruption                      |
| SO 4        | Communication and training on anti-corruption policies and procedures  | 17      |                                      |



| SUBCATEGORY |   |         | PRODUCT RESPONSIBILITY       |
|-------------|---|---------|------------------------------|
| ASPECTS     |   |         | Customer Health and Safety   |
| PR 1        | Percentage of significant product and service categories for which health and safety impacts are assessed for improvement   | 22 - 45 |                              |
| PR 2        | Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes | 45      |                              |
| ASPECTS     |   |         | Product and Service Labeling |
| PR 4        | Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements                                | 45      |                              |
| PR 5        | Practices related to customer satisfaction, including results of surveys measuring customer satisfaction  | 22 - 45 |                              |
| ASPECTS     |   |         | Marketing Communications     |
| PR 6        | Sale of banned or disputed products   | 45      |                              |
| PR 7        | Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes | 45      |                              |
| ASPECTS     |   |         | Customer Privacy             |
| PR 8        | Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data   | 45      |                              |
| ASPECTS     |   |         | Compliance                   |
| PR 9        | Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services  | 45      |                              |













KPMG d.o.o. Beograd  
Kraljice Natalije 11  
11000 Belgrade  
Serbia

Tel.: +381 (0)11 20 50 500  
Fax: +381 (0)11 20 50 550  
www.kpmg.com/rs

## **TRANSLATION**

### **Independent Limited Assurance Report**

TO THE OWNERS  
DELTA HOLDING D.O.O., BEOGRAD

We were engaged by the owners of Delta Holding d.o.o. ("the Company") to provide limited assurance on the Report on Socially Responsible and Sustainable Business for the year ended 31 December 2015 of Delta Holding d.o.o. ("the Report").

#### ***Management's responsibilities***

Management is responsible for the preparation and presentation of the Report in accordance with the Sustainability Reporting Guidelines (G4) of the Global Reporting Initiative as set out in the "Application of Reporting principles" section of the Report, and the information and assertions contained within it; for determining the Company's objectives in respect of sustainable development performance and reporting, including the identification of stakeholders and material issues; and for establishing and maintaining appropriate performance management and internal control systems from which the reported performance information is derived.

#### ***Our responsibilities***

Our responsibility is to carry out a limited assurance engagement and to express a conclusion based on the work performed. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board. That Standard requires that we plan and perform the engagement to obtain limited assurance about whether the Report is free from material misstatement.

The firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

## **TRANSLATION**

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

#### ***Procedures performed***

A limited assurance engagement on a sustainability report consists of making inquiries, primarily of persons responsible for the preparation of information presented in the Report, and applying analytical and other evidence gathering procedures, as appropriate. These procedures included:

- Inquiries of management to gain an understanding of the Company's processes for determining the material issues for the Company's key stakeholder groups.
- Interviews with senior management and relevant staff at group level and selected business unit level concerning sustainability strategy and policies for material issues, and the implementation of these across the business.
- Interviews with relevant staff at the corporate and business unit level responsible for providing the information in the Report.
- Visits to sites operating in Belgrade, selected on the basis of a risk analysis including the consideration of both quantitative and qualitative criteria.
- Comparing the information presented in the Report to corresponding information in the relevant underlying sources to determine whether all the relevant information contained in such underlying sources has been included in the Report.
- Reading the information presented in the Report to determine whether it is in line with our overall knowledge of, and experience with, the sustainability performance of the Company.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement, and consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

#### ***Conclusion***

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusions.



## TRANSLATION

Based on the procedures performed and the evidence obtained, as described above, nothing has come to our attention that causes us to believe that the Report on Socially Responsible and Sustainable Business of Delta Holding d.o.o. for the year ended 31 December 2015 is not presented, in all material respects, in accordance with the Sustainability Reporting Guidelines (G4) of the Global Reporting Initiative as set out in the "Application of Reporting principles" section.

In accordance with the terms of our engagement, this independent limited assurance report on the Report has been prepared for Delta Holding d.o.o. in connect with reporting to Delta Holding d.o.o. and for no other purpose or in any other context.

Belgrade, 1 June 2016

KPMG d.o.o. Beograd

(L.S.)

James Thornley  
Senior Partner

*This is a translation of the original Independent Limited Assurance Report issued in the Serbian language. All due care has been taken to produce a translation that is as faithful as possible to the original. However, if any questions arise related to interpretation of the information contained in the translation, the Serbian version of the document shall prevail.*

Belgrade, 1 June 2016



KPMG d.o.o. Beograd

  
James Thornley  
Senior Partner



**Report drafting and preparation:**

Strategy and Development Department

**Team Members:**

Associates from Corporate Communications Department, Delta Foundation,  
HR Department, Controlling Department,  
Share Centre, Delta Agrar Group,  
Delta Real Estate Group, Delta Distribution, Delta MC company

**Design and prepress:**

Corporate Communications Department

**Contact person:**

Tijana Koprivica  
Chief Business Sustainability Officer  
[tijana.koprivica@deltaholding.rs](mailto:tijana.koprivica@deltaholding.rs)

This CSR report is printed on recycled paper.



ISO 14001 ISO 9001

