



# SUSTAINABLE AND RESPONSIBLE BUSINESS

Report on Socially Responsible and Sustainable Business of Delta Holding

20  
12

**DELTA HOLDING**

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**WE ALL WANT  
A BETTER LIFE.**

**FOR OUR FAMILY,  
FRIENDS, NEIGHBOURS,  
FOR OUR CITY,  
THE COUNTRY WE LIVE IN.**

**FOR ALL OF US.**

# ABOUT THE REPORT

Dear All,

Delta Holding is pleased to present its fourth annual report on the responsible and sustainable operations. The report is in compliance with the Global Reporting Initiative<sup>1</sup> (GRI) methodology and reporting requirements to obtain B+ reporting level; it contains information on Delta Holding's operations in 2012<sup>2</sup>. The previous report, entitled "RESPONSIBLE BUSINESS" covered 2011 operations was released in April 2012 and aligned with the GRI methodology to obtain C+ level.

The company's socially responsible activities during 2012 are linked to the following operational segments:

- Employee care
- Relations with business partners
- Relations with the community
- Philanthropic activities

This report is intended for people who understand the significance of exchanging experiences for improving society, for those who make innovative decisions and are ready to stand up for their principles - for our employees, business partners, customers, suppliers and our global community.

Complete information on sustainable operations is available at the Delta Holding's web site [www.deltaholding.rs](http://www.deltaholding.rs). For additional questions and further information please feel free to contact us at [fondacija@deltaholding.rs](mailto:fondacija@deltaholding.rs).

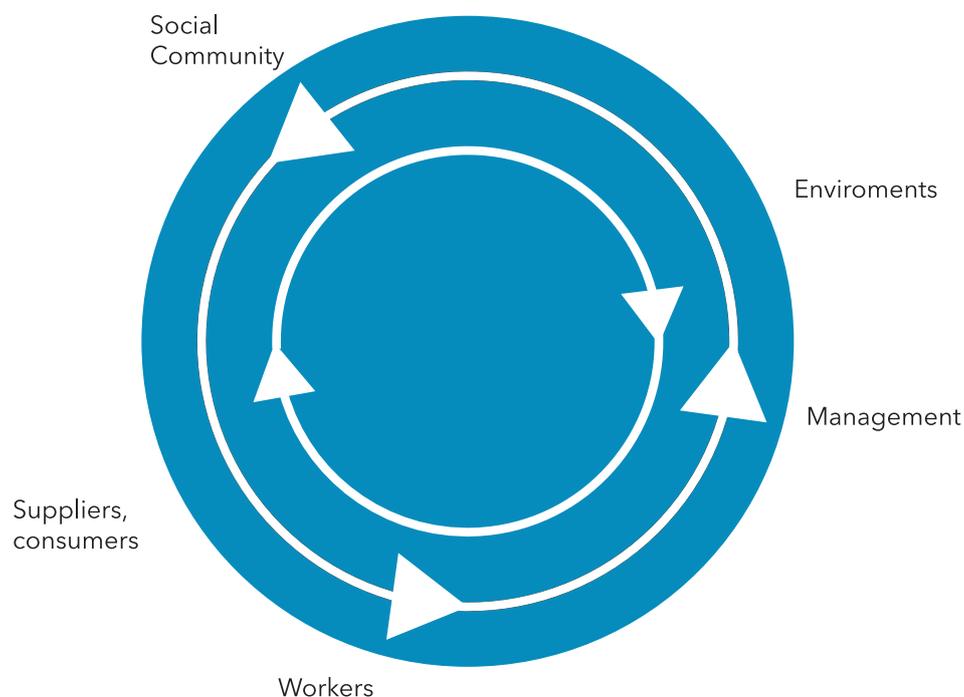
Delta Holding

<sup>1</sup> <https://www.globalreporting.org>

<sup>2</sup> The Report includes reporting in the territory of Serbia

## APPLICATION OF REPORTING PRINCIPLES

In making the Delta Holding`s report on sustainable operations useful to company stakeholders - including here employees, business partners and the wider social community - the company followed the GRI standards. The accuracy of the reported data and harmonization of the report with the B+ reporting level standards have been verified by the auditing company KPMG d.o.o. Beograd.



## MATERIALITY

Delta Holding`s corporate vision is to develop a strong, global company recognisable across its stakeholder base by the values it upholds. The company conducts all of its operations to satisfy the needs of its stakeholders. In this respect, the CSR Report provides relevant information to the stakeholders regardless whether they are in direct or indirect contact with Delta Holding.

## INCLUSION

The Report outlines the way Delta Holding interacts with stakeholders, surveys the level of their satisfaction and defines development plans.

Delta Holding welcomes any content and quality feedback on the Report and will duly take the feedback into consideration and inclusion in all subsequent reports. Contact details for providing feedback are located at the beginning of this Report.

## SUSTAINABILITY

Continuous and sustainable development of Delta Holding`s operations is key to the Company`s role in further economic development of Serbia and the region.

Memberships in international organisations and active participation in international conferences, trade fairs and seminars are a proof of Company`s strive to introduce the best international practices on Serbian market. The adopted five-year operating strategy clearly defines the activity and takes into the full account all of the prospective changes in the region together with other circumstances which may affect further growth and sustainability of the company`s operation.

## **COMPLETENESS**

The Report covers the period from January 1, to December 31, 2012. Financial and economic indicators derive from the report compiled for the Company's annual meeting. This report is available for download from the Company's official web site: (<http://www.deltaholding.rs/code/navigate.php?id=55&posted=130> *Operating results in 2012*).

## **BALANCE**

The Report contains information on the GRI indicators of relevance to stakeholders. The Results are presented together with all of the challenges the Company faces in its daily operations. Insight into possible improvements of the operation segments is also 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 the definition of GRI reporting levels. Data for the reporting period are also included; the same measurement methods were used throughout the report, where applicable. Application of different methodology, the reasons and effects of the aberration are also listed.

## **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 the 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. Beograd.

# FOREWORD BY THE PRESIDENT OF THE COMPANY



Strength of a company or a man is measured not only through their ability to achieve success, but also through their strength to overcome the crisis or to deal with such a challenge. If prior to the global economic crisis success was measured by market growth, today the benchmark of success must be sustainable business.

During the crisis Delta Holding has maintained its direction and preserved its core business principles despite the difficult economic environment. The necessary optimisation and rationalisation was conducted on the side of business, while at the same time the Company remained fully committed to its already set objectives in the area of Corporate Social Responsibility.

We are very proud to state that during 2012 Delta Holding greatly contributed the Serbian society by giving it the first endowment since the Second World War. Day-care Centre for Children and Youth with Disabilities "Sun", located in Belgrade, immediately proved its multifaceted value - it provides the much needed accommodation for its beneficiaries, but it also has an esthetical value as it won the 2012 Best Serbian Architectural Design Award.

During the reporting period we have implemented a significant innovative project of employing new associates. Through the Young Leaders Programme, the Company has given 20 new jobs to successful students, our future managers.

Employing new staff, maintaining existing jobs, along with providing premium quality products and services is the sustainability Delta Holding insists upon. Thanks to the Company's sustainable organizational model Delta Holding contributed EUR 130 million to the national budget in taxes and contributions alone; further EUR 2.85 million were distributed in donations. Despite all the challenges which lay before it, Delta Holding will stay faithful to its CSR strategy, together with the principles of Global Compact which the Company is a member of.

Sustainable business in years of crisis is a true test of the overall development of Delta Holding from its establishment up to date. We have passed this test successfully and the proof of it lies in the pages which follow.

**Miroslav Mišković**  
President of Delta Holding

A handwritten signature in black ink, appearing to read 'Miroslav Mišković', written in a cursive style.

# FOREWORD BY GENERAL MANAGER OF DELTA FOUNDATION



What kind of society do we want to leave for future generations, and how can we contribute today towards a better and more predictable life in our country?

We constantly ask these and a number of similar key questions, fully aware that the decisions we make today will affect the future in long-term.

Our Company believes that success of a business is based on understanding not only the financial and economic circumstances, but before all by realizing the needs of people and the environment that surround us. Aware of our responsibility towards our employees, customers, suppliers, the environment and the community we continuously initiate social changes and stimulate development of the Company in all business segments.

In accordance to such business philosophy, we have offered opportunities to our employees - our most valuable asset, for professional improvement and career advancement in 2012 also. This year's innovation included training skills to help us maintain a balance between our private and professional lives.

The Company's commitment to fair, long-term relationships with business partners resulted in high satisfaction of our customers, which is confirmed by results from extensive surveys. Furthermore, we have additionally strengthened partnerships with our suppliers through joint presence on markets.

By involving the Company in environmental protection projects we gave our contribution to the reduction of primary energy consumption and CO<sub>2</sub> emissions - the primary cause of global warming.

Business success has relevance only if we share it with others and that is why we are proud of the humanitarian activities carried out by our two Foundations.

For years we have been providing help to those who need it the most - children without parental care and people with disabilities; and in 2012 we also gave support to improving the educational system. Ten talented students were granted scholarships to continue with their studies, while four teaching development institutions received development grants.

With a wish to become a role model in this business segment as well, we have reinstated the tradition of endowments in Serbia after 70 years of it being absent. We have constructed and donated a day-care centre for children and youth with disabilities to the city of Belgrade. The modern Sun Centre is today a place where 80 beneficiaries enjoy its modern facilities and learn basic life skills through educational and creative workshops. The results achieved encourage us, by thinking of future generations, to focus our strengths towards sustainable development of Delta and the entire community we belong to.

**Ivana Mišković Karić**

General Manager of Delta Foundation

A handwritten signature in black ink, appearing to read 'I. Mišković Karić'.



# COMMUNICATION WITH STAKEHOLDERS

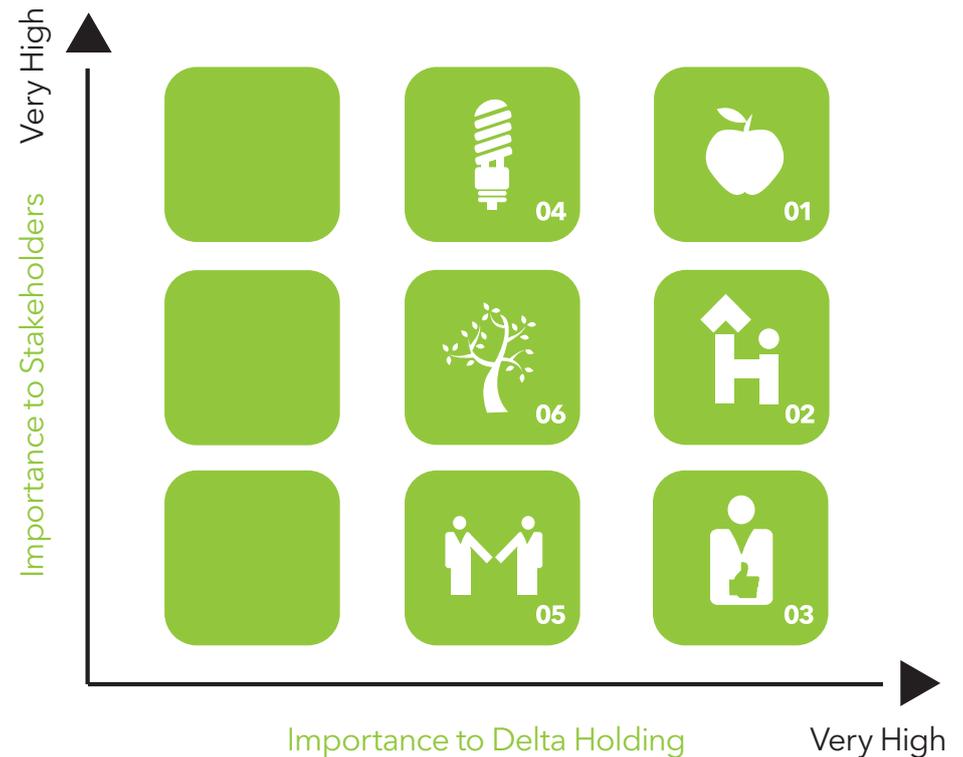
For years Delta Holding has been developing partner relations with different stakeholders. To improve these relationships, the Company observed their needs and requirements and included them in strategic planning and social responsibility programs.

Delta Holding's key stakeholders are:

- Employees
- Business partners (buyers, suppliers, project sub-contractors)
- Investors
- Retail client base
- Local authorities
- Non-governmental organisations
- Media

As a socially responsible company with transparency set as one of the key elements of operations, the Company provides daily information to its stakeholders on the activities through subsidiaries' and two foundations' web pages, social networks, media, but also in direct communication with the Management and employees.

Value Matrix



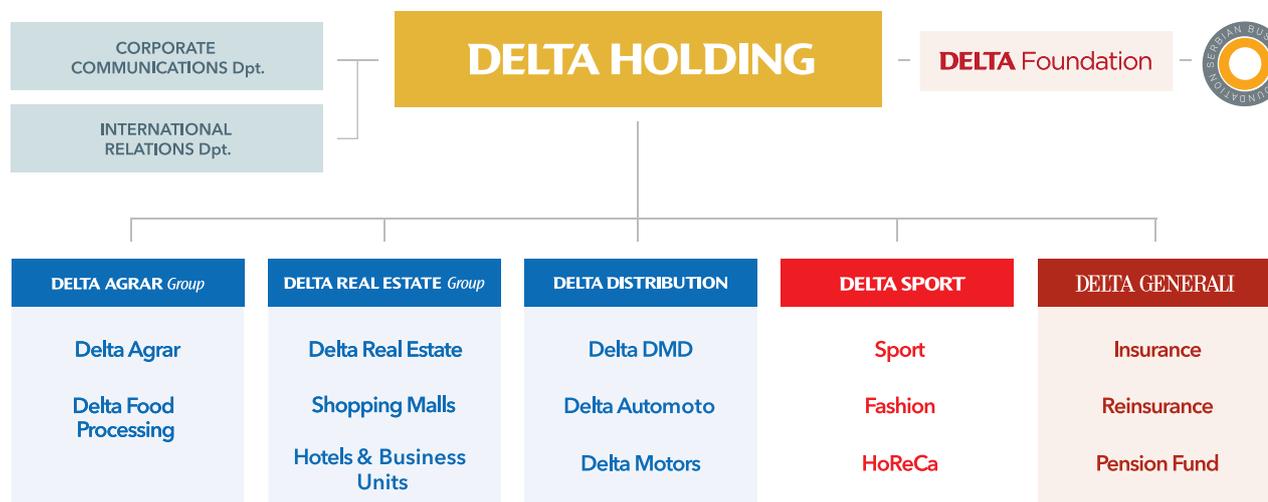
- 01** High quality, healthy and safe products
- 02** Development of community through supporting education and developing business through cooperation
- 03** Development of the employees
- 04** Energy efficiency, renewable energy resources, recycling, decreasing the CO<sub>2</sub> emission, water saving
- 05** Aid to the groups in need
- 06** Value chain

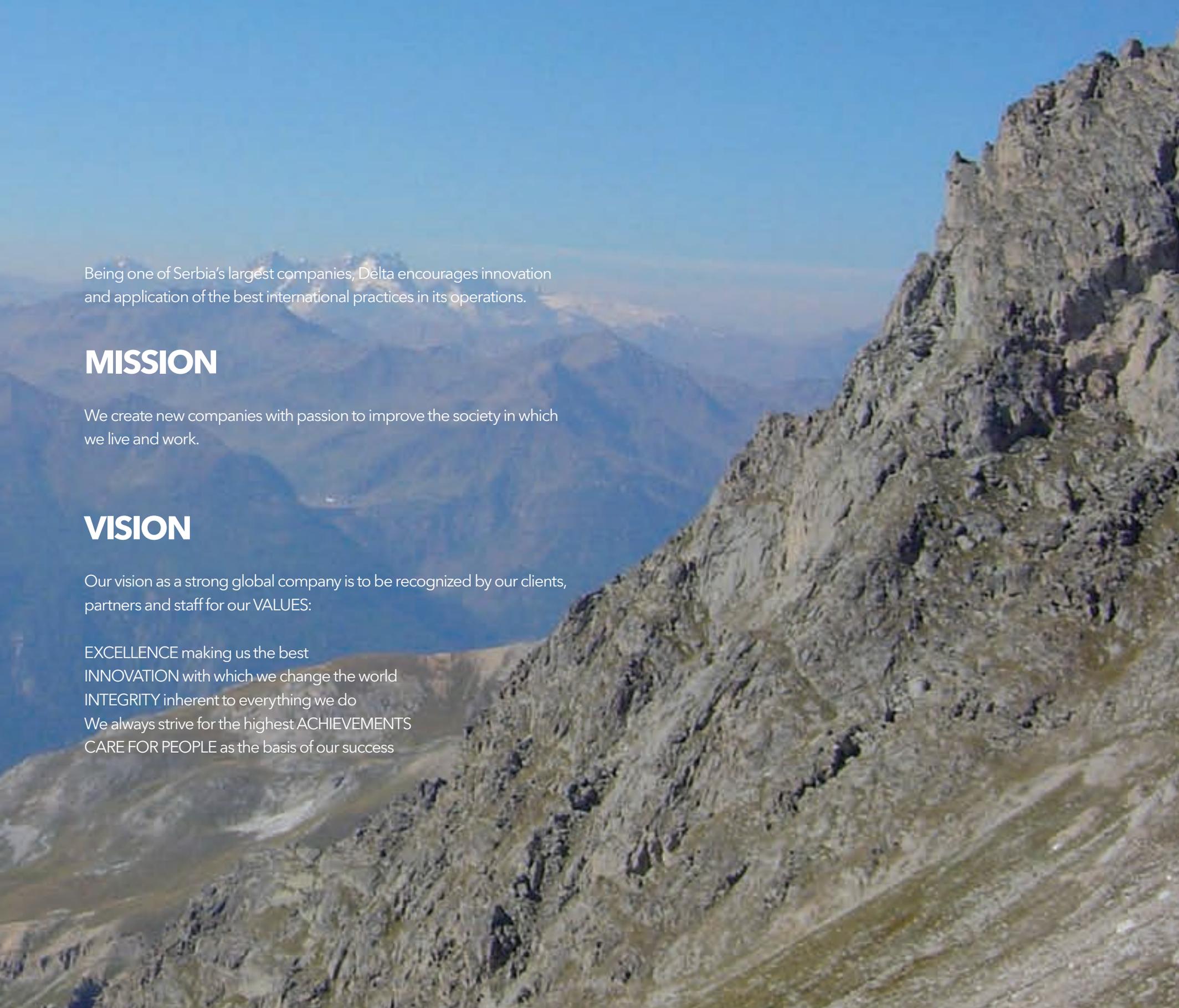
# ABOUT DELTA HOLDING

Delta Holding Limited Company was established on February 4, 1991. The Company's headquarters is located at 7b, Milentija Popovića Street, Belgrade

Delta Holding consists today of subsidiary companies and other related parties. The Holding is active in five different business segments; Delta Holding's core business segments are agriculture and real estate. The company has two foundations and a non-profit organisation "Delta Pak". The majority of activities are implemented in Serbia, the rest throughout the region (Montenegro, Bosnia and Herzegovina, Croatia, and FYROM) and in Russian Federation.

## Company organization chart





Being one of Serbia's largest companies, Delta encourages innovation and application of the best international practices in its operations.

## MISSION

We create new companies with passion to improve the society in which we live and work.

## VISION

Our vision as a strong global company is to be recognized by our clients, partners and staff for our VALUES:

EXCELLENCE making us the best

INNOVATION with which we change the world

INTEGRITY inherent to everything we do

We always strive for the highest ACHIEVEMENTS

CARE FOR PEOPLE as the basis of our success

# BOARD OF DIRECTORS

The Company's Board of Directors with its impressive driving energy and a clear vision of the future is in charge of strategic planning. It also provides lead for the employees towards a successful implementation of the plans. The Delta Holding's Board of Directors consists of experienced professionals with a proven track record from both within or outside the company. Their major assets are their leadership skills and their goal-oriented culture as well as their readiness to embrace the change.

A five-year business strategy was adopted in 2012. It envisages growth of new and existing businesses to simultaneously contribute to the development of both the agribusiness in Serbia and the real estate sector. Implementation of strategic business plans, above all launch of the new endowment, together with further improvements in cooperation with agricultural producers will significantly contribute to the development of the community.

At the beginning of the calendar year the Board of Directors holds its annual meeting and informs senior and mid-level management on achieved results and plans for the year ahead. During these meetings special focus is placed on economic and social developments in the region. As a result of high business diversification, the Company's Board of Directors also holds quarterly meetings, to exchange information and share experience. At unit or division level, top managers also hold monthly meetings, when needed.

Board of Directors is in charge of the annual risk assessments conducted to identify potential critical points in the Company's operations. The risk assessment takes into account different scenarios both within the Company and on the market. It also anticipates major changes in the economic and social environment and assesses their potential impact on the company. Delta Holding set up a separate Planning and Controlling Division with the Internal Audit Department.



Miroslav Mišković  
President



Dejan Jeremić  
Executive Vice President  
for Operations



Marija Desivojević  
Cvetković  
Vice President for  
Strategy and Development



Milka Vojvodić  
Advisor for Finance  
and Economy



Jelena Krstović  
Vice President



Milorad Sredanović  
Vice President  
for Agriculture



Dragan Filipović  
Vice President  
Deputy CEO of Delta  
Generali Osiguranje and  
Member of the Executive  
Board



Goran S. Karić  
Vice President for  
International  
Businesses



Vojkan Glavinić  
Vice President  
for Real estate



Ivana Mišković Karić  
Head of  
Delta Foundation



Milan Grgurević  
CEO of  
Delta AgrarGroup



Aleksandar Čamparević  
CEO of  
Delta DMD



Ana Dišić  
CEO of  
Shopping Malls



Živorad Vasić  
CEO of Hotels  
and Business Units



Nemanja Lazić  
CEO of Delta Auto



Jasminka Kiselčić  
Director of Plan and  
Analysis Department



Mira Cvijetić  
Director of Financial and  
Accounting Department



Milica Glavaš  
Director of Legal  
and Corporate Affairs  
Department



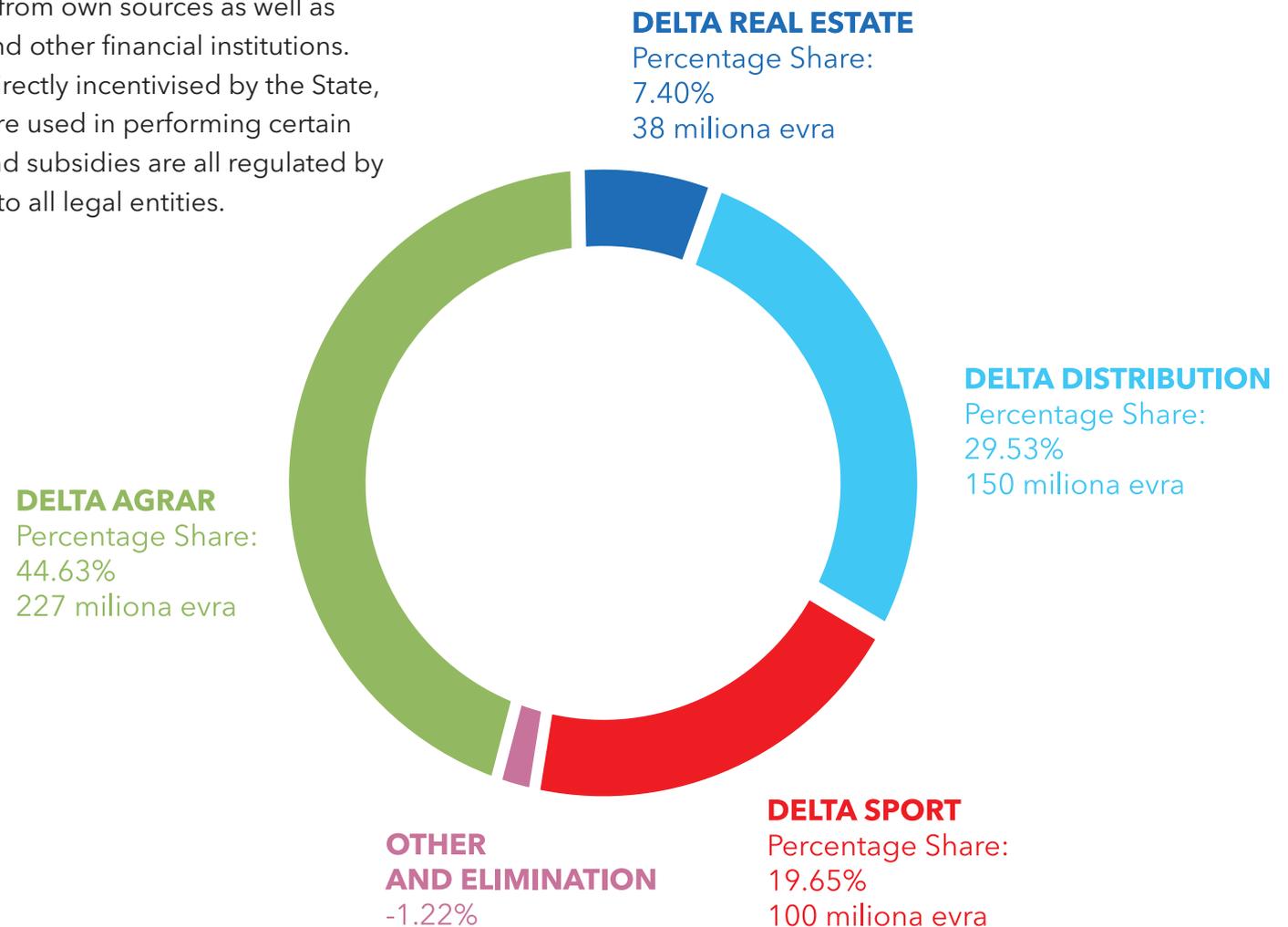
Ivan Vasić  
Director of IT Department

The Board of Directors,  
with its strong driving  
energy

# COMPANY REVENUES

Despite the financial crisis and challenging operating environment, but thanks to the employees' efforts, Delta Holding achieved an excellent operating result in 2012. Total revenues of the Company amounted to EUR 508 million<sup>3</sup>. This figure excludes Delta Generali insurance premiums in the amount of EUR 120 million (49% of the company is owned by Delta Holding) and Delta MC income in the amount of EUR 3,93 million.

Delta Holding funds its operation from own sources as well as from loans received from banks and other financial institutions. The Company's operation is not directly incentivised by the State, although benefits and subsidies are used in performing certain business activities. The benefits and subsidies are all regulated by local legislation and are available to all legal entities.



In 2012 the Company allocated EUR 2,850,461 for philanthropic activities and projects designed to improve the quality of life of the marginalized social groups and support the development of culture and education.

Delta Holding contributed EUR 130,000,000 to the national budget, in taxes and contributions on salaries and value added tax. Our contribution makes up for 61% of the total funds allocated from the budget towards road construction. According to the National Report<sup>4</sup>, in 2012 the amount of EUR 213,130,000 was spent in Serbia on the development of highways.

**TAXES AND CONTRIBUTIONS**  
**53,200,000** EUR

**VAT**  
**76,800,000** EUR

**TOTAL AMOUNT**  
**130,000,000** EUR

**FOR HUMANITARIAN ACTIVITIES AND PROJECTS WHOSE AIM IS TO  
IMPROVE THE QUALITY OF LIFE OF THE SOCIAL GROUPS**  
**2,850,461** EUR

<sup>3</sup> Total income reported to the consolidated financial statements of the Company

<sup>4</sup> [http://www.putevi-srbije.rs/pdf/nac\\_torino12\\_lat.pdf](http://www.putevi-srbije.rs/pdf/nac_torino12_lat.pdf)

## Certificates

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 (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 (Yuhor)
ISO 22000	Food safety management - Requirements for systems of any organization in the food chain.	Delta Agrar (Florida Bel, Mioni, Danubius, Yuhor)
GlobalGAP	GlobalGAP 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 (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 (Kozara, Jedinstvo, Napredak, Topola, Podunavlje, Danubius)
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 (Kozara, Jedinstvo, Napredak, Topola, Podunavlje, Florida Bel, Mioni, Danubius, Yuhor), Delta DMD
HALAL	Halal Certification is the recognition that the products are permissible under Islamic law.	Delta Agrar (Yuhor)
NSF	NSF (National Sanitation Foundation) is the American standard recognized by GFSI (Global Food Safety Initiative) and represents a highly appreciated certificate program for evaluating the quality and health soundness of bottled water in its production and storing.	Delta Agrar (Mioni)
ISO 27001	ISO/IEC 27001 specifies requirements for an overall management and control framework - for managing an organization's information security risks.	Delta Generali Osiguranje

# MEMBERSHIPS

- **United Nations Global Compact** - a voluntary initiative of businesses committed to ten universal principles of socially responsible business operation in the area of human rights, labour, environment and anti-corruption. Delta Holding has been a member since 2008 active in social inclusion, environmental protection and the development of corporate social responsibility working groups.

- **International Labour Organization (ILO)** - an international organisation responsible for formulating and monitoring implementation of international labour standards. It is a "tripartite" UN organisation bringing together governments, employers and workers to shape policies and programmes which promote universal fair working conditions for all. Delta Holding has been a member of the Group for the Employment of People with Disabilities since 2010.

## Awards

NAME OF THE AWARD	WINNER	ORGANISATION GIVING THE AWARD	AWARD DESCRIPTION
Disability matters	Delta Holding	Springboard Consulting	Award for employing people with disability
My Choice	Delta Holding	My Serbia	Award for support to people with disabilities
The Woman of the Year - Super human	Ivana Mišković Karić, Manager of Delta Fondation	Magazin "The Man"	Award for humanitarian activities
Golden Heart	Živorad Vasić, CEO of Hotels and Business Units	"SACEN" International Center for Tourism Development	For the best manager in hotel business
Prize for Architecture of the City of Belgrade	Predrag Milutinović, architect	Assembly of the City of Belgrade	For Project Accommodation and Daycare Center for Children and Youth with Disabilities "Sun"
Competition for Architecture of the "Novosti" Newspaper	Predrag Milutinović, architect	Company "Novosti"	For the best architecture solution in 2012. - Accommodation and Daycare Center for Children and Youth with Disabilities "Sun"



## Major events in 2012

- First endowment - Day care centre for children and youth with disabilities The Sun;
- Complete refurbishment of the Hotel Continental and its re-branding as Crowne Plaza;
- The First harvest of the Modi apple variety;
- Implementation of the first education-related project of the Serbian Business Foundation;
- Young Leaders Project;
- Partial refurbishment of the Hotel Park;
- Introduction of a robotic operating system for monitoring vermin in Delta Agrar's farmed fields;



# **GROUPS**

DELTA AGRAR

DELTA REAL ESTATE

DELTA DISTRIBUTION

DELTA SPORT

DELTA MC

DELTA GENERALI

DELTA FOUNDATION



# DELTA AGRAR

- PRIMARY AGRICULTURAL PRODUCTION ON 15,000 HECTARES

Crop farming, fruits, vegetables, cattle farming, fish farming

- COOPERATION AND BUY-UP

Fruits and vegetables, meats and cattle, retail business

- AGRO-TRADE

Grains, oilseeds, mineral fertilisers

- FOOD DISTRIBUTION AND PRODUCTION

Sale of seeds, pesticides, agricultural machines, irrigation systems  
Factories Yuhor, Florida Bel, Danubius, Mioni



# "Agriculture is our oil"

*Miroslav Mišković*

One of the most important companies within Delta Holding system, Delta Agrar produces healthy and quality agricultural products and food. Through continuous improvement of operations and application of international best practices, Delta Agrar is introducing new standards in agricultural production and markets Serbian products as competitive on European markets.

Delta Agrar has been in agribusiness since 1993 and today the company is one of the leaders in all segments of agricultural production. It currently employs 1,411 people and in 2012 it generated EUR 227 million in income.

Delta Agrar mainly operates in Serbia, with presence in other South East European markets, the European Union, Russia and Switzerland. Total value of exports in 2012 amounted to EUR 35.76 million.

## PRIMARY PRODUCTION

Modern orchards, grain and vegetable fields, fisheries and farms cover nearly 15,000 hectares of land.

During the reporting year Delta Agrar made major investments in its irrigation systems, state-of-the-art technology, and staff training resulting in impressive operating figures.

The goal for 2013 is to achieve the best operating results, optimal application of agro-technical measures and preserve natural resources. To this end Delta Agrar will implement new technologies and its irrigation system will be expanded.

The Čelarevo orchard is the pride of Delta Agrar. Orchard covers an area of 350 hectares of world-renowned apple varieties including Gala, Braeburn, Marriri Red, Golden Delicious, Red Delicious, Granny Smith, Gold Rush and the club apple varieties Modi and Kiku.

Delta Agrar's unique-tasting club apple variety Modi was harvested for the first time in 2012. To date, there are only five licensed producers of this apple variety in the world, and Delta Agrar is the first Serbian company to have exclusive rights to produce and distribute it in Serbia, FYROM, Bosnia and Herzegovina and Albania. The company planted Fuji Kiku apple variety in early 2013.

The orchard is equipped with an anti-freezing system, an irrigation system, a feeding system and a hail protection system, making it one of the most modern orchards in Europe.

Orchard has a modern Ultra Low Oxygen cold facility capable of storing up to 6,000 tons. Thanks to its dynamic atmosphere capabilities, the facility allows storage of the entire apple harvest for up to 300 days. The dynamic atmosphere storage capability also eliminates the need for chemical treatment of stored apples.



The overall apple production in 2012 amounted to 7,550 tons, while the production plan for 2013 is to reach 12,000 tons. The entire production process is in line with the GlobalGAP system<sup>5</sup>, which ensures quality required for export. The plan for 2013 is to introduce the IFS standards, which will additionally confirm the quality of fruits.

Vegetable is grown on approximately 1,000 hectares of Delta Agrar's own open fields and cooperative farms. The company mainly grows peas, green beans, potatoes, onions, peppers, celery, cabbage, cauliflower, kale and broccoli.

The entire Delta Agrar's vegetable growing area is irrigated. Production is in line with the GlobalGAP standard, with production and storage processes controlled through its application.

In addition to open-space vegetable farming, Delta Agrar is currently setting up its first greenhouse in covering an area of 1 hectare located in the Mačva region. The greenhouse is located over an underground thermal water spring with plans to grow tomatoes and other vegetables on the site.

The list of grown cultures include: wheat, corn, soy, sunflower, rapeseed and sugar beet.

Livestock production includes raising pigs at five farms with the annual production of over 100,000 animals; and, raising cattle with the annual production of about 5,000 animals. Delta Agrar produces 6 million litres of milk annually at two locations. The company has a fish farm producing annually more than 700 tons of fish, mostly carp. The livestock production is partly sold locally through retail chains with the remaining part exported to the EU.

<sup>5</sup> GlobalGAP agriculture and primary food production management system represents a key reference for good agricultural practices in the global market, and it focuses on consumer requirements in terms of agricultural production. <http://www.globalgap.org/>



## COOPERATION AND BUY-UP

Cooperation and purchase of agricultural products aims to improve agricultural production and supply of fruit and vegetables from Serbia.

Delta Agrar provides direct support to individual agricultural producers by:

- financing production through supplying fertilizers, seeds, pesticides and advance purchase of goods
- providing expert monitoring of the technology of growing seeds and raising cattle
- securing placement of agricultural products (guaranteed purchase within next 15 years)
- purchasing of all the market surpluses of produced cultures
- providing storage space.

Agricultural producers receive Delta Agrar's support to develop business plans and have access to financial and product quality and

safety consulting. This enables agricultural producers to adopt world quality standards, such as GlobalGAP and HACCP and achieve high crop yields, steady production and enjoy secured placement. The inclusive system of cooperation contributes to development of local communities and survival of village households. Buy-up centres for fruit and vegetables have a total storage capacity of 20,000 t, which ensures full compliance with the so-called "cold chain" in the distribution of fruit and vegetables.

## AGRO-TRADE AND DISTRIBUTION

In the area of agro-trade and distribution, Delta Agrar cooperates with the leading global producers and distributors of pesticides, seeds and agricultural mechanization. The company also trades with cereals, oilseeds and mineral fertilizers.

Our Partners are leading global agribusiness companies: Pioneer, Bayer CropScience, Syngenta, BASF, Nufarm, Biesterfeld, DanBred, Deutz-Fahr, Amazone, Kuhn, De Laval, Summit Agro International and others.



## FOOD PRODUCTION

**Food production** consists of pasta and flour production at the “Danubius” factory in Novi Sad; production and packaging of apertisans, muesli, cereals and staple food at “Florida Bel” factory in Zemun; production of meat and processed meat products at the “Yuhor” Meat processing factory in Jagodina; and, water-filling of Aqua Gala in the “Mioni” factory. All products are produced in compliance HACCP system food safety requirements.

“**Danubius**” plant has been manufacturing food since 1918. The factory is famous for the high quality of its mill products and pasta. Danubius has a grain tank with the capacity of 65,000 t. The tank is perfect to store and dry cereals, as well as for different transit activities. The modern, computer-guided mill produces 300 tons of the best-quality flour of various types and purposes daily. The pasta factory has the capacity of 7,000 tons per year.

“**Florida Bel**” produces and packs muesli and snack products under the Fun&Fit and JUMBO brands. Its ABC brand includes packages of grain and powder, and fruit products.



“**Yuhor**” meat and meat processing products are present on the market since 1902. Stability and continuous business development is achieved through maintaining the supreme quality of products, development of modern production facilities and application of the highest standards in food production. “Yuhor” AD Jagodina allowed Delta Agrar to position itself as an important factor in the fresh meat trade, dominating our market. The company exports beef to the EU markets.

“**Mioni**” factory fills still mineral water from a water source near Mionica and Valjevo. Aqua Gala Water is pumped from 200m which eliminates the need for additional filtering or chemical processing. It contains an optimum combination of minerals and has a naturally good balance of calcium and magnesium.





# DELTA REAL ESTATE

- SHOPPING MALL AND RETAIL PARK MANAGEMENT

Delta City, Belgrade

Delta City, Podgorica

Delta Park, Kragujevac

- HOTEL MANAGEMENT

Crowne Plaza Belgrade

Park Hotel Belgrade

National Hotel Belgrade

- MANAGEMENT OF COMMERCIAL PROPERTIES

NBGP Properties (Apartments, Small Tower, Impulse Hall)

- MANAGEMENT OF COMMERCIAL-RESIDENTIAL COMPLEXES

Belville complex, Novi Beograd

- STRATEGIC PLANNING AND PROJECT DEVELOPMENT



# “Creating the future”

Delta Real Estate`s unique combination of retail, commercial, residential and hotel facilities in Serbia and the region, allows the Company to position itself as the leading real estate company in the region. As such the Company is continuously expanding and improving the urban ambience while preserving the environment. Through application of high international standards in local and regional markets, the Company improves lifestyles of its customers, as well as its business results.

It currently employs 313 people and generates revenues in the amount of EUR 38 million.

## SHOPPING MALLS

Delta City Belgrade is the first shopping mall in Serbia. It was developed according to international standards<sup>6</sup> and opened in November 2007. It covers an area of 85,000m<sup>2</sup>, with 30,000 m<sup>2</sup> rented. The mall hosts a large number of famous fashion brand stores, a hypermarket, home decoration stores, a multiplex cinema, numerous cafes and restaurants, banks and a range of other businesses. This is one of the first public facilities in Belgrade built to be fully accessible to people with disabilities. The quality of architecture and accessibility of this facility is confirmed with the 2009 Best European Shopping Mall Award presented in Barcelona by the ICSC.

Delta City further expanded its offer in 2012 with several leading international brands including C&A and Deichmann. The first Serbian store of the famous Swedish brand H&M will be opened in September 2013.

Delta City had more than 8.6 million visitors in 2012, representing an 11% increase compared to 2011 figures. The growth in the number of visitors is achieved through continuous research of their needs, keeping up with market trends and constant improvements of the shopping mall's service range.

Delta City Montenegro is the first shopping mall opened in the Montenegro. The mall was developed in line with international standards and opened on October 1, 2008. It covers an area of 46,000 m<sup>2</sup> of which with 24,000 m<sup>2</sup> rented. Modern design, cosy atmosphere, an interesting mix of world-renowned brands together with various cafes and restaurants are the main features of this shopping mall.

<sup>6</sup> Project management and development in line with FIDIC (International Federation of Consulting Engineers)



A record-breaking 4.3 million visitors were recorded in 2012, representing a 9% increase compared to 2011 figures. This is a result of continuous promotion of the mall's offerings, implemented in accordance with international market trends.

Delta shopping malls are the venue of choice for major events and quality time that families spend together. This is the result of Delta Real Estate's careful planning of numerous cultural, charitable, educational events, as well as fashion, sports and music happenings designed to promote the mall.

## HOTELS

The Continental Hotel Belgrade was built 30 years ago as the first five-star hotel in Serbia. Delta Real Estate acquired the property in 2008. High professional management standards and staff effort



kept the quality of service on the level of world's premium hotels. Located within the business complex near the banks of Sava River the hotel has a direct connection to the nearby Sava Congress Centre. For years it has attracted business travellers and served as a venue for business and entertainment events. The Continental Hotel Belgrade ceased to operate under that name in July 2012 at the time when its reconstruction began.

Refurbishment was done in accordance with the Crowne Plaza Hotel standards with a desire to improve quality standards. The entire refurbishment symbolically commenced with a donation of furniture to social care institutions. Furniture valued at RSD 3,183,413 was donated to the Zvečanska Street Centre for Infants, Children and Adolescents in Belgrade, the Centre for Children and Adolescents Sremčica in Belgrade, Centre for Children and Adolescents Veternik from Veternik, SOS Children's Village Dr Milorad Pavlović from Sremska Kamenica and the Solidarity Serbia Foundation from Belgrade.

The new five-star hotel will provide unique service, comfort and a diverse offering to its guests. Hotel's characteristic front was replenished with the latest generation of energy efficient glass windows. The hotel will have 416 modern rooms with 94 luxury club level rooms, 32 suites and 1 presidential suite. A multi-functional banquet hall, several restaurants and bars will make it a perfect venue for private and corporate events alike. Thus the Crowne Plaza will become the place for business meetings or leisure time with friends.

The Park Hotel, is part of the Delta Real Estate Group since 2008. Located in the very heart of the city, it has 124 rooms and 3 suites as well as a modern banquet hall, a restaurant, a café and fitness

area. The hotel was refurbished in 2012, when its gastronomic offer was enriched. With our guests' needs in mind, the hotel was declared pet-friendly.

The National Hotel is located at city outskirts some eight kilometres from the city centre and ten kilometres from Airport "Nikola Tesla" surrounded with lush greenery and numerous sport facilities. The hotel has 65 rooms with 125 beds and an international customs terminal.

## **SUITES AND COMMERCIAL PREMISES**

The commercial complex within NBGP Properties d.o.o. is located in the vicinity of the Continental Hotel (soon to be the Crowne Plaza Hotel), the Sava Congress Centre and Belgrade's Kombank Arena. It consists of two buildings with a shared underground garage. Conference halls, advertising space and a lot of cafés and restaurants are the main feature of this commercial complex which meets the highest business standards.

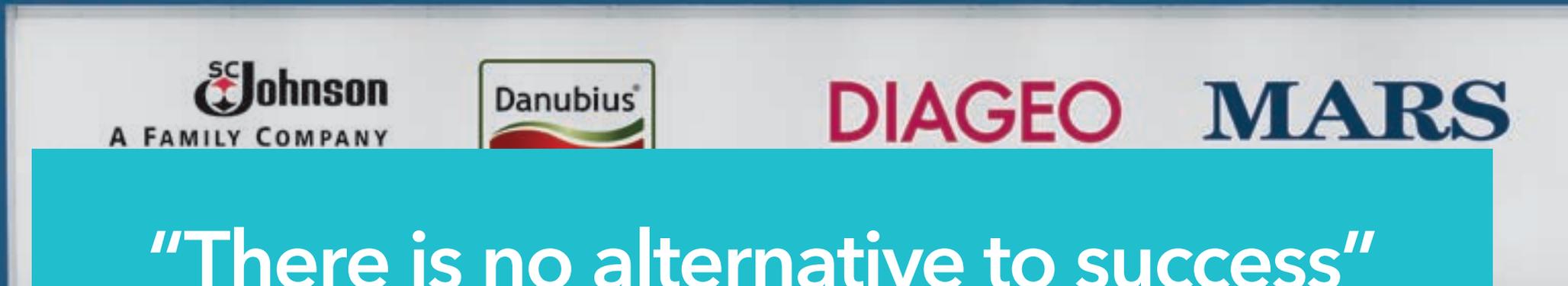
## **DEVELOPMENT OF COMMERCIAL FACILITIES**

The Belville<sup>7</sup> complex stands for an entirely new concept in residential property development. In addition to its excellent location, it is known for its innovative construction, functionality, modern IT-technical solutions and a system of planning and maintaining communal spaces. The complex consists of 14 residential blocks, with 1,858 individual flats and over 300 shops. The number of parking spaces exceeds the number of flats. The complex is fully accessible to people with disabilities. While implementing the project of the residential complex Belville, Delta Real Estate built a completely new road infrastructure at the site.

<sup>7</sup> Belville complex is owned by Delta Real Estate (50%) and Hypo Bank (50%).

# DELTA DISTRIBUTION

- DISTRIBUTION OF CONSUMER GOODS  
Beiersdorf, Mars, Diageo, SC Johnson,  
Ferrero, Buitoni, Maretti, Pufies, Mioni,  
Florida Bel, Yuhor,
- IMPORT, SALE AND SERVICE OF VEHICLES  
BMW, MINI, Honda



**“There is no alternative to success”**

The Delta distribution group deals with import, sale and transport of consumer goods and cars.

It employs 718 persons, with its income in 2012 being EUR 150 million.

## DELTA DMD

Since its establishment in 1997 Delta DMD Company is committed to constant improvement of its services and carefully selected associates. It has grown into one of the leading distributors of consumer goods in Serbia. The Company operates through five regional centres in Serbia and Montenegro located in Belgrade, Novi Sad, Čačak, Niš and Podgorica.

The Company provides the following activities:

- Consumer goods distribution
- Consumer goods wholesale
- Logistics and storage

Logistics and transportation services are provided by the Delta Transportation System. Its fleet consists of more than 500 vehicles with individual cargo capacity ranging from 2 to 25 tons. The capacity of the Delta transportation system is 3,000 deliveries a day with 25,000 transported palettes a week. The fact that the company has a long-lasting cooperation with world-renowned companies such as Beiersdorf, Ferrero, Mars, Diageo, SC Johnson is a proof of the quality our operation and services provided to our partners.

## DELTA MOTORS

Delta Holding subsidiaries work with premium partners from all industry segments including the car industry. In 2007 Delta Motors became general and exclusive representative of BMW Group for Serbia and Montenegro. The contract entails the development of wholesale, retail sale and post-sale services for BMW and MINI car brands.

Strive towards becoming a synonym of success and distribution of premium vehicles allows Delta Motors to adopt best global practices with a special focus on customers' care.



In 2012 Delta Motors introduced the following car brands to Serbian market: BMW Gran Turismo 6 Series, BMW 7 LCI Series and MINI Roadster. On top of the luxury equipment and refined design, all cars offer comfortable and safe driving experience with significantly reduced gas emissions.



With the introduction of a new line of BMW BSP-BMW Premium Selection, customers can now make searches on a large number of parameters to select their preferred BMW model.

Delta Motors had good results in 2012, despite the financial crisis. The number of vehicles sold was 737, an increase of 27% compared to 2011 figures.

## **DELTA AUTOMOTO**

The Delta Automoto Company was established in 1996 and became the general representative for Honda vehicles in March 2005. Following the launch of Honda show room in 2006, the company officially started with the sale of Honda vehicles in Serbia. The sale of Honda motorcycles started in 2011 at the same show room.

In recognition of the market needs and the need to catch up with global trends the company was consolidated and entered the used cars trade business within the Car Market business unit set up in 2012.

Quality, safety and security are main features of the Honda brand. Through professional approach and readiness to adapt to customers, Delta Automoto continuously improves the experience of buying and maintaining customers' cars.

The Company is an active member of the community and acts responsibly when interacting with citizens. At the Adrenaline day event general public was able to test Honda cars and motorcycles on a professional racing track, while motorcycle riding instructors provided safety tips to visitors.

To motivate school and university students to consider careers in science and engineering, the Company and its partners, presented Honda's humanoid robot ASIMO at the Days of Future event, dedicated in 2012 to robotics.



Although Serbia as a whole saw a drop of 30 percent in car sales in 2012 (compared to 2011 figures), the sale of Honda vehicles from the Delta Automoto product range increased during the same period. The total number of sold cars was 566.

# DELTA SPORT

- SPORT  
NIKE
- MODA  
Aldo, Monsoon, Accessorize,  
Sergeant Major, Mango
- HoReCa  
Costa Coffee



# “We enrich your life style”

Core activities of Delta Sport Company are trade, retail and wholesale of sports and fashion industry and HoReCa. The company was established in 1993 as a part of the Delta Holding. Today it is the leading sports retail chain in the region, applying contemporary operating principles throughout the Balkans.

In 2012 Delta Sport reported income in the amount of EUR 100 million; it employs 1,024 people.

The Company is the exclusive distributor of the world-famous brand Nike, a franchise partner to Canadian fashion brand Aldo and Spanish fashion brand Mango. Delta Fashion is a part of the company importing famous brands Monsoon, Monsoon Children, Accessorize, and Sergeant Major.

Franchise agreement with one of the world’s leading coffee shop chains - Costa Coffee has been signed to expand the chain’s network in the Balkans.

The goal of the Delta Sport Company is to promote lifestyle philosophy together with unique and quality service, products and ambience.



**DELTA MC**

- PRODUCTION

Antifreeze Glysantin® in association with B.A.S.F  
Bicycles for children and adults

- SERVICING

- RETAIL AND WHOLESALE

Representative for Maximal forklifts and warehouse vehicles

Authorised distributor of Pirelli tyres

Authorised distributor of Petlas tyres

Official distributor of Shell oils and lubricants

Official distributor of engine and industrial oils  
and lubricants FAM

Authorised distributor of Banner batteries

- EXPORT AND IMPORT



## “Consistency in quality”

Delta MC Company was established in 1991 and its activities include production, servicing, wholesale, retail sales, export and import, in cooperation with local and foreign partners.

Delta MC's network covers Belgrade, Kruševac, Novi Sad, Futog and Subotica.

Company's portfolio includes tyres, oils, lubricants and batteries made by world-renowned manufacturers.

The Company focuses on the production of bicycles both for children and adults (18-, 21- and 26-speed bicycles, MTB (Mountain Bike) and CTB (City Bike). Bicycles match European quality and design. Company cooperates with B.A.S.F on the production of Glysantin®.

The Company employs 49 people and generates revenues in the amount of EUR 3.93 million.



# DELTA GENERALI

## DELTA GENERALI

Delta Generali Osiguranje a.d.o. Belgrade  
Delta Generali Reosiguranje a.d.o.  
Delta Generali Voluntary Pension Fund  
Delta Generali Osiguranje a.d. Podgorica  
Health Centre "Jedro"  
Blutek Auto d.o.o.



# “Professionalism, commitment, integrity, team work”

The power of Delta Generali Group lies in the values it strives to achieve: professionalism, commitment to clients, integrity, team work and aspirations for constant improvement.

In compliance with these values, the company constantly develops services providing the clients with safety in all life and business ventures. Delta Generali Group employs 2,291 people, and the insurance companies in Serbia and Montenegro have profited EUR 120 million from insurance premiums.

## DELTA GENERALI INSURANCE

Delta Generali Insurance is the largest private insurance company in Serbia. The company is the market leader in life, health and international travel insurance and one of the leading in the market of Serbia when it comes to insuring property, motor vehicles and against accidents. With the premiums of EUR 108 million and 20 percent market share in 2012, the company has established itself as



the first most profitable and the second largest insurance company in the market. Delta Generali Insurance is part of Generali Group, one of the global leaders in insurance business.

Delta Generali is registered for all kinds of life and non-life insurance, covering all the areas of insurance and offers comprehensive solutions both for individuals and for complex requests of great corporations. The company has a distribution network in seven regional centres in Serbia (Belgrade, Novi Sad, Sombor, Šabac, Smederevo, Kragujevac and Niš) with 67 offices serving more than 1,720,000 clients throughout Serbia. Delta Generali Insurance processes and pays over 90,000 requests per year. High professional structure of experts for evaluation and liquidation of damage ensures the fastest service of damage payment in the market of Serbia. The company functions in compliance with the standards ISO 9001:2008 and ISO 27001:2005, certificates for confidential information managements received from the independent appraiser. Delta Generali Insurance is particularly proud of the fact that it is the first insurance company in Serbia to receive this significant certificate.

## DELTA GENERALI REINSURANCE

Delta Generali Reinsurance a.d.o. conducts reinsurance activities in the country and abroad. The company represents the link between the parent company Delta Generali Insurance a.d.o. Belgrade and Delta Generali Insurance a.d. Podgorica with the chosen reinsurers from the world market. The final objective is maximum security of portfolios of insurance companies as the best way of offering good service to clients. Mutual levelling of differences is conducted within the parent company Generali PPF Reinsurance, which connects all the countries of Central and Eastern Europe.

The company also deals with facultative reinsurance (reinsurance against individual risks) in cooperation with foreign reinsurers, such



as Munich Re, Grant Assurance Corporation and QBE's Lloyds Syndicate. Apart from that, Delta Generali Reinsurance has an excellent cooperation with a great number of foreign insurance and reinsurance brokers, for example: Marsh Ltd (UK), Aon Benfield, Genillard&Co GmbH, JLT Specialty Limited (UK) and Guy Carpenter & Co Ltd.

### **DELTA GENERALI VOLUNTARY PENSION FUND**

The company for management of the voluntary pension fund Delta Generali a.d. Belgrade established in 2006 has two funds - Delta Generali Basic and Delta Generali Index with over 50,000 members. The company for management of the voluntary pension fund Delta Generali has 27 percent share in the Serbian market of pension funds and it is the second largest company in Serbia in this segment of business. This company was the first to receive the license by the National Bank of Serbia to manage a voluntary pension fund.

### **HEALTH CENTRE "JEDRO"**

Health centre "Jedro", founded in 2010, offers a high quality service to patients thanks to the immediately available team of outstanding doctors and University professors as well as to the modern equipment.

Located in the 1,500 m<sup>2</sup> exclusive premises in Belville buildings in New Belgrade and carefully adapted to needs of patients, this institution has all the important specialist services: internal medicine, pediatrics, gynecology, radiology, ophthalmology, urology, ORL, dermatovenereology, neurology and psychiatry, physical medicine and rehabilitation, cardiology, gastroenterology, nephrology, rheumatology and laboratory diagnostics.

Health centre "Jedro" provides carefully devised package of services for families. Examinations are conducted by expert and experienced doctors. "Jedro" offers general check-ups for the employees of numerous national and foreign companies and Embassies.

### **BLUTEK AUTO**

Blutek Auto d.o.o. was founded in 2009 to provide clients with complete services of technical vehicle inspection as well as to supply them with modern equipment.

After getting the license from the National Bank of Serbia, Delta Generali Insurance became 100% owner of Blutek Auto in 2012.

Technical inspection is conducted with hi end equipment guaranteeing a high quality of services for all kinds of vehicles.

Blutek Auto is the importer and distributor of ACTIA MULLER garage equipment for technical inspection in Serbia, Montenegro and Bosnia and Herzegovina.

## DELTA GENERALI INSURANCE A.D. PODGORICA

Delta Generali Insurance Podgorica a.d. is the third largest insurance company on the Montenegrin market and at the same time the fastest-growing company in the sector of non-life insurance.

The company was established in 2008, and in 2009 Delta Generali Insurance a.d.o. Belgrade gained the majority share in DC Holding and became the majority owner of Delta Generali Insurance Podgorica. Today the company has the technical power and support of Delta Generali Insurance connected with the local partner Čelebić d.o.o. Podgorica, one of the leading companies in the area of real estate and finance.

Delta Generali Insurance Podgorica is registered for all kinds of non-life insurance and functions via the distribution network consisting of six regional centres with more than 75 selling points, 67 sales agents and 65 employees, ensuring availability of the company's services throughout Montenegro.



Delta Generali also supports a great number of humanitarian and sports activities. As the official partner of Belgrade Marathon, it has for ten years already ensured all the events organized by Belgrade Marathon, for example the children's marathon. Apart from that, in the past seven years the company has awarded from the special fund the best results achieved in Belgrade Marathon.

In 2012, at 25th Belgrade Marathon the employees of Delta Generali with their families and friends took part in the Pleasure Race with the aim of collecting money for the basketball club "Ikar" from Gornji Milanovac, the only basketball club in Serbia working with children who have mental and intellectual disabilities.

Delta Generali Insurance, in cooperation with the Ministry of Interior and local primary schools, for the fifth year in a row organizes the action "Apple or lemon" dedicated to children's safety in traffic.

In 2012 this activity is implemented in 72 primary schools in 59 towns throughout Serbia, with the participation of over 9,500 schoolchildren. The aim of the project is to educate schoolchildren on traffic safety and raise awareness of drivers of the importance of observing traffic regulations in order to prevent traffic accidents.

Observing regulations together with general improvement of traffic culture is the best prevention ensuring safety of all participants in traffic. The action "Apple or lemon" is primarily directed at educating schoolchildren, but also at reminding drivers of the important fact that children are equally active participants in traffic. It is disciplined driving and observing signalization that largely contribute to the reduction of the number of accident victims, particularly children. Projects like "Apple or lemon" have proved to be an excellent form of prevention. The proof for it is the growing number of schools and towns wanting to participate in the action. During last four years 22,200 children from 187 schools took part in this project.



# FOUNDATIONS

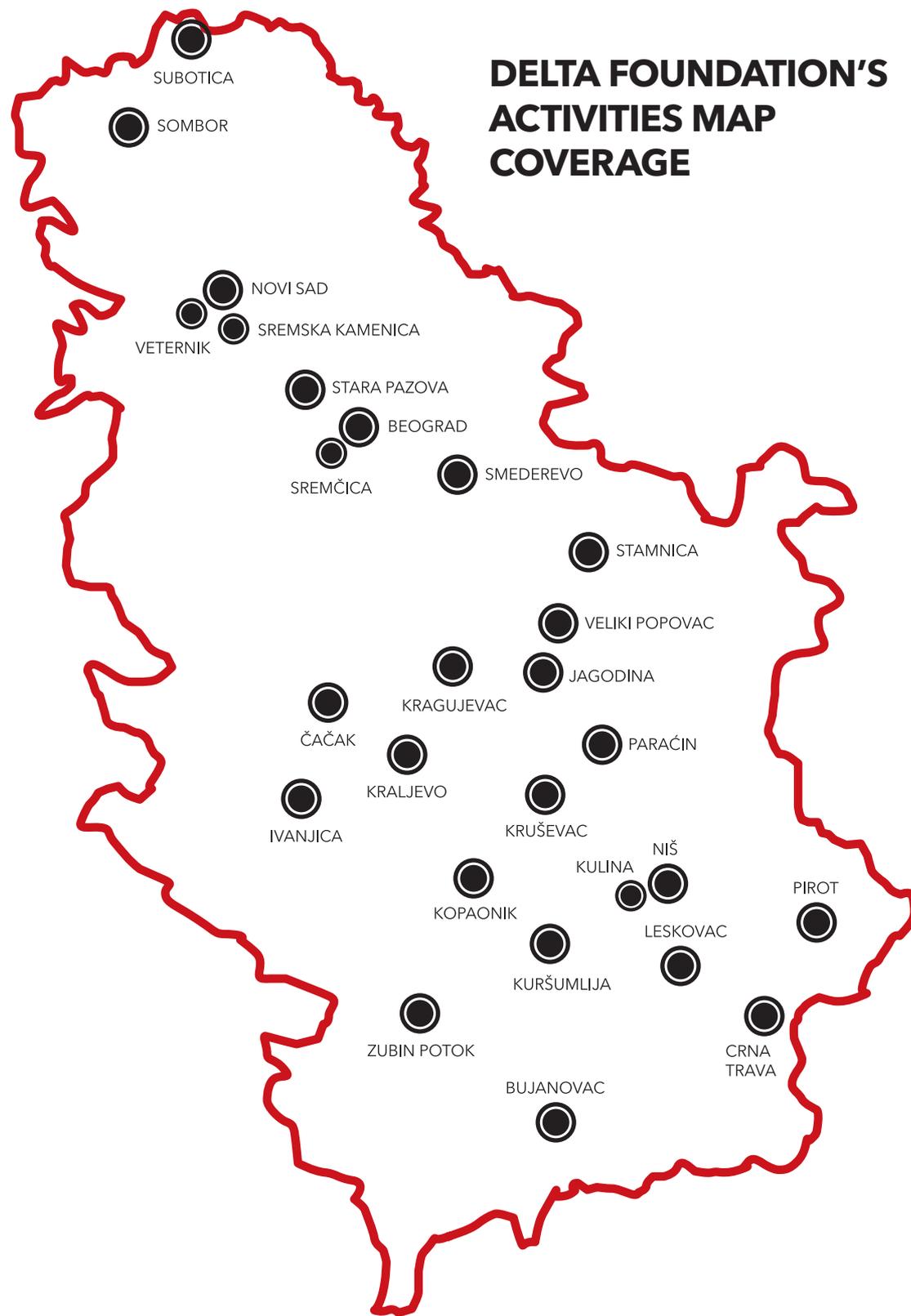
- DELTA FOUNDATION
- SERBIAN BUSINESS FOUNDATION

# „ Helping with a heart “

Concurrently with the growth of its business, Delta Holding continuously invests in the progress of the community through philanthropic activities which on behalf of all the subsidiaries, are carried out by the Delta Foundation. In 2012 the Delta Foundation marked its fifth anniversary. Projects implemented by the Foundation are aimed at improving the quality of life of children without parental care and people with disabilities, while funds are also allocated for helping areas ravaged by natural disasters. The Fund for the Future is a unique project, recognised by all relevant experts and the wider community. In 2012 the Foundation carried out 93 philanthropic campaigns and helped 22,116 persons. Out of the total income of the Company, corporate donations in 2012 accounted for EUR 2,850,461, which amounts to 7.61%<sup>8</sup> of profits. As an illustration, the Wal-Mart Company in 2011 donated 4.1%<sup>9</sup> of its profits.

With a view to realising projects aimed at social development, in late 2011 Delta Holding also established the Serbian Business Foundation.

<sup>8</sup> Percentage of investment refers to the consolidated financial statements.  
<sup>9</sup> Source: the Chronical of Philanthropy at [www.philanthropy.com](http://www.philanthropy.com)





**EMPLOYEES**

Continuous investment in employees and their advancement is key point to accomplishment of operating results of Delta Holding.

Delta Holding had **6,845** employees in 2012. The Company employs 5,977 people of which 5,502 are employed in Serbia and 475 employed in the region. During the year 868 employees were engaged on various types of employment contracts.

### Number of employees in 2011 and 2012 as at 31 December

MEMBERS	EMPLOYEES		EMPLOYEES REGION		TOTAL	
	2011	2012	2011	2012	2011	2012
Delta Agrar	1,428	1,404	8	7	1,436	1,411
Delta Real Estate	653	307	6	6	659	313
Delta Distribution	870	647	67	71	937	718
Delta Generali	2,038	2,176	115	115	2,153	2,291
Delta Sport	918	748	312	276	1,230	1,024
Delta MC	64	49	0	0	64	49
Delta Broker *	8	0	0	0	8	0
Common departments	114	171	0	0	114	171
<b>TOTAL</b>	<b>6,093</b>	<b>5,502</b>	<b>508</b>	<b>475</b>	<b>6,601</b>	<b>5,977</b>

\* Delta Broker is no longer part of the Delta Holding system, and accordingly the number of employees in this company is not presented in the report as at 31 December 2012.

<sup>10</sup> "Region" refers to the following countries in the region: Montenegro, Bosnia and Herzegovina, Croatia, FYROM

Organisational changes in the Company's operation and ongoing projects led to reduction in the number of employees compared to 2011 figures. As a result of the refurbishment of Belgrade's Continental Hotel the total number of employees was reduced by 278. With the introduction of the cross-docking system in the distribution segment, the number of employees fell by additional 39. In the situation, redundant employees were informed about further possibilities to work and a certain number of employees were transferred within the Company.

The grand opening of the Crowne Plaza Hotel Belgrade (formerly the Continental Hotel) is planned by the end of 2013. The hotel will employ as many as 250 employees in 130 job positions.

### SALARY SETTING

All the employees are paid in accordance with the regulations of the Serbian Labour Law. The average salary in Delta Holding in 2012 was above the average for Republic of Serbia. Salary is set according to the Mercer methodology, which means that final salaries are subject to evaluation results.

Annual salaries of top managers, senior and mid-level management, as well as the employees' are conditioned on the results of the Company, i.e. respective divisions in which they work. This entitles managers and staff to bonuses throughout the year.

**Total number of employees with 10 or more years of service in Delta Holding**



### The average salary per employee in Delta Holding compared to average salaries in the cities where the Company operates

Average gross salary I - December 2012.			*Minimum salary
CITY	OFFICIAL STATISTICS	DELTA HOLDING	
Belgrade	78,604.00	113,431.12	30,519.30
Novi Sad	67,065.00	73,948.06	30,044.70
Čačak	54,952.00	65,366.03	41,844.20
Niš	54,871.00	61,017.17	38,991.20
Jagodina	54,952.00	59,328.14	45,112.80

\* Minimum net salary in the Republic of Serbia is RSD 115 per hour, which for the average of 176 hours (average on a monthly basis) amounts to RSD 20,240 net, or RSD 27,534 gross. In a month with 184 hours (the legal maximum), the net salary amounts to RSD 21,160, and gross salary to RSD 28.846,45.

## EDUCATION AND QUALIFICATION STRUCTURE

Since the beginning, the business philosophy of Delta Holding was to provide job opportunities to young and talented people.

Human Resources Division launched the Young Leaders programme in 2012 to motivate young and talented people; the program was available exclusively on-line. During the initial phase of the Programme the identity of the Company behind the Programme was intentionally hidden from participants. Application and the initial testing process were performed on-line. More than 1,000 university graduates applied for the Programme. Top 20 applicants were selected and trained locally and internationally to familiarise with business practices of companies in which they work.

In recent years, the Company successfully implemented the Delta Academy programme. The activity supports new employees joining the Company straight from university, without any prior work experience.

Delta Holding Talent Pool project will be implemented in 2013 to release the Company's "potential" – selected mid-level managers will be trained to help them further develop within the Company. In 2013 Talents of the Company will be able to attend training on various topics arranged into a structured curriculum.

### Overview of employee qualifications<sup>11</sup>

MEMBER	PhD	Magistrate	Master	University degree	College	Highly - qualified	Secondary school	Qualified	Semi - qualified	Non - qualified
Delta Agrar	3	2	2	277	63	13	412	351	21	267
Delta Real Estate	0	0	1	94	43	9	105	43	0	18
Delta Distribution	0	0	11	147	80	9	341	116	3	11
Delta Generali	1	6	0	719	303	0	1,208	15	39	0
Delta Sport	0	1	1	121	61	5	685	117	2	31
Delta MC	0	0	0	11	5	0	24	6	0	3
Common departmets	0	3	5	75	35	1	47	4	1	0
<b>TOTAL</b>	<b>4</b>	<b>12</b>	<b>20</b>	<b>1,444</b>	<b>590</b>	<b>37</b>	<b>2,822</b>	<b>652</b>	<b>66</b>	<b>330</b>

<sup>11</sup> Data refer to employees in Serbia and the region.

Since education is the main driving force of social development, Delta Holding is committed to permanent specialization and education of its employees.

Employee participation at conferences and seminars, local and international, provides an opportunity for an exchange of experiences and application good business practices within the Company.

Some of the major training, conferences and fairs which Company employees attended in 2012 were improved financial, leadership and foreign languages skill and other areas key to improvements in daily management of the Company.

During 2012 a series of open lectures was organised, covering topics such as leadership, marketing, public appearance, emotions in business communication etc. The lecturers were celebrities and experts in these areas. The lectures were open to all Company employees and channel of education will continue in 2013 as well.

TRAININGS	INTERNAL TRAININGS	EXTERNAL TRAININGS	TOTAL
Number of trainings participants	2,529	1,090	3,619
Number of trainings hours	80,830	11,857	92,687





In November 2012 the Company signed a contract with the Singidunum University<sup>12</sup> to allow Delta Holding employees to enrol in master and doctoral studies at discount prices, 50% lower than the market ones.

The Company cooperated successfully for many years with faculties and vocational schools through a program of specialised internships. Interns spend two months with the Company working in different divisions.

<sup>12</sup> University Singidunum is a private university duly accredited, pursuant to the Law on Higher Education for Graduate, Post-Graduate and Doctoral Studies, in three scientific fields: social-humanities, natural sciences-mathematics and technical sciences.

Delta Holding's employees are particularly proud of the company's efforts to increase inclusion of people with mental disabilities. The activity was launched following the employee education on the how to behave around persons with these types of challenges. Education was organized in cooperation with the non-governmental organisation KECMNRO.

The objective of this activity is to increase employee awareness of people with disabilities, but also to enrich the lives of people with disabilities, support their socialisation and assist their families.

## STAFF DEVELOPMENT AND SATISFACTION SURVEYS

In 2012 the Human Resources Division developed software for internal assessment using the 360° (degrees) methodology, whose application started in early 2013. The methodology allowed the company to adjust its development and training programmes to individual needs of the employees.

In 2012 the employees took similar developmental appraisals, which were organised in association with the leading companies in the local market: Leadership Impact - HUMAN SYNERGISTICS (for top management), Life Style Inventory - HUMAN SYNERGISTICS (for senior and mid-level management), Assessment - HOGAN, Personality test Myers-Briggs Type Indicator and similar programmes.

The company also performs periodical evaluations of employee satisfaction levels to improve communication and organization of the work processes. In certain parts of the Company annual Performance Evaluation was introduced. Annual evaluation is oriented mainly towards lower, mid-level and senior management. Given the size and complexity of the Delta Holding, the process has not yet been included all of the Company employees. In 2012, 59 employees were included in the annual Performance Evaluation, which accounts for 4.20% of the total number of Delta Agrar Group employees (1% of the overall number of employees).

## PRO-BONO WORK<sup>13</sup>

Employees are happy to give free lectures and speeches to students and other interested individuals when invited by educational institutions and organisations. A lecture was held at the Faculty of Economics on Corporate Social Responsibility, while another on

<sup>13</sup> Professional engagement done as voluntary work with no compensation

business operations in agribusiness was held for the members of the Media Association.

Given the frequency of pro bono activities, in 2013 a pro bono policy will be adopted.

## INTERNAL COMMUNICATION

Delta Holding insists on efficient and effective internal communication, because it helps achieve business objectives faster and speeds up development of the Company. Open communication and regular consultation among managers and employees improves the quality of decision making and strengthens interpersonal relations. Employees can approach their immediate superiors at any time and schedule a meeting and discuss professional or personal matters. The Company biannually carries out employee satisfaction surveys for the purpose of increasing satisfaction levels. The latest survey was done in 2011.

Through the internal portal, employees obtain information on standards and procedures in different Company divisions (HR, IT Division and Corporate Communications Division). Given the importance of the portal for internal communication, it is continuously being improved. A new portal was launched in 2012

The screenshot shows the Delta Holding internal portal. At the top, there is a navigation bar with the following items: KOMPANIJE, STANDARDI I PROCEDURE, Društvena odgovornost, TEMSKI PORTALI, and SAJTOVI ČLANICA. Below the navigation bar, the main content area is titled 'Društvena odgovornost' and 'ETIČKI KODIKS'. The page is divided into two columns. The left column contains a sidebar with the following items: ORGANIZACIONA STRUKTURA, KORPORATIVNE VREDNOSTI, ETIČKI KODIKS, POLITIKA Društvene odgovornosti, and RUBRIKE. The right column contains the main text of the Code of Ethics. The text is in Croatian and discusses the company's commitment to high standards and ethical behavior. It mentions that as a leader and one of the largest companies in the region, Delta Holding has a responsibility to set and maintain high standards. It also mentions that the company is committed to the highest standards of quality, innovation, and service. The text is followed by a list of bullet points that define the company's ethical principles. The list includes: 'Da budemo pošten i iskren u svim transakcijama', 'Da poštujemo integritet i pravdu svakog poslovanja', 'Da prilikom poslovanja nastojimo dobiti od svih strana', 'Da se trudimo da pronađemo rješenja koja su dobra i za našu kompaniju i za našu zajednicu', and 'Da ne podijelimo nepošteno dobivene koristi s našim poslovnim partnerima'. At the bottom of the page, there is a small logo for 'Delta Holding' and the text '© Delta Holding 2012'.

allowing more options for interactive communication than the previous.

The Delta Holding Company publishes a quarterly newsletter distributed throughout the relevant business community. The Newsletter is also distributed to employees to inform them of all subsidiaries' activities.

## **CODE OF ETHICS AND POLICY OF CORPORATE SOCIAL RESPONSIBILITY**

The Code of Ethics and policy of corporate social responsibility are available to all employees at the portal. These documents clearly define the Company's commitment to observe ethical and socially responsible principles in all segments of its operations. In line with the 10 principles of the United Nations Global Compact and ISO 26000 standards, emphasis is on protection of human and labour rights, reducing corruption, protection of the environment and community development.

In accordance with the Code of Ethics, managers, employees, and outsourced employees are responsible to act in the Company's best interests, base their judgement on information and opinions of experts and perform tasks assigned to them in a manner that does not subordinate personal interests to the interests of the Company, without causing conflicts of interest between them.

Managers, employees and outsourced employees are responsible for performing their tasks conscientiously, in accordance with good business practices and in good faith.

Under the rules of corporate ethics all offers, gifts, promises of or actual gifts in money, items, rights, services and gifts whose value exceeds the value of EUR 50 is not acceptable. This also applies

to acts performed under the influence of persons with a business relationship with the Company. It is deemed acceptable to receive and give presents of lesser value or to invite or be invited to lunch, as long as it is part of generally accepted practices and cannot influence the reaching of a business-related decision.

## **BENEFITS AND SOLIDARITY AID**

Through the benefits programme and acts of solidarity at times of crisis, the Company demonstrates its understanding for various needs of its employees.

Benefits programme covers:

- 24x7 insurance
- New Year's presents for employees' children
- Paid leave
- A higher number of vacation days

Every year, the Company employees and their family member participate in sports activities on a corporate sports day named Tournament 8.

Solidarity aid is available in the event of:

- Birth of a child
- Illness of an employee
- Illness of an employee's immediate family member
- Death of an employee
- Death of an employee's immediate family member

By implementing the benefits programme and payments of solidarity aid at times of hardship, the Company shows that it understand various needs of its employees.

## NON-DISCRIMINATION PRINCIPLES

Each job vacancy announcement in the Company contains the following non-discrimination statement<sup>14</sup>:

*All candidates who are in the process of selection for a position with Delta Holding will be treated equally. Persons seeking employment will not be indirectly or directly discriminated 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. The rule is for any candidate to be at least 18 years old when being employed.*

The purpose of selection is to allow the Company to recruit candidates with qualifications, knowledge and skills the most suitable for the vacant position.

Moreover, managers decide on education and promotions of their associates or the termination of employment contracts without bias and without the above listed prejudices. Employees are obliged to respect differences in their communication with clients, business partners and customers.

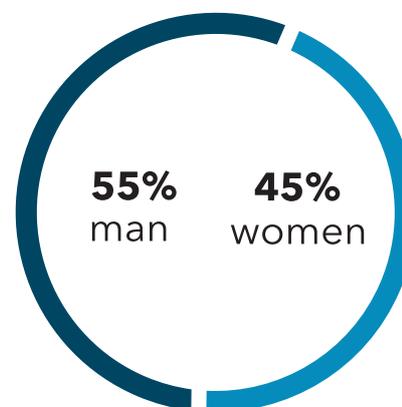
As a strong champion of family values, the Company encourages women employed with the Company to have families. Since their positions await them once they return from maternity leave, women will be more inclined to expanding their families.

<sup>14</sup> Except from the internal employment rulebook of Delta Holding

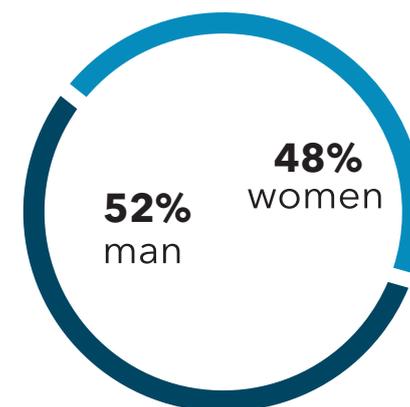
## Gender structure of the employees

GENDER STRUCTURE	MAN	WOMEN
Delta Agrar	1,004	407
Delta Distribution	527	191
Delta Real Estate	171	142
Delta Generali	911	1,380
Delta Sport	353	671
Delta MC	36	13
Common departments	119	52
<b>TOTAL</b>	<b>3,121</b>	<b>2,856</b>

### Gender structure top management



### Gender structure all employees



## Age structure of employees

AGE STRUCTURE OF EMPLOYEES	Age 18-29	Age 30-50	Over age 50
Delta Agrar	102	945	364
Delta Real Estate	40	201	72
Delta Distribution	180	512	26
Delta Sport	486	516	22
Delta MC	5	34	10
Delta Generali	570	1,525	196
Common departments	17	129	25
<b>TOTAL</b>	<b>1,400</b>	<b>3,862</b>	<b>715</b>

Intimidation and harassment<sup>15</sup> is forbidden in the Company, including sexual harassment and abuse of the right on protection against harassment. Employees receive a notification on the rights and responsibilities in terms of prohibition of mobbing and harassment alongside their employment contracts. The Company has designated a support person to help mobbing prevention and identification available to employees for advice and support. In 2012 no cases of intimidation or harassment, on whatever grounds, were reported, no court procedures were initiated, no under-aged persons were hired, there was no forced labour, nor were there any breaches of human rights of sensitive social groups (national minorities, people with disabilities etc.).

When necessary for a job position to be changed, all employees are presented with a formal offer containing all detailed conditions, with the time frame for declaring their position on the offer and an Annex to the labour contract.

<sup>15</sup> Delta Holding Rulebook on the Prohibition of Mobbing and Harassment

The Delta Holding Company approves and supports staff joining organised trade unions. Thus employees are allowed to represent, present, promote and protect their professional, labour and other individual or collective interests. There are six active trade unions within Delta Agrar, as well as two unions within the Delta Real Estate group.

## Total number of employees union members

	TOTAL NUMBER OF EMPLOYEES	LABOUR UNION MEMBERS
Delta Holding	5,977	719 (12%)

## Total number of employees included in the employer's collective agreement

	TOTAL NUMBER OF EMPLOYEES	EMPLOYEES UNDER COLLECTIVE AGREEMENT
Delta Holding	5,977	447 (7.5%)

## Total number of employees who signed a special collective agreement for agricultural work

	TOTAL NUMBER OF EMPLOYEES	EMPLOYEES UNDER SPECIAL COLLECTIVE AGREEMENT
Delta Holding	5,977	1,034 (17.3%)

## WORKPLACE SAFETY AND HEALTH

All segments of workplace safety and protection are defined by Law and are strictly observed by the Company. There are internal rules and punitive measures for non-observance in accordance with the Law.

Most of the workplace related injuries occur in Delta Agrar Group. The largest number of injuries in 2012 occurred in the meat-processing company due to a large number of different sharp objects used in the production. The factory management is in charge of identifying critical points in the production to prevent potentially dangerous situations. The safety measures are constantly being improved to reduce the possibility of human mistakes. These measures have significantly reduced the number of injuries at work - in Yuhor factory from 49 injuries in 2011 to 33 injuries in 2012.

All construction sites are visited and monitored on a daily basis, and all identified issues are attended to the same day. For example, employees without the required protective gear will be immediately removed from the construction site. The compliance and employee education on safety regulation is assigned to the construction site coordinator during construction.

Although in the year 2012 the number of breaches compared to the number of employees was negligible, in 2013, based on risk assessment, further steps will be taken in terms of promoting workplace safety.

### Number of injuries at work and number of lost work hours

LEGAL ENTITY	NUMBER OF LIGHT INJURIES	NUMBER OF HEAVY INJURIES	TOTAL NUMBER OF INJURIES	NUMBER OF LOST WORKING DAYS
Delta Agrar	58	9	67	1,718
Delta Real Estate	6	1	7	150
Delta Distribution	10	1	11	232
Delta Sport	8	0	8	118
Delta MC	0	0	0	0
Delta Generali	1	0	1	38
Common departments	0	0	0	0
<b>TOTAL</b>	<b>83</b>	<b>11</b>	<b>94</b>	<b>2,256/18,048 h</b>

IR RATE<sup>16</sup> = 7.71

ODR RATE<sup>17</sup> = 0.19

LDR RATE<sup>18</sup> = 1.48

Total number of working hours **12,193,080**

Total number of hours of sick leave due to injuries **18,048**



<sup>16</sup> IR rate = Total number of injuries / Total number of working hours x 1,000,000

<sup>17</sup> ODR rate = Total number of lost days / Total number of working hours x 1,000

<sup>18</sup> LDR rate = Sick leave due to injuries at work / Total number of working hours x 1,000



**MARKET RESPONSIBILITY**

The Delta Holding Company unites a large number of diverse activities, but the strategic commitment of all its subsidiaries is identical: range of quality products and services providing customers with safety, trust and satisfaction.

**DELTA AGRAR GROUP**, a producer of food and agricultural products, achieves the high quality of its products by applying appropriate standards, as well as safety and quality monitoring systems. The introduction of the HACCP system additionally improved the system of monitoring product health safety. It is about the application of principles and rules that ensure preventative protection of food safety and health safety of foods that reach end consumers. Safety and security of products are ensured by purchasing raw materials from world-renowned and socially responsible companies, as well as by opting for responsible distributors that guarantee that quality is maintained until products reach end users. Product detail labels, which contain all information of relevance, notify customers about nutrition facts and product quality. Additionally, when advertising and promoting products in the markets, precise and accurate information is presented.

The proof of the quality of Delta Agrar products is also in the fact that Jagodina-based Yuhor is the first local meat processor and producer with the export license. Thanks to its quality policy, in recent years Yuhor has won a number of awards for quality.

Florida Bel is famous for its cereals and keeping up with trends on the health food market. Modern and flexible packaging materials are selected to ensure the quality of end products and preservation of product features and quality over a longer period. Product quality is additionally ensured by complying with ISO 22000 standards and the HACCP food safety system.

GALA water, a product of Mioni-based factory, has passed tests performed by prestigious local and foreign water quality institutes such as the Republic Health Protection Institute, Army Medical

Centre and Frensis Institute from Germany. The Factory works according to NSF, ISO 22000 and HACCP standards.

At the Danubius factory, thanks to the quality of natural raw materials and new technologies of grinding, drying and storing wheat, different kinds of flour and pasta are produced. All of the products satisfy the strictest of criteria and quality standards in terms of health safety of food. The factory operates according to ISO 9001, ISO 22000 and HACCP standards.

Prior to sowing its fields Delta Agrar carries out a detailed soil analyses to determine mineral fertiliser quantities. The aim is to provide plants with the right quantity of fertiliser to achieve optimum growth. The plant growing process is carried out in line with the guidelines of the GlobalGAP standards, the key reference point of good agriculture practices on the global market. The certificate covers pre-production activities (receiving fodder or seedlings), production activities, and all the way to when the end product leaves relevant farms. The production of agricultural cultures per this standard is entirely transparent. Products may not be marketed unless quality controls are previously performed. Delta Agrar farms are set up according to the latest Danish model. During 2013 Delta Agrar plans to introduce the IFS standards.

**DELTA REAL ESTATE** offers healthy and ecologically acceptable venues for their guests. Hotels are continuously modernised and adjusted to guest requirements; in 2011 the Park Hotel was made pet-friendly. The hotel restaurant offer diversified menus at all times to satisfy different tastes (fat-free food, vegetarian food, food prepared according to the HALAL standard etc.).

Guest and visitor satisfaction levels are regularly surveyed through opinion polls and customer impressions log. The results of the polls are monitored on a regular basis. Regular quality controls are carried out in the hotels to ensure food and service quality and room hygiene. In addition to regular controls special teams perform ad hoc controls. Based on visitor feedback from web

page www.booking.com, the Park Hotel received 7.8 rating within months of its opening.

Delta City shopping mall also measures satisfaction levels through its customer impressions log. To increase satisfaction level and ensure maximum safety conditions, the shopping mall management holds educational, humanitarian and entertainment events on a daily basis, both independently or in association with other organisations. Events that traditionally take place are charity exhibitions of unique items made by people with mental and intellectual disabilities and also events whose aim is to prevent illnesses and maintain health.

**DELTA SPORT**, also applies international experiences in monitoring customer needs and satisfaction. For the purpose of more easily carrying out and monitoring those activities, a Call Centre was established in 2012 as a central point for suggestions and complaints. The Call Centre forwards the input on to persons responsible for respective brands.

Members of the **DELTA DISTRIBUTION GROUP**- Delta DMD, Delta Automoto and Delta Motors operate in line with ISO 9001 guidelines. Delta DMD also applies HACCP food safety system, while Delta Motors adheres to internal quality standards of the BMW Company - QMA (Quality Management Assurance).

The Delta DMD Company awaits certification of the IFS Logistics standards implemented in 2012, the standards being relative to the quality of service in the supply chain.

All three distribution companies pay special attention to surveying customer satisfaction. Survey results are used for the purpose of upgrading processes and adjusting services to buyer needs.

**DELTA DMD** conducts a buyer satisfaction survey through traditional sales channels once a year. During 2013 the survey was done by means of a questionnaire filled out by customers. The sample was made based on regional principle (Delta DMD distribution centres), i.e. participation of particular region in the overall turnover and customer structure.

When filling out the questionnaire customers answered all the questions in segments A-F and gave grades 1-5, whereby 1 means very dissatisfied and 5 is very satisfied. The result of the survey was 4,34.

### Test results of key customers

YEAR	2011	2012
AVERAGE GRADE	4.30	4.34

Between October 15 and December 15, a key accounts survey was conducted. Out of 12 key accounts nine agreed to be surveyed and received questionnaires.

The questionnaire had six groups of questions:

A. General, programs and product range B. Promotional activities, C. Communication and professionalism (DMD sales representatives, merchandisers), D. Delivery of goods, E. Documentation, F. Complaints, sales representatives, delivery of goods, documentation, service elements

The participants were required to evaluate the accuracy of given statements using a scale from 1 to 5, with 1 standing for - I am very dissatisfied to 5 standing for - I am very satisfied.

**DELTA MOTORS** the importer of BMW and MINI vehicles, also surveys customers on a regular basis, in compliance with BMW rules and procedures. Survey results are forwarded to the Headquarters and used for promoting sales and services. In 2012 customer satisfaction level was 88.8%, whereas sales service satisfaction index was 98.5%. The questionnaire for the survey is continuously improved to increase customer satisfaction levels.

Complaints are monitored through a special form which covers the entire process of service provision allowing easy identification of causes and solutions. The Delta Motors Company has a Call Centre that registers questions and complaints, which are then taken into account when action plans are made.

### Complaints in sales and after-sales

DELTA MOTORS	SALE	AFTERSALES
NUMBER OF RECEIVED COMPLAINTS	8	29
NUMBER OF SOLVED COMPLAINTS	8	27
PERCENTAGE OF SOLVED COMPLAINTS	100%	93.10%

During 2013 **DELTA AUTOMOTO** implement Honda's procedures to ensure customer satisfaction, which entail a set of questions that have to do with the service provision process - from sale to car delivery.

Special focus is placed on safe driving. Although brands BMW, MINI and Honda are famous for their quality and safety, Delta Automoto and Delta Motors ensure additional safety in the local market by providing the service of testing vehicles before they are handed in to customers and service users.

In 2012 there were no cases of breaches of law and non-adherence to regulations relative to impact of products/services on health and customer safety by the member states.

All products are appropriately labelled and contain all necessary information regarding the origin of components of which they are made. When advertising products and implementing other types of marketing communication, the company is careful to present accurate and precise information and consequently there were no customer complaints in this segment either.

The Company is very strict when it comes to protecting customers' private information. In cases when customers are offered the possibility of leaving some of their personal data for promotional activity purposes, they are also guaranteed that provided information will not be utilised for any other purpose other than that clearly indicated in respective questionnaires. In 2012 there were no complaints regarding violations of customer information privacy.



**ENVIRONMENTAL PROTECTION**

In recent years we have often heard predictions on global warming, threats to biodiversity, water shortages and primary energy sources. Is this being taken seriously? Although we do not notice those changes in our everyday lives, we inevitably have to think about how to make our operation ecologically-effective if we want to be future-oriented.

One of the most significant activities of Delta Holding – production of food and agricultural products, has been recognised world-wide as an activity with a high environmental impact. Producing life-giving products at the same time leads to gas emissions, high water consumption as well as the pollution of underground waters. Due to farmed fields being so widespread, biodiversity is threatened.

What is Delta doing in this regard?

## **DELTA AGRAR**

Eleven legal entities within the Delta Agrar group are under obligation to report on waste flows and emissions into the air and water. Of the 11 legal entities, four of them are in the process of receiving the integrated license in line with the Law on Integrated Prevention Pollution Control (IPPC):

- Napredak ad, Stara Pazova – Nucleus pig farm, Rupov Salaš and commercial pig farm Petrović Salaš
- Delta Agrar d.o.o. – pig farm Halovo, Zaječar and pig farm Vladimirovac
- Kozara ad, Banatsko Veliko Selo – pig farm
- Yuhor a.d, Jagodina – meat industry

Implementing regulations stipulated per the Law allows an integrated approach to pollution control, which entails reducing raw material and energy consumption to a minimum, prevention or reduction in gas emissions in air and soil, waste management and taking into account the cross-border context.

The Yuhor factory of Jagodina is the first factory within the Delta Agrar Group to receive the integrated license. The system in Yuhor, which has the ISO 14 001 certificate, has toxic waters filters for physically and chemically treatment, allowing the water to be released into the city water tank for further purification.

Pig farms Napredak and Kozara work to further reduce gas emissions and consumption of primary energy sources. Fuel oil used on the Napredak farm for heating purposes was completely replaced by biomass, obtained from shredded soybean straw, whereas the Kozara farm uses geothermal sources. These steps reduced the amount of CO<sub>2</sub> emissions to a minimum and eliminated the use of primary energy sources for heating purposes.

In order to increase overall efficiency and productivity, to reduce financial expense and mitigate risks for human health and environment, during 2012 three factories and two farms from Delta Agrar were included in the Cleaner Production project, launched by United Nations Industrial Development Organisation. The project entails that a team of experts by monitoring in detail certain units, identifies critical points where it is possible to save electrical and heat energy, as well as water and other resources. Cleaner production options which Delta Agrar will work on are as follows: replacement of fuels, better combustion and lower emission of gasses with the green-house effect, savings of water and reduced amounts of waste waters, multiple uses of purified waters.

In the Delta Agrar Group TEAMS software was implemented in 2012 as well. TEAMS is a flexible tool for keeping records, organising, filing, integrating, calculating and ensuring the quality of reports on the environment. This software allows the compilation of material and energy balances as well as internal and external reports. External reports are sent to the Natural Register of Pollutants per the PRTR protocol (Protocol on Pollutant

Release and Transfer Registers). Since March 2012 IT experts from the Environment Centre have been continuously training staff to use this software.

Agriculture requires high water consumption, which is widely deemed to be the most significant resource in 21st century. This is why Delta Agrar dedicates a lot of attention to controlled water usage. Orchards and vegetable gardens are equipped with modern drip irrigation systems which use water economically and contribute to increasing yields by more than 100% compared to fields farmed without this system.

In its desire to contribute to the development of innovative solutions Delta Agrar group included the orchard in Čelarevo in the experimental project FP7 ENORASIS. The aim of one of the most important international projects in which PWE "Vojvodina Waters" also participates is to develop a progressive, but primarily simple and economically acceptable system of water management and irrigation and to offer that system to everyone in agriculture and enterprises managing water resources.

The fields of Delta Agrar where agricultural cultures are produced there are also wells whose use is allowed by water-management licenses, as well as measuring devices for monitoring how much water is used.

In order to maintain the structure and fertility of the soil and to increase yields, the agricultural estates of Delta Agrar group use the farm manure as an organic fertilizer. At certain places of the estates there are lagoons and tanks for storing manure. After six-month storage the manure is distributed onto the production surfaces. This organic fertilizer improves plant growth and at the same time renews the micro-flora of the soil in the next 4 or 5 years.



Protecting biodiversity of plants and animals is an ever-growing concern. Delta Agrar estates take great care of protecting bees during plant treatment, whereas crops for feeding game are collected on uncultivated surfaces within the hunting zone complex.

What is particularly interesting is the fact that the fishery in the village of Svilojevo, producing carp, amur and silver carp, belongs to a habitat with protected bird species. The lake nearest to the village has 150 ha with small river islands of about 50 which were declared as areas of special importance by Resolution of the Inspector for Environment Protection of Serbia because of very rare birds living in that region. All activities (cutting rush or cane) in those locations must be specially approved by the Institute for Environment Protection of Serbia. It is forbidden to burn cane and los plants in these areas. Moreover, this location does not belong to the natural reservation of Gornje Podunavlje and is a completely separate area.

## DELTA REAL ESTATE

Aware of the responsibility towards present and future members of our local communities, the Delta Real Estate Group takes great care of the design, construction and management of buildings. Successful construction of complex projects in a safe and ecologically acceptable way is a priority for this member of Delta Holding.

The renovation of the Continental Hotel began in July 2012 and is being done in compliance with the world standards for the Hotel Crowne Plaza Belgrade. The hotel reconstruction is worth 30 million euros and will largely contribute to improving energy efficiency and environmental protection. The façade glass has been replaced by energy-efficient glasses of the latest generation so that heating and electrical energy will be saved. Maximum use of natural light in the hotel and a high degree of thermal insulation



will contribute to energy saving. Magnetic sensors on the windows, which have an important role in efficient heating/cooling and increased safety of the building, will ensure automatic turning off of heating/cooling when the system detects an open window. The integration of the card system in the rooms and installation of fan/coil devices will enable heating/cooling to be reduced or turned off immediately after the user leaves the room.

Moreover, a separate guidance system of smaller units will be possible depending on the number of guests, planned times of leaving or returning to the rooms (for example, the times when sport teams go to training sessions and return to the hotel). In the future the Crowne Plaza Belgrade will not use oil as fuel for heating sanitary water (bathroom or kitchen water). Instead, water will be distributed from the energy plant in the business apartments NBGP Properties as a side product of heating the cauldrons of cogeneration facilities, which will result in great energy saving by eliminating the emission of poisonous gases.

The kitchen in the new hotel will use the natural gas from the energy plant which releases water vapour as a side product. Thus the distribution of gas will be smaller and there will be no possibility of harmful effects because the use of this fuel does not produce any dangerous waste materials. Energy efficiency will be achieved through the regulators monitoring the work of all chillers and heat pumps. In order to reduce energy consumption in the Park Hotel and during the works on the Continental Hotel old light bulbs have been replaced by new ones which save energy.

Delta City uses mixed sources of energy – electrical power and natural gas. Electrical power is used for ventilation and cooling, while natural gas is used for heating, thus reducing the emission of harmful gases into the air. The quality of used gas is periodically measured in order to maintain the required level. Electrical energy in Delta City is saved owing to the installation of special sensors in the whole shopping mall. When daylight gives proper illumination

to the shopping mall, a certain number of lights are turned off. There is also the control of accumulated hot and cold air and energy is saved in this way too. The facility has a new free cooling system which enables additional energy saving by using fresh morning air for cooling and airing the facility. The temperature is automatically adjusted and regulated in relation to current climate conditions outside. In this way energy is saved and the quality of microclimate conditions in the facility is improved, making the stay in it healthier and more pleasant. A particularly interesting fact is that the system for carbon-monoxide detection has been installed in the underground and storey garage. This system turns on special ventilation when the concentration of this gas exceeds the allowed level.

Delta City shopping mall has specially designed rooms for collecting and sorting waste material and packaging. After the tenants unpack the goods, they select cardboard and paper, as well as plastics, and take them to those rooms. Trained workers sort out paper, hard plastics and nylon, bale and give them to specialized enterprises.

In the section reserved for food preparation the process of sorting waste materials is organized to the smallest detail. There is special space for waste edible oil with a barrel made exclusively for collecting this sort of waste, while there is a special refrigerator for collecting organic waste from the fast-food restaurants, which prevents the process of decomposition during night. Water from restaurant kitchens is disposed of through specially designed separating sewer, which directly reduces the pollution of waterways. Since its opening Delta City has organized and participated in different actions for raising awareness about the necessity of environmental protection. In 2012, in cooperation with the Foundation, a manual press for cans has been installed in order to motivate people to participate in the recycling process.

NBGP Properties Ltd, in cooperation with DELTA PAK, initiated designing and production of 35 containers for selective collection of packaging waste /PET packing/, which should be put in the business premises of the apartments in March 2013. In this way the tenants of NBGP Apartments will be able to adequately dispose of packaging waste.

## **DELTA DMD**

As a company which within its activities also offers the services of transporting goods, Delta DMD has great responsibility when it comes to environmental protection.

As a result, during 2012 DMD started the process of renewing the rolling stock and replacing old non-economic vehicles by new economic ones. As many as 59 old vehicles (43 trucks and 16 passenger cars) were sold and 52 new vehicles have been bought (39 trucks and 13 passenger cars), which have lower fuel consumption and engines with reduced emission of harmful gases.

Apart from modernizing vehicles, Delta DMD has shown responsibility in conducting storage activities. In 2012 the so-called Cross Docking practice was introduced, which entails

immediate transport of goods to its destination without storing. In this way the extent of storage space is reduced and stocks are reduced to minimum, which contributes to substantial saving of electrical energy.

In order to raise the awareness of employees about environmental protection, Delta DMD has formed an Eco-yard, whose priority is waste collection, separation and recycling. The yard has been functioning since 2010 in line with the Law on Environmental Protection. The entire waste generated in the work process (paper, plastics, electronic waste, car batteries, metal) is sorted and put into separate containers (cages). Most of the waste (over 95 percent) consists of waste cardboard and foil. The examination of this waste by the Institute of Public Health in Belgrade has proved that this waste does not contain any harmful materials.

The recycling process is conducted in cooperation with authorized collectors and recyclers. Every time the waste is collected, proper documentation is made in 4 copies. Moreover, the authorized operator Delta Pak monitors the implementation of the recycling plan in accordance with the legal provisions as well as all changes of the legal provisions regulating this area.



## DELTA AUTO AND DELTA MOTORS

Regular measures of energy saving are implemented by the service for technical maintenance and security of the buildings, but also by the employees of Delta Motors and Delta Automoto, raising the level of energy efficiency and saving of electrical power, gas and water.

The measures taken with the aim of improving energy efficiency and reducing energy needs in the facilities are:

- Turning off air-conditioning and heating on non-working days (the space of 4,500 m<sup>2</sup> in Motors and 5,500 m<sup>2</sup> in Automoto is heated).
- Turning off lights after leaving the rooms (only Delta Motors facilities have 1800 light bulbs - most of them are energy-saving)
- Regular servicing, maintenance of gas boiler room and complete gas installations in Delta Motors facilities
- Permanent reduction of outdoor lighting (it works with 30-50 percent capacity)
- Reduction of paper documentation, promoting electronic business correspondence and two-sided printing

Reduction of water used for watering green surfaces and controlled water use in car wash facilities are measures which contribute to water savings.

Special attention is paid to the emission of harmful gases from the gas boiler room of Delta Motors. Until 2012 the emission of harmful gases was tested once a year and since 2012, testing is done twice a year. Testing is performed by an authorized laboratory and the results of the measurements are within allowed and ecologically acceptable limits.

Special care is taken of waste waters. By using the system for fully

controlled intake of oiled atmospheric water from all surfaces, as well as the oil/water separator in which oiled water is treated before releasing into the recipient, the danger of soil and water pollution is reduced. Regular annual cleaning of the separator of oiled water from car services, as well as quarterly laboratory analyses of waste waters have substantially reduced or eliminated the possibility of polluting subterranean waters and waterways. In the past 4 years all the parameters of the analysis have been within allowed and ecologically acceptable limits.

During 2012 all the activities of this Company have been directed towards the prevention and reduction of waste production, as well as to permanent disposal of waste. Implementation of contemporary models of waste management in 2012 has resulted in gradual reduction of the quantity of waste whose production is impossible to prevent. At Group level, since 2009 as many as 30 analyses of harmful and harmless waste were performed by authorized laboratories. In 2012 Delta Motors and Delta Automoto sent on average 55 percent of the total packaging placed on the market of the Republic of Serbia, while the legally stipulated quantity for that year was 16 percent. Delta Automoto has started negotiations with the foreign principal about returning replaced batteries (IMA batteries) from Honda hybrids to the seat in England. The agreement with the foreign principal, which should in the best possible way solve the problem of storing, safe disposal and transport of this type of waste, should be realized in 2013.

## DELTA SPORT

Delta Sport is the representative of the brands whose producers take great care of materials for producing packaging, as well as about the possibilities of reducing its use. Nike brand packs its footwear in boxes which are 100% biodegradable, including dyes for painting boxes. Brands MANGO and Accessorize do not pack

their footwear into cardboard boxes, but into bags which are also 100% biodegradable. Brand Aldo also sells its footwear without additional bags because the boxes themselves have handles for carrying.

The Delta Sport business system, through the legal entity Delta Coffee, offers catering services as well. All the products are given to customers in biodegradable packaging (paper bags, napkins, wooden spoons, PET cups and so on). All the packaging is marked as biodegradable or recyclable and this also contributes to raising user awareness. Delta Coffee cooperates with Eco Service, the service provider for collecting and recycling glass packaging waste for shops on the territory of Belgrade.

All legal entities within the Delta Sport system have transferred their obligation of packaging waste management onto the operator Delta Pak, which is in charge of finding best solutions and operators for collecting and recycling packaging waste imported and generated by Delta Sport, as well as of reporting to relevant authorities about the recycled quantities and of fulfilling national objectives.

In 2012 all legal entities within the Delta Sport system fulfilled the national objective through Delta Pak in the amount of 16 percent out of overall imported packaging. The national objective was fulfilled with approximately 59.74 tons of recycled packaging waste.

In the same year an agreement was signed for transporting and recycling electronic and electrical waste. During 2012 as many as 3.26 tons of electronic and electrical waste and 0.02 tons of fluorescent light bulbs and other light devices were recycled. Delta Pak has signed an agreement with the specialized

organisation SWIFT which is now in charge of collecting cardboard and plastics from the central store house in Leštane and retail facilities on the territory of Belgrade which are located outside shopping malls. SWIFT employees collect waste upon request. SWIFT makes a report for Delta Sport about the quantity of collected waste from the warehouse and the retail facilities. This report includes all the details about the movement of waste and its recycling. One of the main aims of the SWIFT organisation is raising social mobilization and inclusion, which is realized through employing unofficial collectors of waste and providing them with regular salary and social contributions. This is one of the reasons why Delta Sport, as a socially responsible company, has chosen the SWIFT organisation as its service provider.

Delta Sport contributes to the reduction of waste production and use of energy and resources in many ways:

- By reducing the number of printers and also the range of printing and paper use thanks to the installation of 4 network printers of high performance in the company's seat.
- By observing laws on waste management and in cooperation with firms N-Copy and Perihard recycling and refilling used toner cassettes in all the business units
- By installing hand dryers in all the cafeterias of Costa Coffee and thus reducing the use of paper towels
- By putting special curtains on the main entrances of the retail facilities outside shopping malls, thus reducing loss of heating energy
- By installing energy-saving light bulbs at all locations and premises where this is possible, taking special care not to affect the quality of work and services.

## DELTA PAK

*"A healthy and clean environment is in the interest of all of us. By giving the recyclable packaging waste to the authorized operator you make your environment nicer and contribute to raising the ecological awareness in society as a whole!"*

Delta Pak is a non-profit organization in charge of managing packaging waste on behalf of its clients. It involves planning and organizing activities of collecting, transport, storing, treatment and disposal of packaging waste. In cooperation with collectors and recyclers Delta Pak contributes to the development of the system of managing packaging waste on the territory of Serbia and improves the hygiene of the entire environment for all of us.

After adoption of the Law on Waste Management and the Law on Packaging and Packaging Waste, Serbia set national objectives

and formulated a plan for reducing packaging waste for a five-year period, from 2010-2014. The national objectives refer to re-using and recycling 5 types of packaging waste: paper/cardboard, plastics, glass, metal and wood. Delta Pak facilitated the fulfilment of national objectives for all of its clients - as many as 64 in the previous year.

Delta Pak created the software for electronic reporting for its clients in 2012. During 2013 reporting will be done through a web application. The placed quantities of packaging material will be processed by the software and the next stage will involve the upgrading of software concerning the electronic database of generated quantities of packaging waste.

In 2012 cooperation began with the Ministry of Energy, Development and Environment Protection concerning the management of harmful packaging waste.



TYPE OF PACKAGING WASTE	QUANTITIES OF NON - RETURNABLE PACKAGING (t)				QUANTITIES OF RETURNABLE PACKAGING (t)			
	Produced and sold	Imported non - returnable packaging	Exported non - returnable packaging	Sold to the market in total	Produced and sold	Imported non - returnable packaging	Exported non - returnable packaging	Sold to the market in total
PET	1,596.92	23.48	314.36	1,306.04	0.00	0.00	0.00	0.00
Other kind of plastics	3,237.69	820.45	667.09	3,391.05	739.01	465.11	256.37	947.75
Plastics in total	4,834.62	843.93	981.45	4,697.09	739.01	465.11	256.37	947.75
Glass in total	3.63	1,086.92	0.03	1,090.52	0.00	0.00	0.00	0.00
Iron	339.81	334.77	129.98	544.6	0.00	0.00	0.00	0.00
Aluminium	15.19	84.45	0.00	99.64	0.00	0.00	0.00	0.00
Metal in total	355	419.22	129.98	644.24	0.00	0.00	0.00	0.00
Papir and carton in total	5,350.06	5,283.88	2,987.83	7,646.12	0.00	0.00	0.00	0.00
Pallets	2,809.33	0	1,867.77	2,860.52	3,771.13	107.83	212.44	3,666.53
Other (panels, cork...)	267.54	285.65	143.04	410.15	0.00	224.21	65.81	158.4
Wood in total	3,077.87	2,205.81	2,010.81	3,271.67	3,771.13	332.04	278.24	3,824.93
Textile	0.21	0.00	0.00	0.21	0.00	0.00	0.00	0.00
Ceramics	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other types od packaging	2.25	1.29	0.5	3.04	0.00	0.00	0.00	0.00
Textile, ceramics, other types of packaging in total	2.46	1.29	0.5	3.25	0.00	0.00	0.00	0.00
<b>TOTAL</b>	<b>13,623.65</b>	<b>9,841.05</b>	<b>6,110.60</b>	<b>17,352.90</b>	<b>4,510.15</b>	<b>797.15</b>	<b>534.62</b>	<b>4,772.68</b>

TYPE OF PACKAGING WASTE	TOTAL RECYCLED (t)	OBJECTIVE ACHIEVEMENT (%)
Plastics	412.22	8.78%
Glass	95.2	8.73%
Metal	217	33.68%
Papir and carton	4,195.79	54.87%
Wood	282.94	8.65%
<b>TOTAL</b>	<b>5,203.15</b>	

The total amount of 17,352.90 tons of packaging waste was generated, out of which 29.98% (5,203.15 tons) were recycled. For the sake of comparison, we would like to emphasize that the general national objective was 16%, out of which 3% of waste could be re-used.



Apart from the activities directed at increasing client satisfaction, Delta Pak also carries out socially responsible activities with the aim of raising citizen's awareness of importance of recycling for environmental protection. Therefore in 2012, in cooperation with company Delhaize Serbia, the ECO ISLANDS campaign was initiated. On that occasion all citizens were encouraged to collect aluminium cans and glass or PET packaging and to put them into specially prepared containers in front of three TEMPO malls in Belgrade. In the promotional period all those who brought packaging were awarded "green" surprises - seedlings.

In 2012 Delta Pak continued to examine the quantities and types of waste generated in outdoor city green markets. The joint study of the Public Company "Outdoor City Markets of Belgrade", Delta-Pak and the non-government organization Partner Centre Belgrade shows that 15% of total waste from the outdoor markets consists of packaging waste, 80% organic bio-waste and 5% of other waste, as well as that the packaging waste of market sellers consisted mostly of paper and cardboard. The aim of this project is to make a programme which would redirect the disposal of organic waste and recyclable materials and substantially reduce the amount of waste in outdoor markets, including the use of plastic bags. Buyers and sellers are educated about ways of waste reduction, re-using and recycling. The project also promotes the use of products made through recycling.

Volunteers were involved in the implementation of these projects. Previously lectures were held about the management of packaging waste. Moreover, Delta Pak is willing to offer advice to future postgraduate students in doing their master and PhD papers.

The member companies of Delta Holding do not have business activities in industries which affect change in the soil and which entail the process of remediation or soil recovery. We can also confirm that in 2012 there were no major leaks into the environment.

Delta Holding fully supports Principle 15 of the Rio Declaration and within its means applies prevention measures for environment protection. It implies that if there is a threat of irreparable damage, the lack of scientific evidence should not be the reason for neglecting measures of environment protection. Moreover, these measures must be more efficient from the aspect of costs.





**SUPPORTING  
THE SOCIAL COMMUNITY**

Delta Foundation was established in 2007 to integrate philanthropic activities of all the members within Delta Holding, efficiently direct company funds towards the community and take initiatives to establish endowments.

From its establishment until 2012, EUR 29,740,500 were provided for the needs of the foundation for different corporative donations by all the members of Delta Holding including socially responsible sponsorships and aid for employees in the form of solidarity assistance, scholarships and expert training.

## FUND FOR THE FUTURE

Fund for the Future, the program of supporting the professional development of children without parental care, has been in progress since 2006. The aim of the program is to provide support to young people without parental care in the process of their becoming independent after leaving the social institutions. It is directed at secondary school students in the final grades and to university students. The realization of this program involves the employees of the Delta Foundation, teachers from social institutions for children, professional educators, psychologists and employees of Delta Holding.

The concept of the program is that young people, by simulating the reality waiting for them in the process of employment and work, should focus on future and develop responsibility as the key to the development of a healthy personality.

The secondary school program lasts two years. During the program, theoretical business trainings are organized twice a month and practical training, which involves visits to different companies, is organized once a month. Scholarships as financial incentives for taking part in the program, as well as providing a system for awarding and behaviour correcting, are paid out every month. Once a year, at the end of the school year, there is a summer camp with workshops, visits to cultural and historic monuments and organized sports activities.

Students with scholarships who would like to continue their schooling and enter university are offered the possibility of continuing to receive the scholarship and of getting a job. Depending on their level of education and interests, students are given the opportunity to be employed in Delta Holding or in some of the companies which are partners in this program.

The program involves children from SOS Children Village "Dr Milorad Pavlović" from Sremska Kamenica, "Jefimija" from Kruševac,



SOS Children Village from Kraljevo and 4 institutions in Belgrade ("Jovan Jovanović Zmaj", "Drinka Pavlović", "Moša Pijade" and "Centre for secondary school and faculty students"). Agreements about program realization are signed with these institutions every year. At the end of the program scholarship students are not required to accept employment in Delta Holding or to return the scholarship on any grounds.

The program has so far included 179 children and currently the project involves 37 secondary school and 13 university students. Out of the total number, 28 students have been employed. Every year EUR 50,000 are put aside and so far more than EUR 300,000 have been donated.

Apart from the members of Delta Holding, the members of the donation pool also participate in the realization of the program. The pool consists of three physical and two legal entities (Core Distribution and Beohemija). They have provided funds for 5 scholarships.

FUND FOR THE FUTURE	2006 - 2012	2012	
Budget	300,000.00 EUR	50,000.00 EUR	
Number of scholars	179	High school childrens	Students
		37	13
Number of employed scholars	26	2	



## GOODS DONATIONS TO THE CENTRES

Due to the reform of the system of social care and promotion of the foster care program, geared toward reducing the number of children in social institutions, the budgets these institutions have for basic needs are constantly decreasing.

Donating goods such as washing detergents, personal hygiene, clothes, footwear, furniture, confectionery products and other foodstuffs from the production range of the members of Delta Holding to a great extent contributes to easier functioning of these institutions and to the life of the children in them. On the other hand, the budget intended for the purchase of these products can be redirected for other needs.

**During 2012 DONATIONS WERE  
DELIVERED TO 51 INSTITUTIONS**

**THE FOLLOWING GOODS  
WERE DONATED:**

**16,868 kg**  
OF WASHING DETERGENTS

**1,666 items**  
OF CLOTHING

**24,716 items**  
**118,537 kg** OF FOOD PRODUCTS

## ENDOWMENT

In February 2011, on the 20th anniversary of its establishment, Delta Holding laid the foundation stone for the building Accommodation and Day Care Centre for Children and Youth with Disabilities "Sunce" in Bežanijska kosa. In this way the tradition of endowments has been continued after 70 years in Serbia.

By officially delivering the key of this Endowment to the mayor of Belgrade on June 28, 2012, Delta Holding donated this modern centre, worth EUR 2.3 million, to the City of Belgrade.



The Centre "Sunce" is a two-storey building adapted for people with various physical disabilities. It can accommodate from 70 to 80 users who have the following things at their disposal: eight living rooms, nine working and therapy workshops, a sensor room, a gym, a household flat for overnight stay, a room for medical care, a dining room and a distributive central kitchen, an office with associates as well as a conservatory. The yard has exercising equipment and

a lane with herbs, as well as an orchard. The first endowment of Delta Holding is at the same time the first centre with services allowing users to spend several days in the Centre when their parents are away.

The plan for next year is to examine in detail social needs, so that the next endowment of Delta Holding can solve permanently some of the current problems in the community. The new endowment is planned to be built in 2016.

### **DECORATING CHRISTMAS TREES IN THE ENDOWMENT**

The traditional decoration of Christmas trees was organized in 2012 in the Accommodation and Day Care Centre for Children and Youth with Disabilities "Sunce". Children with challenges and employees of Delta Holding took part in the painting workshops. On that occasion the Centre organized the New Year celebration. There was a performance called "Nigger and Two Christmas trees" and 100 gift packets were delivered. Special guest Željko Joksimović sang at this celebration.



### **LET'S HELP WITH HEART**

Thanks to recognizing social needs, the traditional campaign of assistance has been established in day-care centres in Serbia. The project started on the anniversary of the Foundation in 2008 by putting aside a percentage of the turnover in the retail shops of the Delta Group and continued by putting aside during the whole year a percentage of turnovers in Delta Sport retail shops (Accessorize, Costa Coffee, Aldo, and Sport Impuls).

The aim of this campaign is the improvement of working conditions and education of people with disabilities. So far 5 day-care centres have been refurbished in Serbia (Belgrade, Niš, Trstenik, Kruševac and Smederevo). Donations were used for the refurbishment of sanitary facilities, acquisition of building materials, and purchase of furniture, educational materials, sports equipment, computer equipment and so forth. The value of donations for all the centres amounted to 30,000 euros.

During 2012 the day-care centres "Duga" in Kruševac (donation amount - EUR 4,000) and "Sunce" in Smederevo" (donation amount - EUR 7,000).

### **THERE IS ALWAYS ROOM FOR GOOD THINGS AND GOOD PEOPLE**

The project has the aim of raising awareness of the opportunities for people with disabilities and is realized through helping special schools in Serbia, in cooperation with Delta Agrar.

It is designed for children and young people with physical, mental and intellectual disabilities, with the aim of their overall social inclusion. Thanks to socializing with Marko Stojanović, our well-known actor and pantomime artist, the children can express their creative side and also learn more about healthy nutrition.

The project has been realized in 9 schools, where schools and children were presented with products of the meat industry Yuhor. The value of donations amounted to EUR 11,000 so far.

In 2012 the project was realized in 3 schools: "Ivo Lola Ribar" from Kraljevo, "1. novembar" from Čačak and "11. oktobar" from Leskovac.

### **AUCTION FOR THE FOUNDATION'S ANNIVERSARY**

Delta Foundation delivered the key of the Fiat Ducato to school "Anton Skala" in Stara Pazova, which is specialized for educating children with disabilities. Funds in the amount of EUR 33,700 were collected in the humanitarian fundraiser held in Hotel Continental at the beginning of February 2012. At the moment the school has 136 children and the new vehicle will enable their regular attendance in classes. The school used the remaining funds to buy equipment for the tailor's workshop where the children will be able to learn this craft. Delta Foundation donated the project for the school reconstruction since the teachers, besides great efforts to include the children in everyday life, have to deal with problems caused by the dysfunctional old school building.

### **GREETINGS CARDS FOR BUSINESS PARTNERS**

This time Delta Holding sent special season's greetings cards to its numerous business partners in the country and abroad - they were designed in the Association for Cerebral Palsy and Polio of Užice. The greetings cards were made within the program of working contents and creative workshops. The purchase of these Delta Holding cards enabled the maintenance of workshops and co-financing of other activities of the Association.



### **ASSOCIATION FOR THE BLIND "HOMER"**

Ten years ago the Association for the Blind "Homer" initiated the project of adapting the most famous world films so that people with this disability could enjoy the beauty of the seventh art. In cooperation with the National Television of Serbia (RTS), 6 most popular films in the world have been adapted for people with visual impairments. In this way RTS became the first public service in Europe to carry out such a project.

Delta Foundation donated funds to the Association of the Blind "Homer" on the occasion of the Sixth Festival of Adapted and Synchronized World Movies for people with visual impairments. The donated funds were used for the adaptation of 4 films which were shown on the Second Channel of the Serbian National TV.

Delta Foundation will be the general sponsor of the Seventh Festival of World Movies for people with visual impairments in 2013.



### **BELGRADE PHILHARMONIC**

Investing in culture, Delta Foundation has paid special attention to helping the Belgrade Philharmonic Orchestra, an institution which promotes cultural values in a unique way. The donation of woodwind instruments and financial aid for the project of the new building are among the largest projects the Foundation has supported.

So far the donations to the Philharmonic Orchestra for the purchase of instruments and financing tours have mounted to EUR 116,000. The cooperation with the Belgrade Philharmonic Orchestra will continue in the following years as well.

### **FLOUR FOR SOUP KITCHENS**

According to the daily newspaper "Politika", in 2011 there were 29,500 and in 2012 as many as 31,400 users of soup kitchens. The meals provided in this manner were the only meals for 60 percent of soup kitchen users. The project of giving aid to soup kitchens in Serbia is realized in cooperation with the Red Cross of Serbia. Fifty three tons of flour was donated in 2012 to soup kitchens in Paraćin, Pirot, Bujanovac, Novi Sad and Kuršumlija. This donation covered

the monthly needs for bread to the 4,350 poorest inhabitants in these municipalities. The value of the donation was EUR 24,000. In the past three years 100 tons of flour worth EUR 46,000 was donated.

### **SERBIAN BUSINESS FOUNDATION**

#### **SUPPORT FOR THE SOCIAL DEVELOPMENT PROJECTS**

About the Foundation:

With the aim of making its business environment stronger, Delta Holding established the Serbian Business Foundation on December 9, 2011. Although the original plan was that the Foundation should start functioning in 2013, thanks to good organization, through preparation and additional funds provided by the Company, the first project was realized one year earlier. According to the opinion of the specially formed Program Council, whose members are outstanding people with social credibility, contributes to the quality of work, and the members of the Board of Directors, in May 2012 there was a public competitions for awarding financial grants.



Everyone who was interested in the criteria of this competition could find information in daily newspapers, web portals and website mostly visited by students, through direct telephone contact or by sending an e-mail to the Foundation's address. After the selection of the applications, in compliance with the stated criteria, RSD 30.000.000 were granted to students of basic and postgraduate studies in the country and abroad, as well as to educational institutions and the association of journalists with the aim of improving the quality of reporting. Grants were awarded in the following ways:

- 10 student scholarships (for expenses of schooling, living, travelling and insurance)
- 4 grants to educational institutions  
(for expenses of participating in competitions; organization of summer school)
- 1 grant to the association of journalists  
(for educating business journalists in the field of agriculture)

## Students

NAME AND SURNAME	TYPE OF STUDY	YEAR	COLLEGE	DEPARTMENT	COUNTRY
Ivana Stradner	Master	1. of 1	UC Berkeley - Law	Law	USA
Aleksandar Pavlović	Undergraduate	1. of 4	Royal College of Music	Piano	UK
Ivana Seccareccia	PhD	2. of 3	Friedrich Shiller University, Jena	Biology	Germany
Milan Marković	PhD	3. of 3	University of Graz	Law	Austria
Saša Marjanović	Undergraduate	4. of 4	University of Aveiro	Microelectronics	Portugal
Ivana Lisica	Master	1. of 1	University of Amsterdam	Business Studies	Netherlands
Azra Obuća	Undergraduate	4. of 4	University of Aveiro	Electronics and Telecommunicatuons	Portugal
Branko Mičić	Master	1. of 1	Florida International University	Interior Architecture	USA
Dunja Tanasković	Master	1. of 2	University od Stuttgart	Hydraulic Engineering and Water Resources Management	Germany
Uroš Matić	PhD	1. of 3	University of Münster	Archeology	Germany

## Educational Institutions

NAME OF INSTITUTION	CITY	AIM
Faculty of Organizational Sciences	Belgrade	Competitions
Gymnasium	Kruševac	Competitions
The Tenth Gymnasium "Mihajlo Pupin"	Belgrade	Competitions
Faculty of Architecture	Belgrade	Organization of Summer School of Architecture in Petnica Research Station

## Newspaper association

NAME OF ASSOCIATION	CITY	AIM
Association of Journalists	Belgrade	Theoretical and practical education and study tour in Denmark



## RESULTS

Since the competition was only launched in school year 2012/2013, the results will be available in 2013, when students completing their studies should bring the acquired knowledge to Serbia, either by finding a job or by giving lectures.

The Summer School of Architecture of the Faculty of Architecture in Belgrade was organized in the Petnica Research Station near Valjevo in 2012.



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## TRANSLATION

### Limited assurance report on the Sustainable and Responsible Business

TO THE OWNERS

DELTA HOLDING D.O.O., BEOGRAD

#### Scope and Responsibility

We have reviewed the Sustainable and Responsible Business ("the Report") of Delta Holding d.o.o., Beograd (the "Company"). Management is responsible for the preparation of the Report in accordance with the G3.1 Global Reporting Initiative Guidelines (GRI), as set out in the "Application of Reporting principles" section. Management is also responsible 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 responsibility is to issue this report based on our review.

#### Procedures performed

We carried out our work in accordance with the criteria established for review engagements by "International Standard on Assurance Engagements 3000 - Assurance Engagements other than Audits or Reviews of Historical Financial Information (ISAE 3000)", issued by the International Auditing and Assurance Standards Board (IAASB). That Standard requires that we comply with applicable ethical requirements (the Code of Ethics for Professional Accountants issued by the International Federation of Accountants, IFAC), including independence requirements, and that we plan and perform the engagement to obtain limited assurance about whether the report is free from material misstatement. A limited assurance engagement on a sustainability report consists of making inquiries, primarily of persons responsible for the preparation of information presented in the sustainability report, and applying analytical and other evidence gathering procedures, as appropriate.

These procedures included:

- comparison of information and data presented in the "Company Revenues" section of the Report to the corresponding information and data included in the Company's unaudited consolidated financial statements as at and for the year ended 31 December 2012.
- analysis of key processes for generating, recording and managing quantitative data presented in the Report. In particular we performed the following procedures:
  - interviews and discussions with management of the Company to gather information on the IT, accounting and reporting systems used in preparing the Report, and on the processes and internal control procedures used to gather, combine, process and transmit data and information to the office that prepares the Report;

# Independent Auditors' Report

## **TRANSLATION**

*Delta Holding d.o.o.*  
*Limited assurance report on the Sustainable and Responsible Business*  
*31 December 2012*

- sample based analysis of related documents used in preparing the Report serves the purpose of confirming process effectiveness, their adequacy with respect to described goals, as well as that the internal control system is properly managing data and information included in the Report;
- analysis of reconciliation of qualitative information included in the Report, with guidelines noted under Scope and Responsibility, as well as general consistency, especially in the sense of strategy and policy of sustainable development and assignment of material issues for each category of interested parties;
- analysis of the process of involvement of interested parties in terms of methods used and completeness of participants, based on review of minutes from meetings or through all other available information on identified key factors;
- receipt of representation letter from the Company's legal representative on compliance with guidelines set out under Scope and Responsibility, as well as reliability and completeness of information and data presented therein.

The extent of evidence gathering procedures performed in a limited assurance engagement is compliant with ISAE 3000 and provides a lower level of assurance in that we would potentially have identified significant issues and events in an audit.

### **Opinion**

Based on the procedures performed, nothing has come to our attention that causes us to believe that the Report of the Company is not prepared, in all material respects, in accordance with the G3.1 GRI - Global Reporting Initiative Guidelines, as set out in the "Application of Reporting principles" section.

As indicated by the management in the "Application of Reporting principles" section of the Report, the Company intends to continue to extend the reporting scope of the Report through further standardisation of the existing information and data gathering procedures.

Belgrade, 24 May 2013

KPMG d.o.o. Beograd

(L.S.)

James Thornley  
Partner

*This is a translation of the original Independent Auditors' 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, 24 May 2013



KPMG d.o.o. Beograd

James Thornley  
Partner



This Report has been prepared in accordance to the requirements set by the Global Reporting Initiative (GRI) organization. The third generation of GRI guidelines (G3.1) requires companies to report about company profile, management approach and selected key performance indicators. In order to achieve a level "B", the report needs to provide information about the company itself (G3.1 Profile Disclosures), as well as information on more than 20 selected indicators related to the company's economic, environmental and social performances (G3.1 Performance Indicators).

## GRI indicator References, Application Level "B"

GRI Indeks		Strana
<b>1</b>	<b>STRATEGY AND ANALYSIS</b>	
1.1.	Statement from the most senior decisionmaker of the organization	6,7
1.2.	Description of key impacts, risks, and opportunities	6, 7, 9
<b>2</b>	<b>ORGANIZATIONAL PROFILE</b>	
2.1.	Name of the organization	10
2.2.	Primary brands, products, and/or services	21-44
2.3.	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures	10, 13
2.4.	Location of organization's headquarters	10
2.5.	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report	10
2.6.	Nature of ownership and legal form	10
2.7.	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)	10
2.8.	Scale of the reporting organization	10, 14-15, 21-44
2.9.	Significant changes during the reporting period regarding size, structure, or ownership	50
2.10.	Awards received in the reporting period	18
<b>3</b>	<b>REPORT PARAMETERS</b>	
3.1.	Reporting period (e.g., fiscal/calendar year) for information provided	3
3.2.	Date of most recent previous report (if any)	3
3.3.	Reporting cycle (annual, biennial, etc.)	3
3.4.	Contact point for questions regarding the report or its contents	3
3.5.	Process for defining report content	3,4,5
3.6.	Boundary of the report	3
3.7.	State any specific limitations on the scope or boundary of the report	3
3.8.	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations	10
3.9.	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report	4,5
3.10.	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement	n/a
3.11.	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report	n/a
3.12.	Table identifying the location of the Standard Disclosures in the report	88-92
3.13.	Policy and current practice with regard to seeking external assurance for the report	86-87

## GRI indicator References, Application Level "B"

4 GOVERNANCE, COMMITMENTS, AND ENGAGEMENT		
GOVERNANCE		
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight	13
4.2.	Indicate whether the Chair of the highest governance body is also an executive officer	12
4.3.	For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive member	56
4.4.	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	9, 12
4.5.	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance)	50
4.6.	Processes in place for the highest governance body to ensure conflicts of interest are avoided	55
4.7.	Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity	12
4.8.	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation	11
4.9.	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles	12
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance	12
COMMITMENTS TO EXTERNAL INITIATIVES		
4.11.	Explanation of whether and how the precautionary approach or principle is addressed by the organization	12
4.12.	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	n/a
4.13.	Memberships in associations	17
STAKEHOLDER ENGAGEMENT		
4.14	List of stakeholder groups engaged by the organization	3,4, 6,7, 9, 49 - 63
4.15	Basis for identification and selection of stakeholders with whom to engage	4,9
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	4,9
4.17	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	4,9, 49 - 63
5 MANAGEMENT APPROACH AND PERFORMANCE INDICATORS		
EC	ECONOMIC	
EC 5	Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	50
EC 8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, inkind, or pro bono engagement	80-85

## GRI indicator References, Application Level "B"

EN	EKOLOGY	
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	66
EN 13	Habitats protected or restored	74
EN 23	Total number and volume of significant spills	74
LA	LABOR PRACTICES AND DECENT WORK	
LA 1	Total workforce by employment type, employment contract, and region, broken down by gender	49, 56, 57
LA 2	Total number and rate of new employee hires and employee turnover by age group, gender, and region	50
LA 3	Benefits provided to full-time employees that are not provided to temporary or parttime employees, by significant locations of operation	55
LA 4	Percentage of employees covered by collective bargaining agreements	57
LA 5	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements	50
LA 10	Average hours of training per year per employee by gender, and by employee category	52
LA 12	Percentage of employees receiving regular performance and career development, by gender	54
LA 13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	56
HR	HUMAN RIGHTS	
HR 3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	55
HR 4	Total number of incidents of discrimination and corrective actions taken	56,57
HR 5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights	57
HR 6	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	56,57
SO	SOCIETY	
SO 4	Actions taken in response to incidents of corruption	55
PR	PRODUCT RESPONSIBILITY	
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	63
PR 3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	63
PR 5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	61, 62, 63
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	63
PR 8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	63

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