



# RESPONSIBILITY

## NEW MEASURE OF SUCCESS

Report on the corporate social responsibility  
in business performance of the Delta Holding  
2008/2009

**DELTA HOLDING**



This report is printed on recycled paper.

## **04/09 Introduction**

Message from the President of the Delta Holding

Message from the Director of Corporate Communications

About the Company

## **10/17 People are the greatest asset**

General Employment Conditions

Solidarity among the Employees

## **18/37 Sharing the welfare**

Delta Humanitarian Fund

First Delta Endowment

Fund for the Future

Contributions to Social Inclusion of the Disabled Persons

Employment of the Young and Socially Marginalized Groups

Projects which resulted from cooperation with the State Sector, NGOs and the Media

Donations

## **38/47 Save our planet**

Implementation of Bio-degradable Plastic Bags and Ecological Packaging

Treatment of Waste

Economization measures

Reduction of gas emissions

Recycling

## **48/56 Growing together**

Notable memberships

Relations with the Business Partners

Intensive Communication with the Consumers

# Introduction

MESSAGE FROM THE PRESIDENT  
OF THE DELTA HOLDING



From its very founding more than 18 years ago, the Delta Holding has shown the desire and the capability to develop a great level of responsibility towards the most various public groups, along with its business success.

The creation of the company is related to the hiring of the quality members of staff, their motivating and continuing advancement in work, which has resulted in the astounding development of Delta's business system. Introduction of the highest standards in all business areas followed and that's how Delta's brands were created as well as their special relationship with the consumers and business partners. At the same time we actively cooperated with the narrow and wider social community, with the notion that we have already reached high in business and that we have to share part

of our profits with the society we work in. Today, along with previously applied principles, we are increasingly turned to environmental protection and socialization of the marginal social groups, children without parental care, disabled persons, minorities...

We believe that business success makes sense only if we share it with our employees, suppliers, consumers, society we work in, with our contemporaries as well as our descendants. Delta Holding today is the regional leader in business, as well as the leader in corporate social responsibility – and we will fight for both of these positions with equal passion.

Miroslav Miskovic  
President of the Delta Holding

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

## MESSAGE FROM THE DIRECTOR OF CORPORATE COMMUNICATIONS



As a company with pioneering and proactive actions, Delta is one of the first Serbian companies to have integrated corporate social responsibility (CSR) in all segments of its business operations and has reached the level of systematic and continuous engagement in social problems. Memberships in the CSR Europe and Global Compact UN and the two funds in the company stand as witnesses to that.

We firmly believe that it is equally important to show responsibility towards your employees who contribute to the overall business success with their knowledge and business engagement, as well as to the community in the broadest sense. Social involvement means caring and being responsible towards external participants of all of our business processes, as well as towards unfortunately distant and marginalized social groups struck by poverty, illness, second party aggression, discrimination and all other influences which prevented them from fully achieving their basic human rights.

Important part of our corporate social responsibility is related to the projects and activities directed towards environmental protection. If we leave business success and damaged nature to our children – there is no success. Only if our success underlines preservation of natural resources, only then are we truly successful.

The data that the students of the University in Serbia see Delta Holding as one of the companies in which they would gladly build their carrier, stand as a result of our strategic and far reaching choice to preserve an ethic business spirit, respect human and business rights and provide opportunity for advancement.

Serbia is the environment in which the CSR concept is unfortunately insufficiently familiar, which is why one of our important goals in the following period will be the promotion and public affirmation of the basic principles of the corporate social responsibility. By joining energies and visions we will make our environment and our society better for everyone – Delta Holding will remain a leader on that journey in the following years as well.

Jelena Krstovic  
Director of Corporate Communications  
of the Delta Holding







## ABOUT THE COMPANY

Members of the Delta Holding are engaged in retail, agro production, food production, export, import, representing of foreign companies, distribution of consumer goods, auto sales, real estate development, financial and insurance services. Delta Holding employs more than 24,000 members of staff.

Delta Holding consists of:  
Delta M Group, Delta Generali Insurance,  
Delta Sport Group, Delta MC Group and Delta Star Group.



# People are the greatest asset

Work and Employment Conditions, Discrimination Prohibition, Education

*General company employee rules and procedures include the clause on the respect of basic human and business rights, as well as the strategic choices to maintain an ethical and socially responsible spirit with the employees.*

## GENERAL EMPLOYMENT CONDITIONS

### Explicit prohibition of discrimination

All candidates who are in the employment selection process for one of the Delta Holding members are treated equally. No one who seeks employment is either directly or indirectly discriminated in respect to the sex, birth, language, race, skin color, age, pregnancy, health, nationality, religion, marital status, family ties, sexual choice, political or other beliefs, social origin, property, membership in political organizations, unions or any other personal feature. According to the rules, the candidate cannot be younger than 18 years of age.

### Responsibility incentive

Official rules and procedures of the HR sector clearly define the ways of corporate social responsibility. The company encourages its employees to maintain a responsible relationship with all the persons with whom they conduct business (colleagues, consumers, suppliers, distributors, share holders) and not to jeopardize their rights by any means, to respect prohibition of all forms of discrimination, to take on an active role in the social and humanitarian activities and to care for their work surrounding and the environment.

### Aid per Solidarity and Jubilee

In the case of death of an employee, the company offers one-time financial aid, as well as the continuous financial support of the children of the deceased.

The company financially supports the birth of each child of women-employees in the company.

The employees can receive a jubilee prize and aid per solidarity in the case of a long and serious illness of an employee or the member of employee's family, for purchasing winter condiments and firewood, aid in the case of destroyed or damaged property, natural or other extraordinary events.

In the case of an exceptional dedication, and in accordance with the current possibilities, employees are granted one-time prizes.

### Employee family care

Delta Humanitarian Fund has enabled its employees in the Delta Group the use of the Tele-assistance services to make caring for their sick elderly easier.

### Children's rights

Delta Holding pays special attention to the rights of children, i.e. minors, and one of the important business choices is not to employ staff under 18 years of age. Exceptions could be persons who are awarded scholarships, students of vocational high schools, engaged per project based on the scholarship contract.

### Forced labor

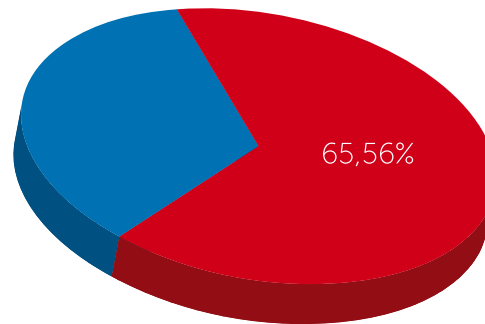
Delta Holding members have not noticed behavior which could be characterized as forced labor.

### Wages

Minimum wage across all members of Delta Holding in the period between 2006 and 2009 has been above the minimum price of labor set forth by the decision of the Social Economic Counsel of the Republic of Serbia.

### Good examples for the number of female employees in the company

Delta Maxi Group has a significantly larger portion of female employees in the total number of employees. In the period between 2006 and today, two-thirds of employees on average are women. According to the latest date, 69.16% are women. Out of the total number of employees in the Delta Generali, women account for 65.56%.



■ Delta Generali / number of women employees

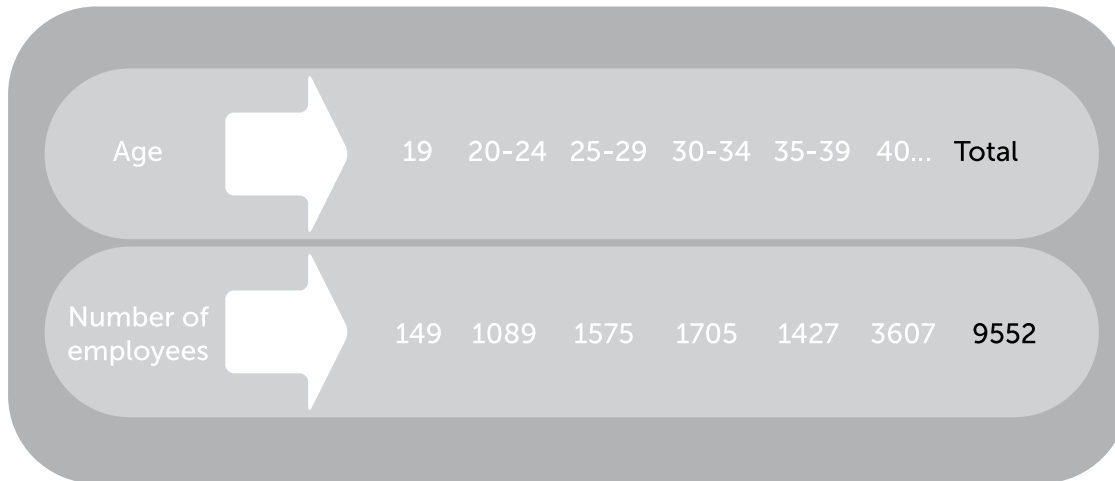




### Age structure

All age groups of persons capable of working are fairly equally present across the company. Such age structure enables achieving good business results.

Example: Delta Maxi



### The Union

The Union has been formed in the Delta Maxi and is successfully operating. The Company has provided the Union with the technical support and space, as well as the access to data and information necessary for performing union activities. The Delta Maxi Union has 3,900 members. It has been formed in the purpose of researching, harmonization and creating special, mutual and specific member interests. It is composed of the unions of the three legal entities: Delta Maxi, C Market and Pekabeta. The employees can join the Union voluntarily, by accepting the Union program, rules and statute. The leadership of the Delta Maxi Group fully supports the Union activities and stands for further development of the Union, as well as the increase of the number of members.

### Open doors for employees

All employees in Delta Holding have the opportunity to advance in their knowledge and skills through various expert programs and trainings. Employees can take expert seminars in the country and abroad.

### Additional trainings for employees

All Delta Holding employees have the opportunity to advance in their knowledge and skills through a series of expert programs and trainings. Employees are entitled to expert seminars in the country and abroad.

### SOLIDARITY AMONG THE EMPLOYEES

Awareness that the business success should be shared with the community to which the company belongs through engagement of employees is developed in member companies of the Delta Holding through numerous activities.

- Each year, sometimes even twice a year, the Delta Holding and its members organize a voluntary blood giving in cooperation with the Institute for Blood Transfusion of Serbia.

- For the past two years, Delta Maxi employees have been collecting their old clothes and shoes and giving it away to the Adult Shelter in Belgrade and the Multi-ethnic Center Vidikovac.
- All the products which Delta Maxi Category Management employees receive from their business partners are collected and donated to socially endangered groups.

# Sharing the welfare

Relationship with the Social Community

*Institutionalizing of the humanitarian, donator and every other action for the general good announces a serious and continuous engagement in the problems of the society in the future. There are two successful funds in the Delta Holding. Both are a proof of just how important is the awareness of corporate social responsibility for Delta.*



DELTA HUMANITARIAN FOUNDATION was created from the need of the Delta Company to contribute to the solving of specific needs of the community in which the company was founded to the most efficient and thorough way possible, and to therefore actively contribute to the development of Serbia, preservation of its values, as well as its culture and society as a whole.

Foundation's Goals:

- Carrying out of the strategically important long-lasting and historically important projects
- Integration of the existing numerous humanitarian activities within the Delta Holding
- Initiation, organizing and stimulating of the humanitarian actions
- Advancement of the humanitarian work and development of the awareness of the corporate world on the importance of such an activity

Target groups:

- Children without parental care
- Children and adults with disabilities
- Elementary school students in depopulating villages
- Single parents
- Elderly
- The most endangered citizens

| Year                                    | Number of events | Number of users |
|---|------------------|-----------------|
| From November 2007 till the end of 2007 | 13               | 20,637          |
| 2008                                    | 31               | 3,642           |
| January - July 2009                     | 26               | 3,519           |
| Total                                   | 70               | 27,798          |

Numerous accomplishments of the Delta Humanitarian Foundation will be described in the following chapters of the report.

### FIRST DELTA ENDOWMENT

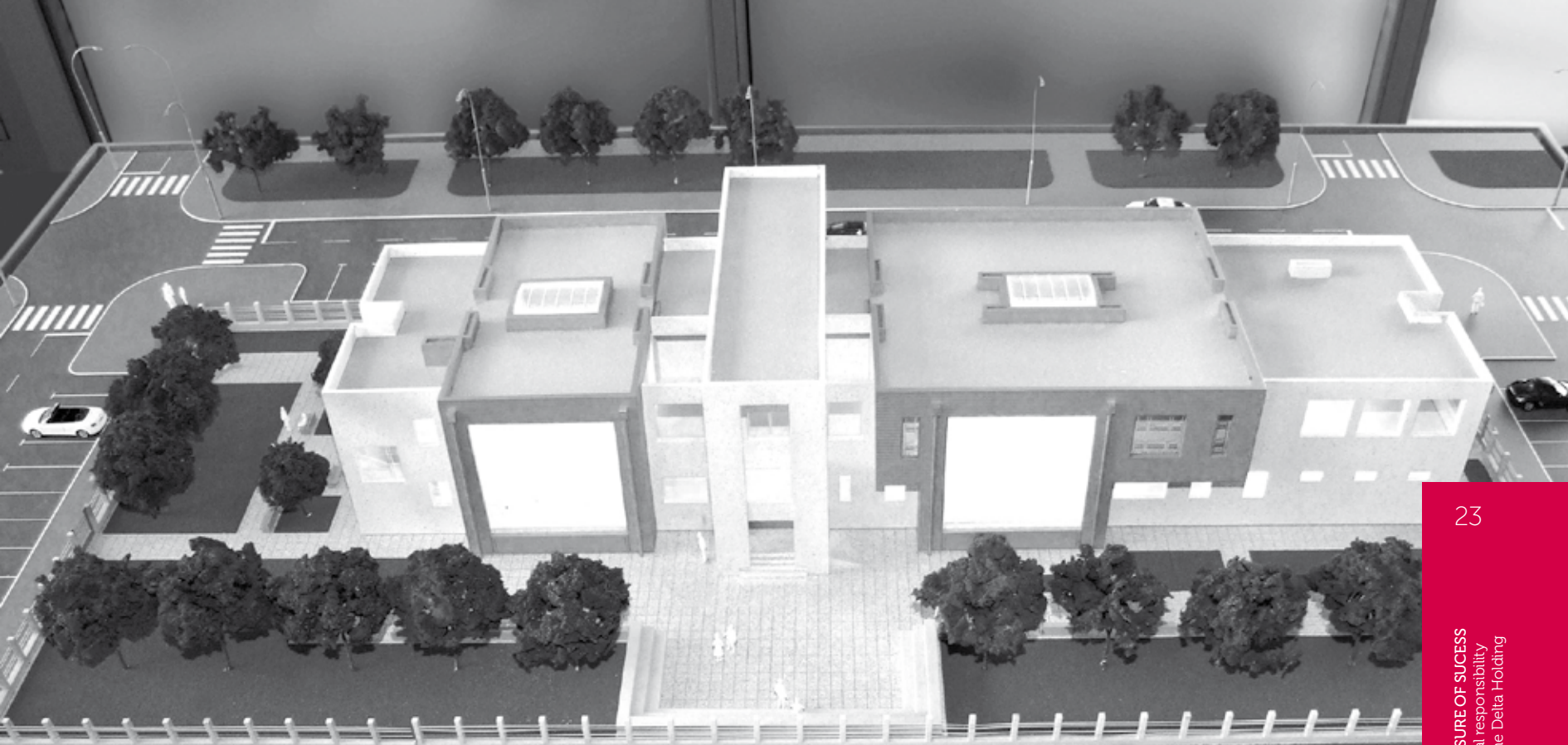
Delta Humanitarian Foundation has initiated and started the construction project of the first endowment of the Delta Company – Center for daycare and accommodation of children with disabilities. Center construction project, in the scope of which the building will be given as a present to the city of Belgrade, represents the restoration of the endowment tradition in Serbia. The last endowment was built 70 years ago, before the Second World War to be precise.

Before defining the profile and intention of this public facility which Delta Holding will give as a present to the children of Belgrade, extensive research on the needs of children with disabilities has been conducted, as well as the consultations with the state and city institutions for the care of these children. The choice was made based on the fact that there is no sufficient number of centers in the social security system and that these children are often “invisible” and socially discriminated. Children’s daycare in the facility will be completely adjusted to their needs and

will enable them to maximally develop their skills in order to be included in the social life to the most efficient way possible.

The building of about 3,000 square meters and the green field of 1,000 square meters will be built in Novi Belgrade, at the Bezanijska kosa. The facility will be fully accessible to the persons with disabilities and their companions by the current architectural standards. The number of users will depend on the current number of children on file with the need of using the services of this facility. The center will also have physical therapy, workshops, gym, daycare, dressing rooms, nurses room, show room and many other contents.

Assessed value of the facility is approximately two million Euros.



## FUND FOR THE FUTURE

In 2006, the Delta Holding initiated the author project Fund for the Future as a program of support for the professional development of children without parental care. The project is carried out in cooperation with the Center for protection of infants, children and youth from Belgrade and other institutions for accommodation of children without parental care in Serbia.

The purpose of the Fund is to motivate the children from these centers to progress in the professional sense and to achieve the same level as their peers raised by their families, in order to obtain good chances for employment, maintain their job and have a more secure future. Through an expert program, the children are provided not only with the financial support, but also with the help in their socialization, education and employment.

Creation of the Fund was motivated by the data that only 15% of children find employment immediately after leaving the centers, while that percentage rises by only 2% in the next three years. In addition to that, institutions such as the National Employment Office and the Center for Social Labor do not have enough capacity to fully help these young people. Students who successfully finish the Fund's program have the opportunity to be employed in one of the Delta Group members.

The program follows the principles of the Convention on the children's right: right to survival and development, non-discrimination, education and respect of the highest standards.







The program aims towards the goals in accordance with the documents of the Strategy of the social protection reform: plurality and innovative services, moving towards the individual needs of the consumer, mutual action of the governmental, non-governmental and private sector. The Fund for the Future received high marks from the educators, managers and the Ministry of Labor and Social Policy of the Republic of Serbia.

After three years, about 150 protégés – children from centers and foster homes completed the Program. This includes centers from Belgrade and Nis, Children's Village in Sremska Kamenica and fourteen foster homes from Subotica and Nis. In the last three years, which is how long the Fund has existed, more than 20 protégés were employed.

### CONTRIBUTION TO SOCIAL INCLUSION OF THE PERSONS WITH DISABILITIES

The priority of the socially responsible actions of the Delta Holding represents the contribution of the social inclusion of the persons with all sorts of disabilities into the normal streams of life. This goal has been achieved through carried out programs of employment, architectural adjustment of facilities, support to the non-governmental organization, adjustment of the website...

### Employment of Persons with Disabilities

Delta Humanitarian Fund has initiated the project called "Improvement of the quality of life of the persons with disabilities" in the scope of which 95 persons with disabilities have been employed in the Business Group Delta Maxi. This project was carried out before the official legal regulation and in partnership with the Forum of the Young Persons with Disabilities. The realization was also helped by the National Labor Department. The purpose of the project is to contribute to the social inclusion of the persons with all sorts of disabilities.

"Signing of this contract between the company and the organization of the civil society is a pioneer step with which we are finally entering the period when partnerships between the business and non-

governmental sectors will be an example of the mutually good practice. It is an honor and satisfaction to our organization to cooperate with the Delta Company and we hope for the successful realization of the mutual project which will significantly improve the position of the persons with disabilities in the Republic of Serbia. Also, we must point out that our organization will further develop cooperation with the business sector in the future", said the President of the Forum of the Young Persons with Disabilities, Zeljko Ilic.



Before the employment of persons with disabilities, employees of the Delta Group have been through the expert Disability Awareness training, with the purpose of rising the awareness and knowledge on disabilities and having the appropriate approach when working with persons with disabilities. Business units which employ persons with disabilities are completely architecturally accessible.

All future retail facilities of Delta Maxi have been projected to respect the design principle "Design for Everyone". One of the concrete examples is a special-sized chair made for shorter cashiers.

The plan for the upcoming period is to intensively continue with the process of recruiting, selecting and employing of persons with disabilities, in Belgrade and other parts of Serbia.

The plan for the upcoming period is to employ persons with disabilities in Delta Sport and Delta Generali. Representatives of the International Organization have evaluated Delta Holding activities in relation to employing persons with disabilities as a very good and comprehensive example of good practices in Serbia.

### Social Reintegration Project

Delta Humanitarian Fund has achieved cooperation with the organization called Creative Educational Center for Mentally Insufficiently Developed Persons (MIDP) on the project of the social reintegration of MIDP, i.e. the project of their working inclusion. Persons from the CEC MIDP are included in the program of working inclusion in the retail facilities of Delta Fashion, Delta Maxi and Delta Sport.

At the Award Ceremony for Social Integrations of the Erste Foundation (in 2009) CEC MIDP received third place honors for this project. The competition for this prize included 1,300 projects from the countries in the region, 20 out of which were awarded.

### Support for the Daycare center for persons with mental and intellectual disability

Delta Maxi has reached strategic and long-lasting partnership with the Society for helping mentally challenged persons Stari Grad in Belgrade. For two years, this Society, which is the only free daycare center for persons with mental and intellectual disability, has been getting financial help from Delta Maxi, which is how this center overcomes working difficulties due to the budget deficit.

### Awards for the Architectural adjustment

At the conference in Barcelona in April 2009, the Delta City in Belgrade was named the best shopping center in Europe in the category of medium-size shopping centers. This award has been presented by The International Council of Shopping Centers. The winning criteria were, among others, adaptation and accessibility of facilities to persons with special needs, social responsibility, how the center fits in the local infrastructure and the developed practice of organizing humanitarian events.

### Website adjustment

Information from the Delta Holding corporate website will be accessible to blind and visually impaired persons from February 2010.\_

### EMPLOYMENT OF YOUNG PERSONS AND SOCIALLY MARGINALIZED GROUPS

In cooperation with Belgrade municipalities of Novi Belgrade and Zvezdara and UNHCR, Delta Maxi has started the process of hiring refugees and internally displaced persons. During the hiring procedure, unemployed refugees and internally displaced persons from Belgrade will have the priority.

In the purpose of recruiting quality young personnel Delta Holding member companies have organized numerous practices and scholarships for high school and university students. Standardized practice programs have been developed with supervision of mentors and HR sectors, as well as the teachers in charge.

Delta Maxi participates in potential fairs called Career Ways as a sponsor and employer which gives the employment opportunity to young persons. In the last two years, 130 persons have been employed through practices and participation in fairs.

Delta Generali Insurance has applied for the program of the National Department called "First Chance", which allows persons without any working experience to be employed.

### PROJECTS WHICH RESULTED FROM COOPERATION WITH THE STATE SECTOR, NGOS AND THE MEDIA

The most successful socially responsible projects have been organized in synergy with the business, governmental and non-governmental sectors and the media.

#### **CSR and media, journalist education**

By recognizing the role of media in spreading the awareness on corporate social responsibility of all members of a society, Delta Holding has initiated and helped organization of the CSR and Media Round Table (October 2009) in cooperation with the Media Association.

The purpose of the round table was to educate media representatives on the concept of corporate social responsibility, pointing out the meaning of reporting on the socially responsible activities and stimulating the media to maintain socially and ecologically responsible arrangement. The special guest of the round table was Jogesh Coen, Main Advisor for CSR and Environmental Preservation, BBC which gave examples of socially responsible business of one of the most influential media companies in the world. The speakers at the Round Table were also: Jelena Krstovic, Director of Corporate Communication of Delta Holding, Milica Amidzic, PR Manager of Telecom, Dragoljub Zarkovic, Editor-in-Chief, Vreme Magazine, Veselin Simovic, President of the Executive Board of the Media Association, Borislav Miljanovic, Director of McCann Erickson Public Relations and Sinisa Djuric, Philanthropy Manager, Balkan Community Initiatives Fund.

### Participation in Building the Database of all Non-governmental Organizations

Delta Maxi participated in the project of building a database of all non-governmental organizations in Serbia, initiated by the team of the Vice President of the Government of Serbia in cooperation with the

Balkan Community Initiatives Fund (BCIF). Clear and comprehensive database of all humanitarian organizations and associations in the country helps the economic sector to get in touch with them in the fast and efficient manner and assist the most endangered social groups.

### “Apple or Lemon”

Delta Generali has initiated and carried out the campaign “Apple or Lemon” intended for the education of elementary school children and other traffic participants on responsibilities and rights that should be respected in ground transportation. This educative campaign which was realized in cooperation with the Ministry of Internal Affairs and the Ministry of Education included 22 elementary schools in 20 cities in Serbia.

The campaign was carried out through education of children on the subject of “Safety in Traffic”. Training lessons held by the traffic policemen were dedicated to affirmation of the proper behavior of children in traffic and was given to every school.

### Food Donations

Delta Maxi provides almost all of its donations of food through their strategic partner, the Food Bank humanitarian association. In the near future we plan to include our business partners among food producers into the donation campaigns. We have also secured support from the Ministry of Labor and Social Policy.

### Encouraging Healthy Eating Habits with Children and Teenagers

Delta Maxi has launched a campaign titled "Health Comes through Your Mouth" with the aim of encouraging healthy eating habits with children and teenagers and ultimately reducing obesity in this age group. The project was implemented through two channels: by cooperating with the Serbian Association of Pediatricians and promoting the game for children called Health Comes through Your Mouth, which advocates the idea of eating healthy food.

The game is intended for pre-school children and contains a number of amusing and richly illustrated

messages that encourage good and sanction bad eating habits among children. The game is educational and encourages children to adopt recommendations for eating healthy food through entertainment and games. Belgrade's Secretariat for Children's Protection supported the distribution of the game in the kindergartens of Belgrade. The project also received support from the Serbian Ministry of Health.

### Children without Parental Care as a Priority

Due to the lack of systematic and up-to-date data on foster homes (number of children, the needs of these institutions, current activities in the homes), the DHF (Delta Humanitarian Fund) undertook a situation analysis right after it was founded in order to determine a priority list of activities aimed to help children accommodated





in these homes. The DHF team visited 21 foster homes and the result was a complete and precise picture of the number of children, the condition the homes were in and the way they operated, as well as accurate information on specific needs each of these homes has.

DHF carried out a project called "Happy New Spring" during which the theatre studio "Children-land Theatre" visited 12 foster homes and together with the children created a play called "This Hand Is Travelling". School, love, family, friendship, play, fear, loneliness, happiness are some of the themes of this play for which the children and the actors made costumes and stage props out of available materials.

DHF has also instilled a new practice of producing Christmas cards using motifs and drawings by children from foster homes. Within this campaign, donations are sent to foster homes taking part in the project in line with their requirements.

Delta Sport has initiated a project in cooperation with DHF with the aim to raise self-awareness and motivation among foster children through friendship and creative workshops with Serbia's most successful athletes. Swimmer Milorad Cavic and volleyball player Ivana Djericilo visited three foster homes in Belgrade in the first phase of the campaign.

### DONATIONS

During the past two years, most donations were sent to health and educational institutions, people with physical disabilities and poverty stricken social groups.

### A selection of our donor activities

- Belgrade City (Millenium Clock in the Republic Square)
- Saint Sava's Church (financial aid for finishing works)
- Medical Center „Dragisa Misovic“  
(Ultrasound device)
- Oncology Institute of Vojvodina  
(Device for diagnosing and treating precancerous lesions in uterine cancer)
- Health Center Gornji Milanovac  
(Device for Cardio Ward)
- Mother and Child Health Care Institute „Dr Vukan Cupic“  
(Tissue processor)
- Infection Clinic, Nis  
(Disinfectants for preventing a jaundice epidemic)
- Oncology Institute, Belgrade (financial aid)
- Social Welfare Center, Vrnjacka Banja (IT equipment)
- Trauma Center, Bujanovac (EKG device)
- High School, Kragujevac (IT equipment)
- Trade School, Novi Pazar (IT equipment)
- Elementary School „Sonja Marinkovic“, Subotica  
(IT equipment)
- Elementary School „Milan Rakic“, New Belgrade  
(Construction of fence around school compound)
- Trade School, Krusevac (financial aid)
- Primary and Secondary School „Milan Petrovic“, Novi Sad  
(IT equipment)
- Police Administration, Stari grad municipality, Belgrade  
(donation in books)
- Aleksandar Djuricic, writer (financial aid)
- Filip Anicic, writer (financial aid)
- School of Law, Belgrade University (financial aid)
- Belhospice Association (financial aid)
- Dystrophy Association of Nis (donation in food)
- Gerontology Service, Nis (donation in food)
- The Single Parents Association, Nis (donation in food)

- Association of Children and Adults with Cerebral Paralysis, Nis (donation in food)
- The Single Parents Association, Belgrade (donation in food)
- The Single Parents Association, Krusevac (donation in food)
- The Circle of Serbian Sisters, Cacak (donation in food)
- Humanitarian organization „Child’s Heart”, Belgrade (donation in food)
- Filipovic family, Nis (reconstruction of family home)
- Aid to a number of large families in Serbia
- Support to humanitarian association HOD, run by Vlade Divac (purchase of ten homes for refugees and internally displaced persons)

### Introducing the Tradition of Making Donations

The Delta Humanitarian Fund organizes charities for improving living conditions of foster children, within the organization’s activities of marking its anniversary. Many members of Delta Holding are supporting the initiative by setting aside a portion of their profit for this purpose.

Delta Maxi has established the tradition of donating to health centers on the occasion of marking its anniversary. Health centers in Belgrade, Novi Sad, Gornji Milanovac and Kursumlija have so far received aid as part of the Maxi Heart Days campaign.

# Save our planet

Protecting the environment

*A very important part of Delta Holding's corporate social responsibility programs are projects aimed at protecting the environment. Some of them are pioneer endeavors and were put in practice before corresponding environmental laws and regulations were passed. In the following period, Delta Holding will campaign to raise awareness and knowledge about the importance of energy efficiency.*

### IMPLEMENTATION BIODEGRADABLE PLASTIC BAGS AND ECOLOGICAL PACKAGING

Delta Maxi has introduced biodegradable plastic bags in all its retail stores in Serbia, Bosnia and Herzegovina and Montenegro, with a goal to use company resources to help protect the environment. The project of introducing biodegradable bags was promoted under the slogan "For Better Habits" and was a pioneer endeavor in Serbia, once again portraying Delta Maxi as a proactive company that carries out projects before the law regulating a particular field in business is adopted. Although production of biodegradable bags cost more in respect to costs of production of the conventional plastic bags, all bags are still handed out free of charge to the consumers.

Among the many advantages that biodegradable bags have, the most important is that these bags decompose 100 times faster than previously used bags (4 instead of 400 years) without harmful residue, as well as the end products of decomposition are molecules that can further be used by microorganisms in the natural environment.

Since biodegradable plastics were not produced in Serbia until now, Delta Maxi became actively involved and initiated production of new bags, resulting in active

cooperation with the company Symphony Environmental from Great Britain and six local manufacturers. The most significant novelty in the production of biodegradable bags features the introduction of an additive D2W (produced by Symphony Environmental, Great Britain), which changes the properties of ordinary plastic and makes it biodegradable. The fact that a plastic bag is genuinely biodegradable is corroborated by the additive mark (D2W) on the bag and by official certificates that Symphony Environmental issues to producers.

Biodegradable plastic bags have been used in all Delta Sport outlets since August 2009. Delta Sport is the first sports retail company in the region to use biodegradable shopping bags.







In all Costa Coffee cafes, which are run by Delta Sport in Serbia, all take-away cups are made of recyclable material, while the inner paper content has been reduced by 10%, which translates to 1,100 trees saved per year.

Since April 2009, 30 percent of all the coffee used to prepare the unique Mocha Italia cafe in all Costa Coffee cafes is made of coffee beans grown on plantations that have been certified by the Rainforest Alliance, an international environmental organization working towards the protection of biological diversity and sustainable development.

### TREATMENT OF WASTE

#### Converting harmful into non-harmful waste

In the pesticide producing plant that operates within the Delta Agrar system, uncontaminated waste, such as cardboard, PET bottles, stretch foils, etc, are gathered and sent for recycling. Hazardous waste is collected and temporarily stored in a designated technically equipped location at the factory's waste dump. While the waste is still in the factory, it undergoes the process of minimization, physical and chemical treatment (which includes its processing in the purpose of reducing its

volume and hazardous characteristics) and extracting secondary raw materials.

Hazardous packaging waste is converted into non-hazardous in the factory, which can then be recycled and reused with a Certification on Waste Characteristics issued by a laboratory approved by the Ministry of the Environment and Spatial Planning. The company has also introduced procedures for efficient and regulated use of pesticides, i.e. the most optimal sale, since pesticides become hazardous waste after their expiration date.

The factory also plans to replace its current active coal filters with improved models, in the purpose of reducing emission of organic solvents and pesticides into the air.

The treatment of absorption of hazardous materials in waste waters is done with active coal filters. The treated water can then evaporate through a natural process. The company plans to install solar panels above the pool in order to speed up the process.

### Ecological Pig Farm

At the pig farm Napredak in Stara Pazova an All In - All Out management system has been implemented in order to maintain a high level of sanitary control. This means that a group of animals will enter and leave a specific phase of production at the same time, which significantly simplifies managing the farm.

In line with EU standards, the animals can move around freely, climate conditions are controlled and maintained at the level which allows optimal results in production. The technology applied satisfies high ecological standards, primarily in waste water treatment. Manure from the farm is further processed and used as fertilizer, so there is practically no waste water left. This, in turn, prevents pollution of local water systems, in line with national and EU regulations.

The Napredak farm also has a facility for exploiting biomass, remnants of livestock production, in energy purposes. Although this system of producing energy is based on burning biomass, it has been confirmed that the amount of CO<sub>2</sub> emitted is smaller than the amount absorbed by plants in their vegetation periods. All waste products that come out of meat processing

in the meat industry YUHOR (bones, internal organs, skin...) and fresh blood are collected and transported to a livestock rendering plant.

Waste waters, the so called liquid waste, are directed through a pipeline into a tank where it is biologically processed before being let out into the sewerage system. In the forthcoming period, the company plans further reconstructions, adaptations and improvements in processing in line with EU standards.

### Production of Flour without Adverse Environmental Effects

Flour and pasta producer Danubius has purchased the most sophisticated wheat processing mill in the region this year. The mill produced by Swiss company Buhler guarantees a high level of sanitary protection during wheat processing, enables flour sterilization, elimination of impurities (energy consumption is decreased twice) and most importantly, it does not pollute the environment.



### Fat Separators

Delta Maxi supermarkets have installed fat separators in sections offering ready-made food and pastry, so that fat and oil do not end up in the communal water system.

### ECONOMIZATION MEASURES

A drop by drop watering system has been installed on over 100 hectares of apple orchards at the Celarevo farmstead, part of Delta Agrar. A software system accurately monitors the requirements of a plant for water, in line with its development phase and climatic conditions, allowing for a rational water consumption.

In the forthcoming period, all Delta Agrar business units plan to use their waste products for generating power for the needs of the company.

Delta Maxi also plans to replace all common light bulbs with energy-saving bulbs in all its retail stores. Replacements have already been made in a certain number of stores.

Energy efficiency has further been enhanced by installing refrigeration systems in Delta Maxi retail stores that allow the energy created by cooling, i.e. heating of the compressor to be further used for heating of the retail store. The refrigeration systems also use an environmentally friendly freon that does not damage the ozone layer.

In many Delta Maxi retail stores, devices for compensating reactive energy have been installed, which prevent energy leakage on its way from the source to the device using it. Also, in a number of Delta Maxi retail stores silent air conditioning systems and condensate appliances have been installed, thus reducing noise to around 40-45 decibels.

The latest isolation materials are used in construction of retail stores and they significantly reduce energy loss.

## REDUCTION OF GAS EMISSIONS

Delta Automoto has promoted the environmentally friendly Honda Civic Hybrid in the Serbian market. All the marketing campaigns for this car model convey the message that protection of the environment should be given a lot more attention. Civic Hybrid combines a fuel and electric powered engine that reduces consumption and greenhouse gas emissions. The average CO<sub>2</sub> emissions are 109 g/km, while average fuel consumption is 4.6 liters per 100 kilometers.

Delta Maxi has initiated a process of installing environmentally acceptable engines in their delivery trucks. Two-thirds of the car pool already has engines that agree with European environmental standards. Euro 5 engines dominate the car pool, while the rest is in the process of replacement.

Delivery trucks with environmentally acceptable engines do 200 delivery rounds per day, or 180,000 kilometers, which is 75 percent of the total distance for daily deliveries. This data shows the extent to which these interventions will contribute to reducing CO<sub>2</sub> emissions.

Furthermore, one third of Delta Maxi's car pool also has Liquid Natural Gas devices installed in order to cut down emissions. Gas-powered vehicles satisfy strict environmental standards and prolong engine life.

## RECYCLING

Last year, Delta Maxi successfully organized a network for gathering secondary raw materials made of cardboard and plastics from all retail stores. The company also organized disposals of outdated archive documentation. All raw materials are gathered by certified recycling services in the purpose of their further recycling. All promotional leaflets in Delta Maxi retail stores are printed on recycled paper.

Categorization and recycling of paper and plastic waste has been a regular activity for the past few years in Delta DMD. The company has also started to recycle electronic equipment. The entire process is carried out in cooperation with certified companies.

Delta Holding members have for some time focused on electronic correspondence, two-sided printing of business documents and reduction in print documentation. Used printer cartridges are gathered for recycling.

Delta Holding members have a long history of urging the usage of electronic business correspondence, double-sided printing of business papers, as well as the reduction of paper documentation. Used cartridges are collected for further recycling.





# Growing together

Relations with consumers, business partners and quality of goods and services

*Delta Holding and its members have as a primary goal to attain membership in relevant international organizations and to respect international business standards. These, in turn, improve the quality of goods and services, as well as the overall business performance, which has a positive impact on relations with consumers, clients and partners.*



### NOTABLE MEMBERSHIPS

Delta Holding is a member of CSR Europe, the leading European association of companies practicing corporate social responsibility. CSR Europe gathers 75 multinational companies and 27 national partner organizations.

The mission of this association is to support its members in the process of integrating socially responsible business into everyday business practice through:

- Exchange of experiences of best CSR practices
- Implementing new projects that link the corporation to its stakeholders
- Shaping modern business processes so that they satisfy needs for competitiveness and sustainable development at the same time

CSR Europe was founded in 1995, while Delta Holding became a member in March 2007, when the Executive Board formally accepted Delta Holding's membership application, recognizing that corporate social responsibility was a permanent part of the company's business policy.

### Membership in the UN Global Compact

Delta Holding is a member of the UN Global Compact, an association dedicated to promoting socially responsible business. With 5,300 members in 130 countries, it is the largest voluntary association of companies in the world.

The Global Compact provides opportunities for exchanging expert knowledge and improving a business practice of companies - member of the Global Compact dedicated to the integration of basic and universally accepted principles in the domains of human and labor rights protection, environmental protection and the fight against corruption.

Several work groups have been established within the Global Compact. Delta Holding is a member of the two work groups: for the inclusion of persons with disabilities into normal life trends and for creating national CSR strategies.



### Quality Management System

Delta Maxi has been awarded certificates for implemented quality management systems, according to the ISO 9001 and HACCP system of standards, in October 2007. Since December 2009, Delta Maxi Group has a joint Quality Management Certificate in line with the updated ISO 9001:2008 and HACCP standards.

The process of implementing quality management systems to meet the required standards was a complex process that resulted in significant changes and improvements to the entire business policy and practice of the company.

After the integrated quality management system was introduced in the Delta Maxi Group, a need arose for regular auditing of suppliers by category managers in cooperation with technologists, with the aim to evaluate and rank the suppliers. As a result, the products in all retail stores continuously adhere to health and safety standards. The company has also defined criteria for evaluating the quality of fish, crabs and shellfish, fresh poultry, livestock meat, ready-made food, fresh fruit and vegetables and for warehousing and ripening bananas, which together form a set of standards that define parameters for product quality, sanitary conditions and temperature regimes for storing and transporting goods to Delta Maxi warehouses.

Delta DMD has introduced an integrated quality management system in July 2007 and the HACCP system in line with JUS ISO 9001:2000 standards, and received the CODEX ALIMENTARIUS and a TUV Certificate. Introducing a quality management system is aimed to continually improve business procedures, provide quality services to clients and to market products that are safe for the individual's health.

Delta Automoto is the first auto company in Serbia that has received an ISO 9001:2008 quality management certificate. Aside from guaranteeing a constant quality level of service to clients, the certificate also requires standardization of procedures in the company itself, which significantly improves work conditions, makes it easier for employees to understand the business process as a whole as well as the concrete job they perform in the company.

Delta Generali is also on the way of introducing ISO 9001 standards that will set the aims and modes of analysis for all processes in the company, in line with positive global business practice.

### GLOBAL GAP

The Global GAP standard has been implemented in Delta Agrar, which expects fulfillment and enabling of a number of requirements in production and monitoring of 236 control points.

One of the most important conditions is environmental protection, which is met, among other ways, by managing waste (gathering, recycling when possible and proper disposal), controlled and rational consumption of energy and energy resources and increasing biodiversity by preserving non-productive areas that are the natural habitat of useful non-agricultural flora and fauna.

### RELATIONS WITH BUSINESS PARTNERS

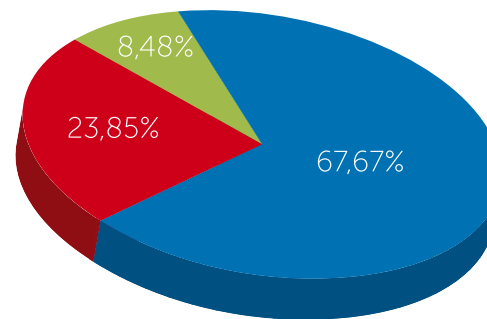
Cooperating with Delta Holding results in growth, improvements and modernization of the business processes and positive business results for partner companies.

#### Support to Local Producers

In early 2009, Delta Maxi formed a department for local producers whose only task is to research production potentials in all the regions of Serbia in order to uncover and promote small perspective producers.

A 5% share of local producers in the total supply of the company demonstrates a policy to adapt to the needs of consumers at the local level.

*Share of suppliers in Delta Maxi Serbia based on turnover in 2008.*



- To the 10 million PV
- From 10 to 100 million PV
- Above 100 million PV

Cooperation with small producers is most developed in the domain of fresh fruit and vegetable supply at the moment. The smallest producers in this group can offer their products in specialized Maxi purchase centers that speed up and improve cooperation between a large number of producers and the retail system.

Maxi has set a number of strict standards for their suppliers, among which is strict adherence to HACCP standards or their implementation, providing detailed specifications on goods for sale and delivering proof of attestation. Delta Maxi closely cooperates with a large number of small and medium sized companies (SMEs). This finds confirmation in the fact that companies with a total annual turnover of RSD 100 million (USD 1.52 million) account for 91.25% of the company's suppliers in 2008.

#### Strict Sanitary Norms

Maxi has made significant improvements to standardizing, packaging and displaying fruit and vegetables. Introducing foldable plastic packaging that is light and at the same time serves as a display shelf has shortened the transfer process from transport boxes to the shelves, which has resulted in longer periods of freshness and quality.

Maxi was the first in Serbia to introduce, together with their suppliers, macro-confection transport of fresh meat, which minimizes the risk of contamination during transport. The basic aim of this novelty is to secure a high level of health quality assurance for the end consumer. Delta Maxi has also set stricter declaration norms, which is most evident with PL products. Declarations are implemented with authorized institutions that control the health correctness of products.

Delta Maxi regularly conducts audits of their suppliers by controlling and evaluating their production process, with the aim to provide sustained product quality for the consumers. After each audit, Delta Maxi provides a report to suppliers in the form of corrective measures to be undertaken.

All Delta Maxi suppliers have to satisfy requirements set by ISO and HACCP standards.

### INTENSIVE COMMUNICATION WITH THE CONSUMERS

Twice annually, Delta DMD carries out the research and measures satisfaction of its consumers in accordance with the structure and the type of consumers in the purpose of its improvement. The research is anonymous and questions on the survey include different business segments (offer, sale, logistics, documentation management, return policy, comments...). Based on the research results activities are undertaken in the purpose of the overall business performance improvement.

Set of trainings and lessons was organized in 2008 in order to improve business segments with lower grades, which enabled preserving a good relationship with all consumers and developed the possibility of their protection.

In 2008, Delta DMD activated the info line for its consumers and business partners with the aim of

providing quality information in regards to the nature of company services and the products characteristics.

Everyone who calls can leave their personal comments and suggestions in regards to the company's performance and products that are in the distribution portfolio.

According to all official researches, Delta Maxi retail chain has received the highest marks in the segment of the way and speed with which returns are dealt with, as well as in the field of general communication channels it provides for its consumers.

Delta Maxi Call Center gives its consumers the opportunity to obtain, free of charge, the information about the novelties in the business performance of all Delta Maxi retail stores, as well as to make direct suggestions, give criticism or praise through a direct contact with the operator, or to solve a given problem.

All the information obtained in the Call Center is analyzed weekly and monthly in the purpose of improving and adjusting the business performance to the needs of the consumers.

The Call Center represents a significant source of information on the total consumer satisfaction.

Additional services are often provided through the Call Center. During the announcement of the H1N1 flu pandemic, consumers were able to obtain free information on the prevention and treatment of this new flu.

Sanitary measures of store maintenance were strengthened in the purpose of flu expansion prevention and the employees were provided with the additional medical training.

Open doors event is often organized for consumers in all three retail stores of Delta Maxi under the slogan "Maximally Open". In the direct conversation with the management of the company, consumers have the opportunity to ask questions and give praise or criticism.

