



CSR REPORT

on Socially Responsible and Sustainable Business

2014

DELTA HOLDING

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ABOUT THE REPORT

In the most successful year so far, since the onset of the global economic crisis, in addition to economic results, Delta Holding, achieved significant results in the field of improvement of environmental protection and support of community development.

At Delta Holding, 2014 was marked by:

- Investments in business development in the field of agriculture and distribution
- Investments in the construction of office space
- Centralization of the energy efficiency management
- Engagement of 30 Young Leaders of the third generation
- Support to the people from flooded areas
- 490 humanitarian actions through which 154,090 inhabitants received assistance
- Three awards for social responsibility

The Sixth Report on Sustainable Development of Delta Holding presents a strategic approach to the Company's development that realizes the long-term balance of economic, social and environmental objectives. The focus is on issues that are, according to the conducted study, the most important for the Company's further development and of greatest concern to stakeholders.

The Report also reflects the changes in the Company portfolio, occurred as a result of forecasts and analysis of developments in the region. Delta Holding perceives these changes as an opportunity for sustainable growth and entry into new business ventures.

For the preparation of this report, the G4 Reporting Guidelines methodology of Global Reporting Initiative (GRI) was used. Although this methodology was not mandatory for the 2014 reporting, as the pioneer and leader of social responsibility, Delta Holding decided to be among the first companies to issue the report according to the new, more demanding GRI methodology.

The application of the G4 guidelines, demonstrates clear commitment of Delta towards the inclusion of all stakeholders in decisions of importance for their operation, benefit of the community and sustainable development of the Company.

The report contains all the data and information required according to the Advanced Level under the UN Global Compact Communication on Progress and was verified by an independent audit firm KPMG Serbia at the initiative of Delta Holding.

The company publishes its sustainable development reports on annual basis. The previous report was published on 14 July 2014. (GRI G3.1, B +).

The report includes the Company's operations in Serbia.



FOREWORD BY THE PRESIDENT

To adhere to one vision, adapting one's practice to current situation at the same time - that is the recipe that Delta has been using in its operation for the past 24 years. The recipe that was proved sustainable in the long term and that makes us a strong company nowadays, ready to face new challenges.

Our vision is to develop companies with high market value. In 2014, this effort resulted in the sale of our insurance company. This way, we proceeded with the trend launched by the sale of banking business and the retail business, thus definitely positioning Delta as the most successful

seller of companies in this region. Through the development and sale of companies in the last decade, we have secured more than EUR 1.5 billion for further investments.

In this effort, we firmly adhere to our corporate values: to be exceptional in the quality that we provide; to apply innovative solutions; to operate with full integrity, in compliance with legislation and respect for people and good business practices; to achieve ultimate accomplishments, and to care for our people, considering them the greatest asset of a company.

The conditions in which we operated were by no means easy. Our market is distinctive for its low purchasing power, poor credit activity, and high illiquidity of the economy. Unemployment is one of the biggest issues of Serbian economy, and additional problems in 2014 were created by nature, i.e. by unprecedented floods that struck Serbia.

In such conditions, Delta has continued to develop, but also to adapt to the current situation. It should be also noted that flood damage repair was in the focus of our concern for the community. In this campaign, Delta has invested EUR 860,000, many hours of work and even more empathy for the people affected by the disaster. I believe that our behaviour during the tragic natural disaster is a credit to every employee in the company.

Our second focus was also adjusted to current problem in our market, i.e. unemployment. By investing over EUR 27 million, we created new jobs. In addition, through Young Leaders Programme, we have contributed to keeping considerable number of young professionals in Serbia, a country in which they were raised and educated. The fact that more than 4,600 people with high education have applied for a job in our company is a great compliment and confirmation that the Delta is one of the most desirable employers in our market.

Delta has ambitious plans for the following period:

- further investments that will enable the development of the company and progress of the society in which we operate, mainly by employment growth
- continued strong contribution to society, inter alia, through the implementation of the second endowment project, the Centre for Sports and Rehabilitation of Persons with Disabilities

On our way towards the realization of ambitious goals, we will adhere to the well-known principles that have enabled our sustainable growth:

- our corporate values, and
- Global Compact Ten Principles

With corporate culture developed in Delta and with power of human resources that we have, I am convinced that we will successfully implement the set goals.

Miroslav Mišković,
The President of Delta Holding



Company organization chart



COMPANY OVERVIEW

Delta Holding was founded on 4th of February 1991

Company headquarters are located at Milentija Popovića 7b in Belgrade.

Nowadays, the company's operation is carried out through three organizational units sharing unique business philosophy, values and ambition to expand and develop business. The primary business activities include agribusiness, food production and real estate.

Member companies of Delta Holding operate as limited liability companies, while a small number of units are joint stock companies. Within the Company, there are also two non-profit organizations, namely Delta Foundation and the organization for packaging and waste management called Delta Pak.

Major part of activities is carried out in Serbia, and in the regional countries (Montenegro, Bosnia and Herzegovina, Croatia, and Macedonia) and Russia as well.

Company portfolio has changed in accordance with the strategic plans and objectives. The most significant changes include:

- Exit from the banking business - Delta Bank was sold to Italian Banca Intesa in 2005.
- Sale of retail chain - Delta Maxi was sold to Belgium's Delhaize Group in 2011.
- Exit from the insurance business - in 2014, Generali Group took over the remaining share of 50% in the property of Delta Generali insurance company



Delta Agrar Group has been in the agribusiness since 1993.

DELTA AGRAR GROUP

The operation of Delta Agrar Group is organized according to the following units:

Primary agricultural production, which includes:

Crop and vegetable production on the area of 13,409 ha. The grown field crops include: wheat, corn, soy, sunflower, rapeseed, and sugar beet. The most common vegetable crops are peas, green beans, potatoes, onions, peppers, celery, cabbage, cauliflower, kale and broccoli.

Fruit production is carried out on the gross area of 370 ha in the orchard in Celarevo and the seedlings covering 35 ha in the nursery in Apatin. In the orchard apples of following varieties are grown: Gala, Braeburn, Golden Delicious, Red Delicious, Granny Smith, Gold Rush as well as club apples Modi and Kiku.

Animal husbandry - including pig breeding on five farms with an annual output exceeding 110,000 pigs, and beef cattle breeding with an annual output of about 5,000 of livestock units. On two dairy farms, 6 million litres of milk is produced.

Cooperation and buy up - buying fruits and vegetables, meat and livestock, retail and long-term subcontracting of grain, fruit and vegetable crops production with primary producers.

Agritrade and Distribution - distribution of pesticides, seeds and agricultural machinery in cooperation with leading global manufacturers. The Company also trades in food grains, oil crops and mineral fertilizers.

Food production in four factories:

Danubius - producing various types of flour and pastas.

Florida Bel - producing and packaging of muesli and snacks under Fun&Fit and JUMBO brands. It supplies the market with the group of products under the ABC brand which involves packaging of granular and powdery products and dried fruits.



Yuhor - fresh meat and meat processing factory. It is the largest meat industry in Serbia, the first one to receive export license.

Mioni - factory that bottles still mineral water Aqua Gala from the spring at the depth of 200 m near Mionica in the vicinity of Valjevo.



Delta Real Estate Group has been in the development and property management business since 1999.



DELTA REAL ESTATE GROUP

The operation of Delta Real Estate Group is divided in the following areas:

- Shopping mall and retail park management- Delta City Beograd, Delta City Podgorica, and Delta Park Kragujevac





- Hotel management - Crowne Plaza Beograd, Hotel Park Beograd, and Nacional
- Office space management - NBGP Apartmani, Mala Kula, and Impuls Hol
- Strategic planning and development of construction projects

Delta DMD was founded in 1997. Its core activities include distribution and storage of consumer goods as well as the logistics and domestic and international transport services through the Delta Transport System.



DELTA DISTRIBUTION

Delta Motors was founded in 2007 and it is the general and exclusive representative of BMW and MINI car brands for Serbia and Montenegro.

Delta Automoto is the exclusive importer and distributor of Honda passenger vehicles and spare parts since its establishment in 2007. It is also the distributor for Honda motorcycles since 2011.



Delta MC was founded in 1991.



DELTA MC

Delta MC's business activities include manufacturing, servicing, wholesale and retail, export and import, in cooperation with foreign and domestic companies. Delta MC is the representative for Maximal forklifts and warehouse vehicles of various types, authorized distributor of Pirelli and Petlas tires as well as Banner batteries for all types of scooters, motorcycles, passenger and commercial vehicles.

Next to Shell and FAM oils and lubricants, the wide range of products includes all types

of traction batteries for forklifts, warehouse vehicles and UPS devices, as well as Glystantin® antifreeze produced and distributed by Delta MC in association with B.A.S.F.

Within the scope of the company is also Delta Bike, manufacturer of modern bicycles for children and adults. A large number of models, developed in cooperation with engineering partners from Italy and Far East, are also available on the markets of Bosnia and Herzegovina, Montenegro and FYROM.



VISION

Our vision is to be a strong global company in the eyes of our clients, partners and employees, recognizable by our **VALUES**:

- **EXCELLENCE** makes us the best
- **INNOVATION** is how we change the world
- **INTEGRITY** is deeply-rooted in everything we do
- We always strive for the highest **ACHIEVEMENTS**
- **CARE FOR PEOPLE** is the foundation of our success

MISSION

We passionately create companies that promote the society in which we live and work.



ETHICS AND INTEGRITY

As a leader and one of the largest domestic companies, Delta Holding has a responsibility to set new standards in business and an example that will encourage the development and implementation of best business practices. In every business segment, whether it develops existing jobs or creates new opportunities, the Company demonstrates clear commitment to respect for the law and ethical principles.

The Code of Business Ethics stipulates norms of conduct that facilitate making, professionally and organizationally acceptable decisions. It is intended for all employees, and outsourced personnel engaged in any part of the Company.

Each employee of Delta Holding is required to be familiar with the provisions of this code. Under this Code, the Company is committed to protection of employees' rights while respecting the following standards:

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

The Code also stipulates the responsibilities of employees for the protection of Company's reputation. In that respect, it is clearly stated that:

Persons responsible for managing the Company, employees, and outsourced personnel in any part of the Company are responsible to act in the best interest of the Company, and to make their assessments based on the information and opinions of experts as well as to carry out the assigned tasks in the manner that the Company's interest does not subordinate their personal interest, or in manner that may cause a conflict of interest between them. The rules of business ethics exclude any offering, giving, promising or accepting cash, goods, rights, services, gifts exceeding the value of advertising products (EUR 50) or the ability to influence another person in business relations with the Company.

Company employees and outsourced personnel performing activities in the name and for the account of the Company are required to keep business secrets that they may have learned in the course of doing business. Business secret is any information whose unauthorized disclosure to third parties could harm the interests of the Company and its business partners.

The Code defines fair relations with customers, end users, suppliers, state institutions, the media and the community, which implies recognition and respect of their needs and interests in their daily work. Transparent and open communication is recommended as well as providing truthful and timely information to all stakeholders..

In addition, the Code of Ethics includes the environmental awareness strengthening of all employees and business partners.

In 2014, parts of the Code of Ethics were incorporated in the employment contract signed by the employees when entering employment relations. For any questions regarding the ethics and integrity, the employees can contact the Human Resources Department and labour law officers.

Apart from the Code of Ethics, for the purpose of ensuring compliance with the Global Compact Ten Principles and ISO 26000, the Company adopted the Code of Business Conduct, Policy of Social Responsibility and Pro Bono Policy. These documents confirm the commitment of Delta Holding to protect the environment, prevent corruption, protect human and labour rights and support the development of the community in which it operates. The documents are available to all employees on the internal portal.

In various creative ways Delta Holding seeks to educate and remind the employees about these norms. During 2014, an internal campaign promoting the company's values was carried out. By anonymous voting, the employees selected three colleagues whose attitudes and behaviour best reflect the values to which the company aspires, and they were appointed the ambassadors for innovation, achievements and integrity.

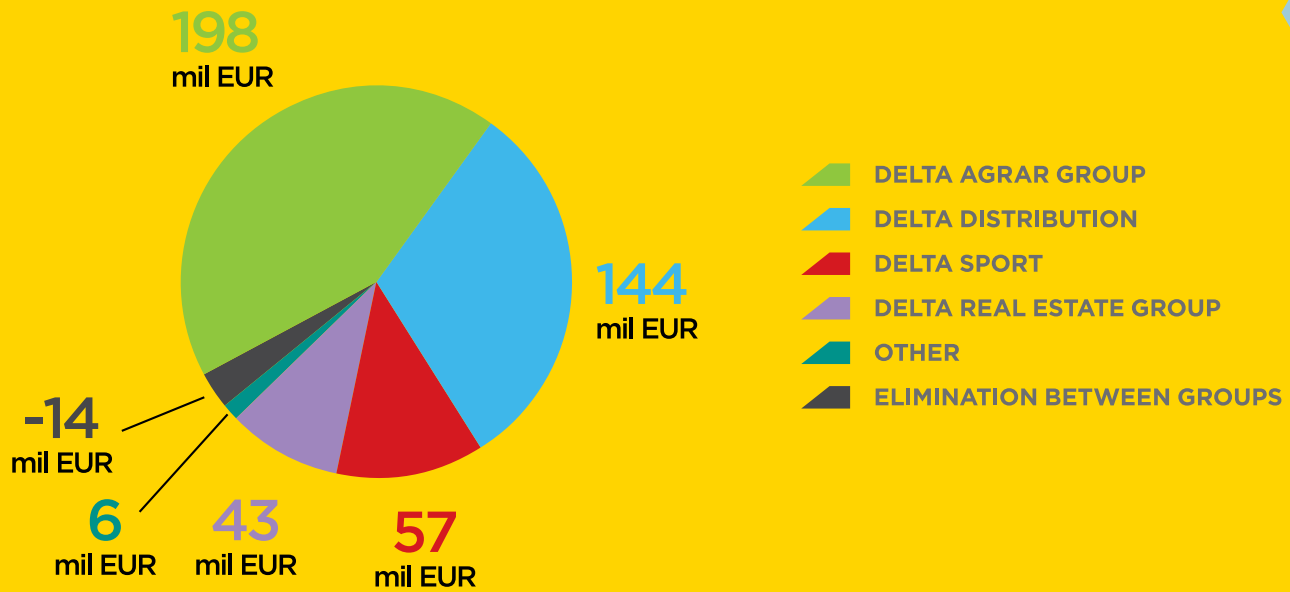
ECONOMIC RESULTS

In 2014, Delta Holding achieved the best results from the onset of the economic crisis. According to the consolidated balance, total income amounted to EUR 434 million. The consolidated balance did not include Delta MC with the recorded income of EUR 3 million.

DELTA HOLDING'S
CONSOLIDATED INCOME
IN MILLION EUROS

Member Companies	2014
Delta Agrar Group	198
Delta Real Estate Group	43
Delta Distribution	144
Delta Sport	57
Other	6
Total	448
Elimination between groups	-14
Total revenues	434





Significant indicator of successful business operations is a growth of EBITDA to 51 million Euros, which is 28% higher than in 2013. Growth at Delta Agrar Group was 16%, at Delta Real Estate Group 30%, and at Delta Distribution 8%.

EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTIZATION (EBITDA) IN MILLION EUROS

Member Companies	2014
Delta Agrar Group	23
Delta Real Estate Group	19
Delta Distribution	7
Delta Sport	4
Other	-1
Elimination between groups	-1
Total revenues	51



57.4 mil EUR

Export
of Delta Holding
in 2014



53 mil EUR

Export
of Delta Agrar
in 2014

EU 24.4 mil EUR

Russia 19.4 mil EUR

CEFTA 5 mil EUR

Other markets 4.2 mil EUR

TOTAL 53 mil EUR

Field crops 27 mil EUR

Fruit and vegetables 11.7 mil EUR

Meat and meat products 10.7 mil EUR

Other 3.6 mil EUR

TOTAL 53 mil EUR

During 2014, the company invested EUR 27.7 million in:

- Construction of a new distribution and logistics centre Delta Transport System - EUR 10.2 million
- The second ULO cold storage facility on the farm Podunavlje in Čelarevo - EUR 6 million
- Refurbishment of office building Mala Kula - EUR 3.5 million
- New production line for short pasta in Danubius factory - EUR 1.8 million

In 2014 as well, the Company funded its operations from its own resources and loans obtained from banks and other institutions. In the course of implementation of its business activities, incentives and subsidies prescribed by national legislation and available to all business entities were also used.



In 2014, Delta Holding paid EUR 90.4 million of taxes to the budget of the Republic of Serbia and budgets of local governments. Of this amount EUR 18.8 million are paid for taxes and contributions, and EUR 72.6 million for VAT.

In 2014, the company invested EUR 1.96 million in the community. Major portion of these resources were directed to the assistance to people affected by the floods. The Company invested the rest of the funds in the implementation of projects aimed at improving the quality of life of vulnerable groups, support of educational and cultural development, and employee support.

Since the establishment of Delta Foundation in 2007 to date, the Company has invested EUR 33.49 million in the local community.

CORPORATE GOVERNANCE

Business operation of Delta Holding is founded on the application of international standards, modern technologies, experience and know-how of professional personnel.

The Corporate Governance Model of the Company, as its broadest control mechanism, stimulates proper and efficient usage of corporate resources.

Such organization of business enables harmonisation of the company's interests with those of individuals, and realization of strategic goals and maintenance of balance between economic and social goals. Strategic goals represent the operationalization of Delta Holding mission and vision, to the level of the adopted individual goals and business plans of each member within the system.

The Company is managed by experts with significant professional experience in various fields, thus achieving effective management, efficient supervision of operation and implementation of business functions together with consideration of decisions from all aspects.

The Board of Directors consists of the Company President and 17 members, 9 of which are women and 8 men. The restricted assembly of the Board of Directors is made of 7 members, i.e. 5 women, 2 men and the President.

Members of the Board of Directors are elected solely based on their qualifications and work results. All representatives of the Board of Directors are aware that the application of CSR principles is vital for the development of the Company

In addition to strategic decisions concerning financial development, investment, sale of companies, entry to new markets and new business ventures, the Board of Directors also makes decisions on staff development and investment in the community through environmental and philanthropic projects. President of the Company is included in this decision making.

Through the cooperation with international business partners, memberships in the renowned international organizations and participation in the national and international conferences on sustainable development, members of the Board of Directors are continuously updated on the best practices and initiatives of leading global organizations in their dealing with the challenges in the field of sustainable development. In the process of corporate governance for sustainable business, the Sector for Strategy and Development plays the key role. It is in charge of monitoring the implementation of strategic plans and their impact on economic results, environment, employee satisfaction and community development. This sector is also responsible for the preparation of

Report on Sustainable Development of the Company. CSR Manager reports to the Vice President for Strategy and Development, and carries out his/her duties in cooperation with the managers responsible for the related fields (ecology, human resources, relationship with suppliers, customers, quality control, and

implementation of philanthropic activities). Managers for specific fields of sustainable development agree on the implementation of activities with the CEOs of the member companies in which they are employed and direct their decisions to the executive level.

Delta Holding regularly informs the public on the activities and achievements in the field of sustainable development by issuing annual reports and on quarterly press conferences. All interested parties can regularly be informed about latest developments in the Company at Delta Holding website and via other digital media channels.

BOARD OF DIRECTORS



Miroslav Mišković
President



Dejan Jeremić
Executive Vice
President,
Operations



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



Milka Vojvodić
Executive Vice
President, Finance
and Economy



Milica Glavaš
Director, Legal and
Corporate Affairs



Živorad Vasić
CEO, Hotels and
Business Units
Delta Real Estate



Ana Dišić
CEO, Shopping
Malls Delta Real
Estate



Jasminka Kiselčić
Director, Plan
and Analysis



Milorad Sredanović
Vice President,
Agriculture



Ivana Mišković Karić
Head of
Delta Foundation



Goran Karić
Vice President,
International
Business



Ivan Kostić
CEO,
Delta Agrar Group



Radmila Spasić
Director,
Delta Real Estate



Nemanja Lazić
CEO,
Delta Auto



Mira Cvijetić
Director, Finance
and Accounting



Milica Pejnović
Director,
Internal Audit



Ivan Vasić
Director, IT



Aleksandar Čamparević
CEO, Delta DMD
Acting CEO, Delta Sport



RISK ASSESSMENT

The Board of Directors assesses risks on annual basis and identifies critical points with regard to the current internal and market situation, as well as with regard to the predicted changes in the economic and social environment.

Strategic risks represent all types of adverse events and circumstances (both internal and external) that principally may have adverse effects on the realization of basic/strategic objectives of the Company, and its survival in the worst case.

THE MOST IMPORTANT ENVISAGED RISKS IN 2014:

	TYPE OF RISK	DESCRIPTION
01	Market illiquidity	Low buying capacity of local market and current illiquidity.
02	Competition	Consolidation of competition on the local market and intensified competition from the EU.
03	Agrarian Policy	Lack of long-term agrarian policy leading to destabilization of the procurement market.
04	Economic situation	The continuation of the recession in the region and the EU as well as the exchange rate instability.
05	The risk of interest rates increase	Decrease in banks' lending activities and further increase of interest rates are treats to already burdened market cash flow.
06	Slow legal procedures	Long-lasting process of obtaining building permits can slow down the implementation of construction plans.

In the course of risk identification, the assessment of its relevance to the realization of strategic goals and operation is performed. According to the internal audit methodology, the importance of a specific risk and the probability of its occurrence can be categorized into five levels. The time frame for the observation of its probability is 12 months.

In order for the Company to implement its strengths and opportunities, and minimise weaknesses and negative effects of the anticipated risks, the business strategy and the strategy of sustainable development are revised each year.



STRATEGIC PLANNING

The revision of five-year strategic plan is carried out once a year, in strategic workshops organized in all sectors and organizational units. These workshops involve managers of all management levels and direct facilitators. In this way, the strategy includes the opinions of managers familiar with macroeconomic situation and able to anticipate market developments, as well as the opinions of employees who communicate with stakeholders on daily basis and therefore know

their needs best. Such approach enables introduction and understanding of the strategic decisions of all team members, and thus making their implementation easier. Transparent establishing of plans influences clear understanding of strategic decisions, which are ultimately approved by the Board of Directors headed by the President. It also creates picture among all the employees about the Company's development in the following five years.

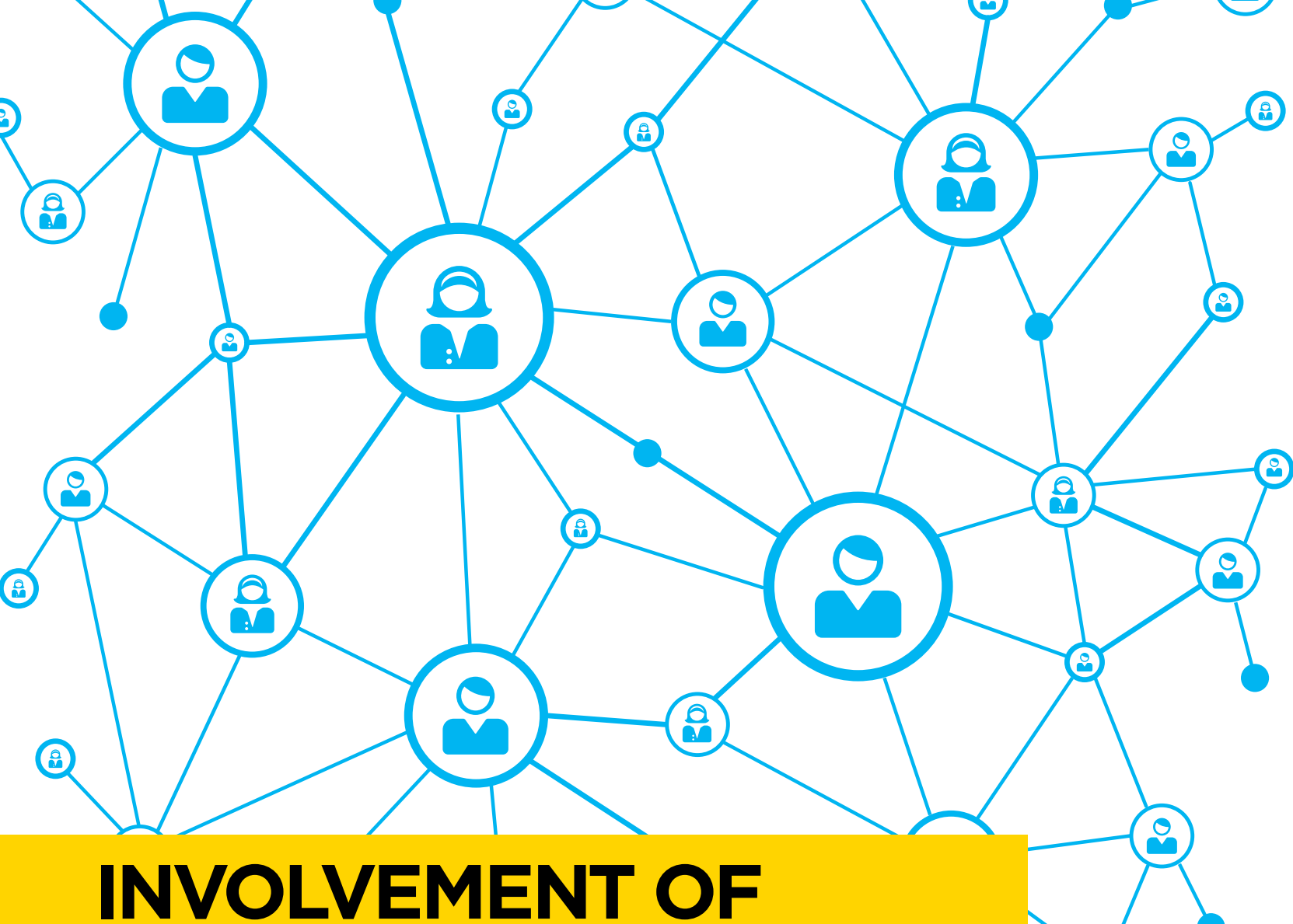
According to the revised strategic plans, in the following five-year period, the company intends to invest in:

- The construction of office space, hotels and shopping malls
- Development of animal husbandry - pig farming
- Development of greenhouses and vegetable crops
- The production of new types of club apples
- Expansion of irrigation system
- Alternative forms of energy
- The expansion of distribution network in the country and abroad
- Trainings of employees both locally and abroad
- The construction of the second endowment - the Centre for Sports and Rehabilitation of Persons with Disabilities

The Board of Directors meets once a week for the exchange of the most important information related to business operation. Once a month, and more often if necessary, meetings of collegiate bodies are held at the level of business units/sectors, for detailed examination of the implementation of plans and results achieved.

Member companies and joint sectors organize quarterly collegiums for the exchange information and experience from different business segments and environments, which is required due to great diversification of business.

At the beginning of each year, a big annual collegium is held for the summary of results from the previous year and presentation of plans for the next year. This collegium is attended by all levels of management and a number of officers from all member companies and sectors of the company. To those employees who are unable to attend, the most important information is transmitted via the internal portal.



INVOLVEMENT OF STAKEHOLDERS

Delta Holding Stakeholders are:

- Employees
- Customers
- Suppliers
- Contractors on construction projects
- Tenants in shopping malls and business apartments
- Banks
- Non-governmental organizations
- Educational Institutions
- Media

The employees present their opinions on the company's development and the degree of work satisfaction in strategic workshops, through contacts with the direct supervisors, middle and senior management. Furthermore, the employees

have the opportunity to make various suggestions and comments to Human Resources Department by sending a message to the email address mojemisljenje@deltaholding.rs¹ or by scheduling interviews with personnel designated for staff support within the Open Door programme, every last day of the month.

¹More details on these programmes on page no. 90

²More details about the survey and opinions of buyers and customers in the chapter: Market Responsibility

Managers and employees are in constant contact with external stakeholders, whose satisfaction is monitored and tested by prepared interviews and surveys², during regular meetings and through corporate channels of communication: web sites with highlighted email addresses, call centres and social networks. Their opinion is integrated in the daily decision-making.

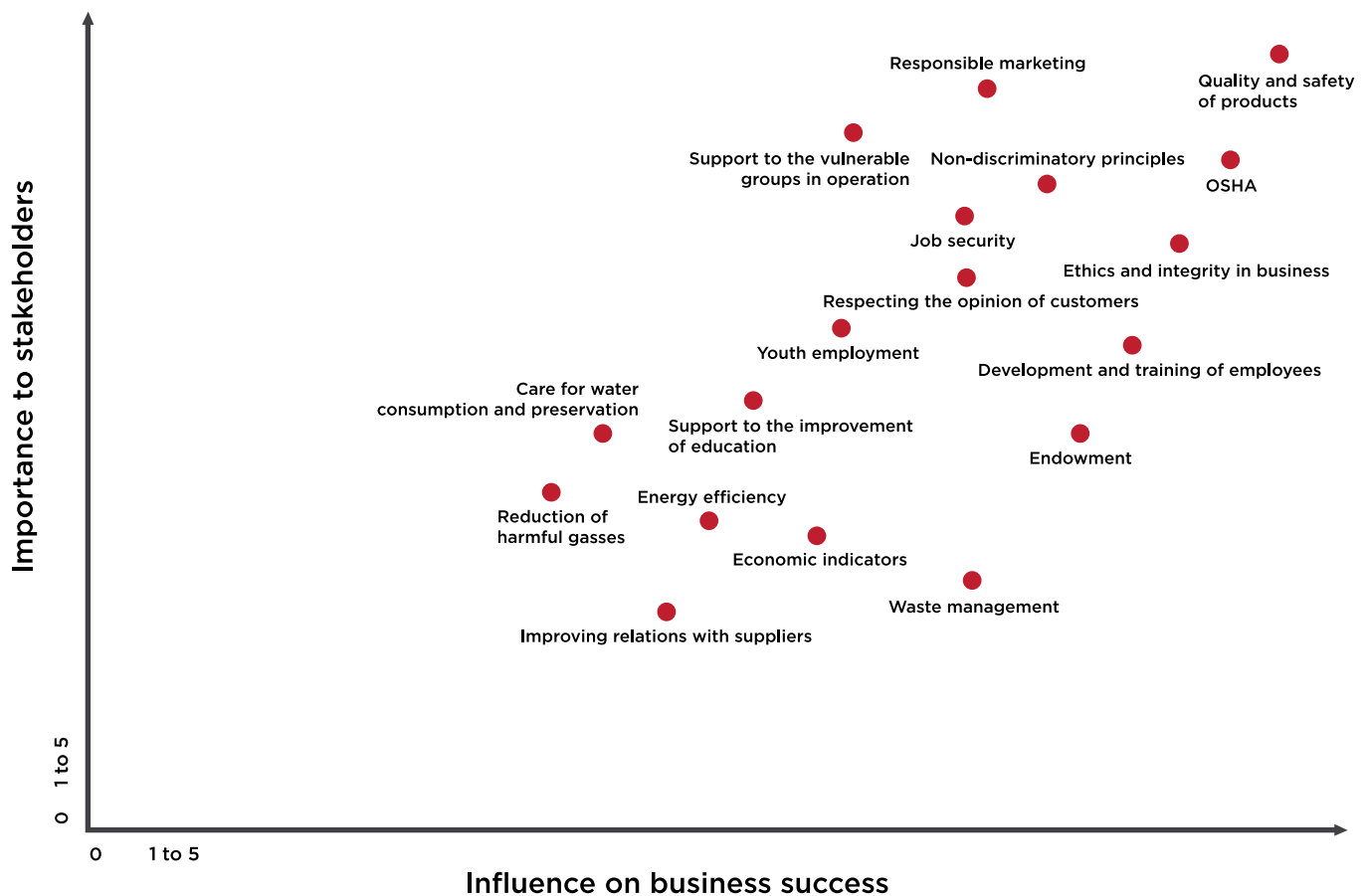
DETERMINING SIGNIFICANCE OF SOCIAL RESPONSIBILITY ASPECTS

Priority activities in the field of sustainable development are defined in strategic workshops for the development of ecology, employees, product quality and safety, relationships with customers and suppliers and the community. The colleagues from all members of Delta Holding participated in these workshops. All fields were integrated into the Sustainable Development Strategy, which was adopted by the Board of Directors together with the Business Strategy.

In the course of the year, the ranking of individual CSR issues was also conducted according to their relevance to the company's operation. The Board of Directors, managers and employees rated the planned activities according to:

- Their impact on economic results
- Compliance with legislation
- Compliance with internal rules and code of conduct
- Compliance with business strategy
- The impact on health and safety
- The impact on the environment
- The importance for the reputation

After an internal review, 19 socially responsible aspects were singled out according to their importance for the future development of the company. The questionnaire was then sent to more than 100 external stakeholders, asking them to provide their opinion on the importance of aspects for the development of their business and the community as a whole. The results obtained from the internal and external surveys are as follows:



The survey results from all parties interested in the business operation of Delta Holding imply that investing in the development of healthy and quality products is vital for sustainable development of the Company, its stakeholders and community in general.

All of the above mentioned aspects and results obtained in these fields will be presented in the chapters: Market Responsibility, Ecology, Human Resources and Investment in the community through philanthropic activities carried out by Delta Foundation.

STANDARDS

INTERNATIONAL QUALITY STANDARDS

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

MEMBERSHIPS

United Nations Global Compact - a voluntary initiative of businesses committed to ten universal principles of socially responsible business operation in the area of human rights, labour, environment and anticorruption.

Delta Holding has been a member since 2008 actively participating in social inclusion, environmental protection and the development of corporate social responsibility working groups.

International Labour Organization (ILO) - an international organisation responsible for the preparation and implementation monitoring 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.

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

AWARDS



2014 AWARDS

Award	Winner	Organisation giving award	Award Description
Talent Management Award	Delta Holding	Stanton Chase	Award for the best Serbian company in talent development
Corporate volunteering	Delta Holding	Responsible Business Forum	Award for companies which encouraged their employees to help in relieving the consequences of May floods
Virtus	Delta Holding	Trag Foundation	Special Award for Delta Holdings aid in recovering from damage caused by May floods.
Golden award of the Association of Serbian Market communications (UEPS)	Delta Holding, Delta Foundation	Association of Serbian Market communications (UEPS)	Golden award of Association of Serbian Market communications (UEPS) for the relief to the flood-hit areas
Award for the development of sports among persons with disabilities	Delta Foundation	Belgrade Sports Association of Persons with Disabilities	The award for the contribution in development of sport among persons with disabilities
Captain Miša Anastasijević	Delta Agrar	Project "Road to the top"	Napredak farm from Stara Pazova was awarded in the category of best agribusiness in Srem District
Captain Miša Anastasijević	Delta Agrar	Project "Road to the top"	Jedinstvo farm from Apatin was awarded in the category of best agribusiness in West Backa District
IHG Star Award 2014	Delta Real Estate, Crowne Plaza	IHG Group	Award for the most human hotel in Europe within the InterContinental family
Conventa Trade Show 2014 1st place	Delta Real Estate, Crowne Plaza	Conventa	Best Meeting Hotel in Premium group at Conventa fair
Best Hotel Opening	Delta Real Estate, Crowne Plaza	Rexpo Adriatic Forum	Best Hotel Opening 3rd place
Green Week	Delta Real Estate, Crowne Plaza	IHG Group	3rd place for Crowne Plaza Belgrade within the whole IHG Group for innovations and sustainability
F&B Revenue Award 2014	Delta Real Estate, Crowne Plaza	IHG Group	Hotel with the biggest revenue in Food&Beverage sector within IHG group in Europe
International Star for Leader in Quality (ISQL)	Delta Real Estate, Shopping mall Delta City Podgorica	BID Group One	Award for the companies and institutions for outstanding achievements in quality management and innovations
Manager of the year	Delta Real Estate, Crowne Plaza	Serbian Association of Managers (SAM)	Serbian Association of Managers (SAM) presented the Crowne Plaza Director with the Manager of the Year Award
Distributor of the year	Delta DMD	DIAGIO	The award for the best distributor of the year on the markets of Central and Eastern Europe and Russia
Best marketing campaign for Smirnoff	Delta DMD	DIAGIO	The award for the best marketing activities and event organization for Smirnoff products
Winner of the competition	Delta DMD	DIAGIO	The award for significant market share increase in all sales channels, and for successful realization of marketing plans



MARKET RESPONSIBILITY - COMPANY PERFORMANCE

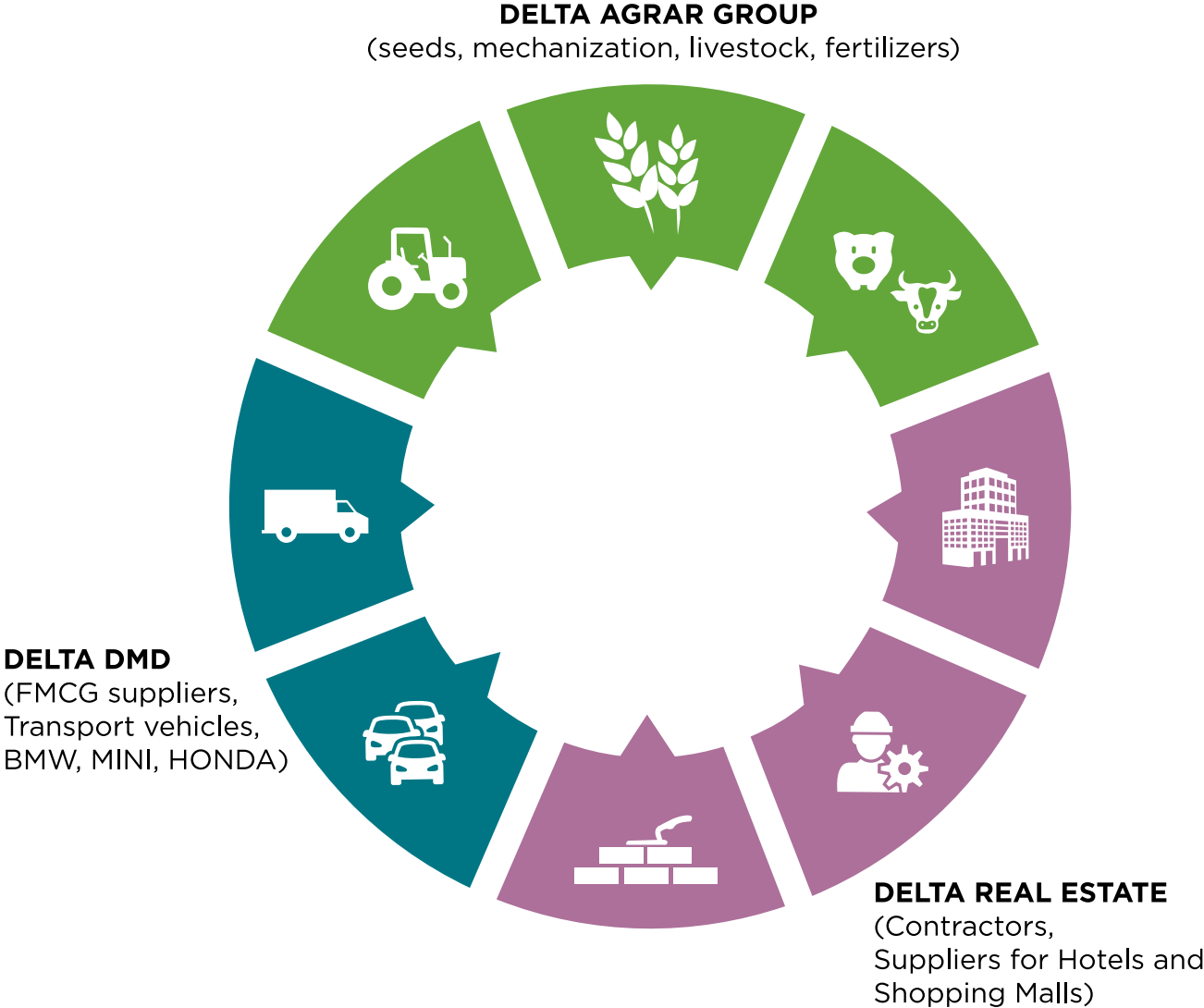
According to the management, employees and external stakeholders, the responsibility for products and services is one of the key aspects of sustainable development of Delta Holding.

The responsibility for products and services includes the production of healthy and quality products and services in compliance with the highest international standards and their adjustment to the needs and requirements of customers.

To maintain the top quality of products and services all the way to the end-users, strict quality management procedures are obeyed not only in production but also during packing, storing and shipping of products.

Proper selection of suppliers is one of the basic principles of sustainability. Delta Holding member companies choose those partners who also respect the principles of social responsibility and have the certificates of quality management and product safety (HACCP, ISO, Global Gap). Long-term relationships with suppliers represent a guarantee of constant and sustainable quality.

The clause prescribing respect for the principles of safety and protection at work, basic labour rights and environmental protection in the processes of operation will be introduced to all contracts with suppliers in 2015, as a confirmation of the commitment for adherence to the highest ethical standards and principles of social responsibility.

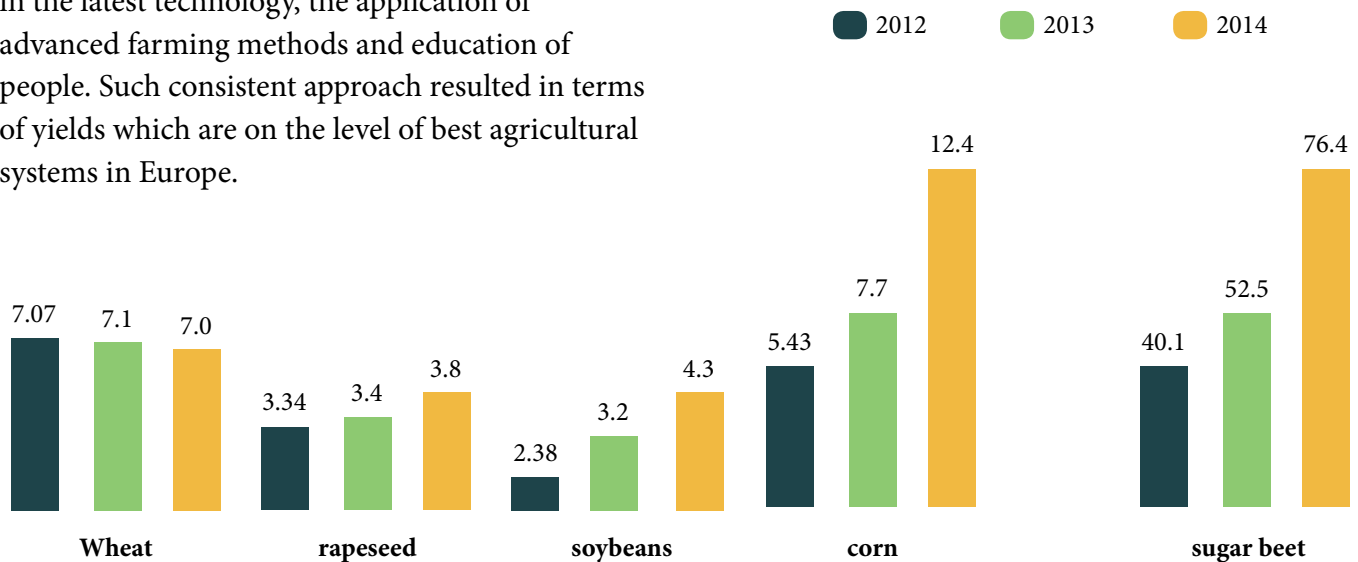


The opinion of customers is crucial for market success of companies. All member companies of Delta Holding conduct annual customer satisfaction surveys and the obtained results are carefully considered and taken into account when developing new and improving existing products and services. Consideration and implementation of innovative ideas contributes to the completion of products range and increase of quality.

Such business approach contributed that all members of Delta Holding achieved excellent results in 2014 in spite of many challenges in the environment.

Primary production of Delta Agrar

For years, Delta Agrar Group has been investing in the latest technology, the application of advanced farming methods and education of people. Such consistent approach resulted in terms of yields which are on the level of best agricultural systems in Europe.



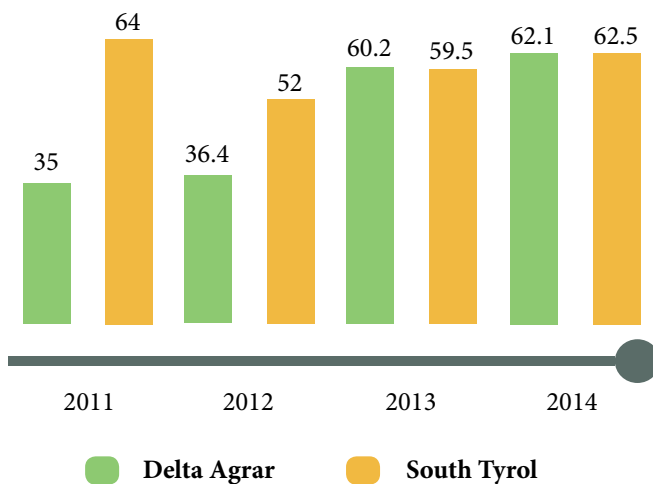
In 2014, the following average yields were realized on the area of 13,409 ha under field crops:

- *corn 12.4 t/ha*
- *wheat 7 t/ha*
- *soybeans 4.3 t/ha*
- *sugar beet 76.4 t/ha*
- *rapeseed 3.8 t/ha*

These results are above the average ones in the European Union, and far above the results achieved in Serbia and the region.

In the orchard of Delta Agrar, namely on the 350 ha estate Podunavlje in Čelarevo, the average apple yield is 62.1 t/ha.

This result is equal to the average yield in South Tyrol, the Italian region famous for apple cultivation. The total production of Delta Agrar of 16,000 tons of apples represents 6% of Serbian and 0.11% share of European production



Delta Agrar invested in the expansion of the storage capacities in 2014. On the estate Podunavlje, the second cooling system with reduced level of oxygen (Ultra Low Oxygen) was built, facilitating the freshness of fruit up to 300 days. The total storage capacity is now 13,000 t.

On 5 pig farms of Delta Agrar Group, 36.1 piglets per sow were bred according to Dan Bred technology.

These results top the average in Denmark (31.5 piglets per sow), which is considered the most developed European country in the field of animal husbandry.

The first commercial harvest of Kiku club apples was in 2014. Kiku apple is of extraordinary taste, high in nutrition and low in calorie value, and as such it is very popular with consumers.

PIG BREEDING			
Year 2014	Napredak	Srbija	Danska
Piglets per sow	36.7	20.0	31.5

In July 2014, the research station was established on the estate Napredak in Stara Pazova in collaboration with the company Pioneer Hi-Bred. The research station enables quality testing of the newly created hybrids of corn and sunflower in the cultivation conditions which are prevailing in Serbia. The results of the trial will help in the selection of the best hybrids, to be introduced in the production and placed on the markets of Serbia and Southeast Europe. This facilitates high quality and high yield of corn on the farms in Serbia, and export of certain quantities of the seed corn. This joint project is a confirmation of 18 years of successful cooperation between the companies Delta Agrar and Pioneer Hi-Bred.

Delta Agrar has launched an initiative for the implementation of irrigation plan for Eastern Srem area. By providing complete project documentation and construction permits, the PU company Waters of Vojvodina has secured the basis for the continuation of the irrigation project.

The entire production on farms and estates of Delta Agrar takes place in accordance with GLOBAL GAP system. GLOBAL GAP involves the management of primary agricultural production in the way that reduces negative impacts on the environment, with optimal use of plant protection products and the efficient use of natural resources, while achieving high yields of high-quality and safe agricultural products.

ISCC standard (International Sustainability and Carbon Certification) is also applied on the estates and farms, thus meeting the EU requirements for achieving sustainable production of biomass used as a raw material for renewable energy - biofuels. Furthermore, the operation on the estates is conducted according to the guidelines of ISO 14001 standard, although there is no official certification.

Within primary production, Delta Agrar plans for the future period include the following:

- *construction of a new Ultra Low Oxygen cooler*
- *improvement of irrigation systems in crop and vegetable production by 35%*
- *increase in the areas under intensive crops introduction of new technologies for monitoring crops and more precise farming for better cost control and monitoring of all phases of production. This system will contribute to environmental protection and maximization of yield.*
- *raising new apple orchards on the area of 55 ha*
- *further improvement of the system for sorting and packaging of apples*
- *construction of facilities for drying plums in Kruševac*
- *construction of new and the renovation of the existing facility for breeding piglets due to the increased number of piglets*

Through cooperation and the buyout, Delta Agrar facilitates the following to individual farmers:

- purchase of seedlings, seeds, fertilizers and pesticides at market prices
- professional monitoring of the crop and livestock farming technologies
- secured placement of products on the market
- purchase of surplus crops
- storage services

In this way, Delta Agrar allows individual farmers to apply international standards in production and ensure export quality of their products at the same time.

The following is planned for 2015:

- *inclusion of additional small producers in the system of cooperatives*
- *increase of the supply of fatlings through cooperatives with individual manufacturers to 20,000*

Delta Agrar helped their subcontractors and other individual farmers in the rehabilitation of the effects of catastrophic flooding. At the critical moment, when the animal feed was destroyed and crops flooded, Delta Agrar sent 1,500 bags of corn seed and 190t of fodder as an emergency aid for resuming production to 7 municipalities that suffered the most.

The donation was distributed in cooperation with local self-government and farmers were visited by Delta Agrar experts who advised them on how to apply the measures necessary for the survival of plants and animals. The buyout of the entire production was guaranteed to all affected farmers who received this donation.



Delta Agrar contributes to the development of agricultural production and improvement of the quality of life of rural population through participation in various socially responsible projects. In 2014 Delta Agrar joined the implementation of the project “Women Entrepreneurs in Agribusiness”. The aim of the project was to teach the women in agriculture about the basic rules and forms of entrepreneurship, in order to help them acquire the necessary knowledge, skills and confidence to develop their own business.

Within this project, seven workshops were realized in different parts of Serbia, and the representatives of local self-governments and the Ministry of Agriculture participated in them as well.

The employees of Delta Agrar gave lectures on:

- the system of cooperatives and the cultivation of apples in accordance with the latest technologies*
- usage and implementation of Global GAP system and its relation to safety of food on the market*
- the production of healthy raspberries using the latest methods*
- the way in which Delta Agrar cooperation program can ensure placement of products and secure payments.*

Other companies and associations also participated in the project, and the participants

gained knowledge about the funds collecting system, registration of entrepreneurial firms, marketing activities, etc.

In 2014, Delta Agrar helped in the realization of the project supporting young people in rural areas called "Towards the young people from the rural areas" organized by the Centre for Promotion of Youth Entrepreneurship and Ministry of Youth and Sports. The lectures on "Strategic and business planning in agriculture" were held in Zrenjanin, Bačka Palanka and Subotica. The young people and the representatives of local authorities were informed about the advantages of starting own business in support of rural development as well as with the role of the manager as a leader of an agricultural holding. Delta Agrar experts explained the importance of the application of modern technologies in production of fruit, vegetables and in animal husbandry for the successful development of individual production and agriculture in general.



Food production in Delta Agrar factories

Food is produced in four factories of Delta Agrar. The share of their products in the domestic market was increased in 2014, while significant cooperation was achieved in the segments of meat products, pasta, cereals and appetizers with a distributor in Russia.

Danubius factory has been operating since 1918. The main production units of the plant include grain silo, mill and pasta factory.

Annual production of the factory totals 7,000 tons of different types of pasta. The mill's daily production is 300 tons of high quality flour with a maximum utilization of capacities and thanks to the benefits of modern equipment.

In 2014:

- *the quality management system was improved through the implementation and certification of FSSC 22000 standard*
- *new production line for short pasta was installed, thus facilitating the production of pasta of better quality for a class*
- *two new products were marketed: Cornetti Creste and Tubetti Elicoidali*

According to research by specialized external agencies, Danubius is a definite leader in the pasta market with 20.5% market share, and it also retains its leading position in the market of flour sale per kilo with 28% market share.

In 2014, the customer satisfaction surveys were carried out. A total of 257 customers in five cities (Belgrade, Novi Sad, Čačak, Kragujevac, and Niš) were surveyed.

In the total sample, men accounted for 30.7% and women for 69.3%. The majority of the surveyed customers, 82% of them, belonged to the age group 20 to 60. With the scores ranging from 1 to 5, the consumers ranked the following features of products: quality/safety; price of the product; packaging; positioning; and the range of products

CUSTOMER SATISFACTION SURVEY	
Features	Score
Quality of product	4.24
Price of product	4.05
Packaging	4.17
Positioning	4.05
Range	4.14
Average mark	4.13



The scores of all the features were analysed in detail by the factory director and representatives of departments for quality, sales, marketing and development. The quality of the products will be improved by the new production line, allowing the production of new shapes of pasta. One of the demands of consumers was to improve the range of products, that is, to introduce small pasta for soup. Since the range consists of 25 types of pasta, the departments for sale and development will consider the market and commercial viability of this request in the following period.

The redesign of packaging was implemented in 2014. Due to the requests for correction of prices, frequent promotional sales are planned in retail stores.

The goal for 2015 is to increase the average score of consumer satisfaction from 4.13 to 4.15.

The 2015 plans:

- *procurement of new packing machines for long pasta that will increase the capacity and efficiency of packing*
- *retaining leadership position in the market*
- *development of private label segment*
- *development of new types of flour*
- *growth in production of durum pasta*
- *launching of new types of short pasta*

Factory of meat and meat products **Yuhor** is the largest meat industry in Serbia. It has been operating since 1902. It holds the second place according to the share on Serbian market. In its operation, it applies ISO 9001, ISO 14001, ISO 22000, and HALAL standards as well as the food safety system HACCP.

In 2014:

- *Yuhor established cooperation with leading meat industries in the European Union*
- *in cooperation with foreign industries, new manufacturing technologies were developed, resulting in new products of particular tastes*
- *the ratio of exports and imports of products was 55% against 45% in favour of exports*

Meeting the needs of consumers, in 2014, Yuhor factory introduced the following new products:

- *chicken and turkey fillet, pressed ham, chicken breast and mortadella with olive oil*
- *chicken Parisian and mortadella with chopped olives*
- *Cabanossi classic and hot Cabanossi*

In 2014, a satisfaction survey of 50 key customers was conducted, resulting in average score of 4.39 (satisfaction indicators are qualified ranging from 1 to 5, where 1 represents the lowest and 5 the highest mark).

**KEY CUSTOMERS
SATISFACTION SURVEY**

Features	Score
Quality of product	4.26
Contact person behaviour	4.84
The quality of communication with personnel	4.72
Contact staff training level	4.64
Quality of distribution	3.90
Responsiveness to customers requests	4.18
The quality of supporting documents	4.38
Will the customer buy/use the products?	4.28
Does YUHOR AD deliver the goods and provide services that are valuable to customers? (The overall review of quality)	4.34
Average score	4.39

Very good scores are the result of care and responsible approach to customer needs. The quality of distribution, being the lowest evaluated indicator, will be improved by better organization of storage and transportation of goods in the new distribution centre DTS, and in 2015 we expect to increase customer satisfaction in this segment of services.

The plans for 2015 include:

- *strategic export and growth in new markets*
- *growth in market share of meat products by 20% and of pâté by 30%*
- *the introduction of 5 new delicatessen products in modern and attractive packaging*
- *entry into the category of premium cooked products with 4 new flavours*
- *repositioning of ham categories through the redesign and improvement of recipes*
- *improving the range of classic pâté with four new flavours*
- *new design and six new flavours of Delikata pâté*

Florida Bel is the factory owned by Delta Holding since 2007. Nowadays, Florida bel markets the range of products divided into four groups of products: appetizers (peanuts, hazelnuts, almonds, and cashews), muesli (tropic, classic, and digestive), basic foodstuffs (rice, wheat, and lentil), and dried fruit (raisins, figs, dates, and apricots).

The work process in the factory is organized in accordance with ISO 22000 and IFS guidelines, which ensures the preservation of the quality and safety of products up to end users. HACCP food safety system is applied in the work process.

In 2014:

- *The factory expanded its portfolio of muesli products by developing the limited edition of FUN & FIT REMIX items*
- *FUN & FIT retained its leading market position in the muesli segment*

The natural mineral and spring water bottling plant **Mioni** was built in 2007. Aqua Gala water is filled from the wells with capacity exceeding 20 l/s.

In 2014, the factory achieved:

- *growth in income and market share compared to 2013*
- *growth in sale of non-carbonated water by 43%*

In order to meet the needs of customers, the new packages of water were marketed in 2014:

- *Aqua Gala PET 4*0.5 l * super price*
- *Aqua Gala PET 0.75 l flat cap*
- *Aqua Gala PET 5 l bottle*

Factory Mioni invested in the improvement of the quality system as well. IFS Food V6 standard was recertified and the external inspection performed in accordance with FSSC 22000 and HACCP requirements gave positive reviews.

The plans of Mioni for 2015 are the following:

- *launching of the new product - Aqua Gala PET 1,5 l carbonated*
- *increase in the distribution by 100%*

The number of complaints in all four factories decreased in comparison to 2013:

- in Danubius by 41%
- in Florida Bel by 8%
- in Mioni by 55%
- in Yuhor by 8%

In order to encourage constant and open communication, the official web sites of factories within Delta Agrar have phone numbers and email addresses³ listed for comments and suggestions of clients, consumers and other interested parties about the products. All conversations are recorded and the calls are free of charge. Emails are responded within 24 hours. All recorded comments are regularly reviewed and used when making decisions on improvements in certain product segments.

The rules of procedure are adopted in each factory defining the procedures for resolving complaints.

This procedure determines the method for the receipt, recording, response and resolution of customer complaints regarding delivered products in order to provide quality services and comprehensive support. Upon the receipt of a complaint, sales representative is obliged to make on-site visit, within 24 hours (or 10 days for remote areas), in order to determine the type of defect and quantity of goods on which the defect occurred.

If the subject complaint is about the safety and quality of products, the sales supervisor forwards such information to the quality manager as soon as possible. If it is impossible to determine the cause of damage and the justification of complaint on the spot, then the necessary analyses are carried out in the laboratory of quality department.

If the complaint is related to the method of distribution, the logistics manager is informed. Logistics officer handles the complaints regarding the distribution of products (quantity, type, time, etc.) and coordinates the replacement of such goods. The officer then informs the sales coordinator on the completed activities.

Sales coordinator informs the customer on the outcome of the complaint, based on the written statement of the quality manager and logistics manager.

In 2014, there were no irregularities regarding health and product safety.

³office@yuhor.rs; office@floridabel.com; office@danubius.rs; office@mioni.rs

Delta Real Estate Group Hotels

The **Crowne Plaza Belgrade** was opened in 2013 in Belgrade. It has 416 rooms (94 "club level" rooms with more luxurious interior), 32 suites, one presidential and one Features suite, 14 conference halls, two restaurants, a lobby bar, pastry shop, and a Spa centre with swimming pool.

Hotel's operation is carried out in accordance with the IHG group standards, which implies that all procedures are guest-oriented, and all supporting activities are clearly defined. During 2014, various departments passed the work quality audit by

IHG group experts. Special aspect of service quality check is the so-called "secret guest" visit. In 2014, there were two such visits in the hotel resulting in excellent reviews.

The menus in all the restaurants are adapted to different tastes and needs: apart from conventional dishes, the guests can opt for vegan, gluten-free and Halal dishes. Once a month foodstuffs are controlled by the Centre for Food Analysis (CIN), while IHG group checks the quality of food on annual basis.



In order to ensure completely equal service for all guests and respect of fundamental human rights, the hotel is fully accessible to people with disabilities. A special part of the reception desk is adapted for wheelchair users. The lobby and toilets are also adjusted to the needs of people with disabilities. The elevators signage is also in Braille, and the keyboard is set vertically.

The rooms designated for people with disabilities are on the first floor, and all connectors and card readers are lowered to the height of 88 cm. In four of these rooms holders in wardrobe are at a height of 1.2 m, to enable accessibility to wheelchair users. Parking is marked in compliance with the regulations, and all the curbs are lowered. All the restaurants have menus in Braille.

In order to improve its services, the hotel regularly conducts reviews of guest satisfaction in all segments of services and hotel sectors. The review is carried out through questionnaires submitted to all guests who stayed overnight as well as to all the users of banquet space. The results of the 2014 survey showed that the Crowne Plaza Belgrade was the second best hotel within Continental Europe region of IGH hotels. The average score of guest satisfaction was 9.8.

In 2014, the Crowne Plaza Belgrade received another praiseworthy recognition by regular visitors of the IHG group hotels: the members of IHG Rewards Club named it the best hotel according to the quality of services provided to its guests.

In the first year of operation the hotel achieved excellent results:

- *90,000 overnight stays*
- *25 conventions and 30 other major events*
- *4 awards, one of which is for the most humane hotel*
- *the second place according to customer satisfaction among European IHG hotel group*
- *the second place among all the hotels in the world operating under the Crowne Plaza brand*
- *the third place in the competition of hotels under the Green Engage project*
- *the first place for the quality of service according to the reviews of visitors/ members of IHG Rewards Club*



Comments on Booking.com and Trip Advisor websites and other operating systems for booking rooms are monitored regularly and the employees pay special attention to them. All comments are responded by personalized messages, while any possible complaint is directed to the department responsible for this segment of operation and it is required to correct the deficiency as soon as possible.

The relations with hotel guests are also carefully developed by additional activities such as:

- the respect for significant dates, like the company day, national day, anniversaries, significant accomplishments,
- every 4 months, Sales Blitz activities are organized. These are short meetings intended for sharing information about the hotel services and the needs of clients in order to improve further cooperation.

For the next year, the Crowne Plaza Belgrade plans to:

- *increase the number of overnight stays and room occupancy*
- *increase the occupancy of halls for conferences and other events*
- *maintain the level of quality of service*

Hotel Park is located in the centre of Belgrade, near the pedestrian zone. It belongs to the three-star category hotel. It is fully renovated in 2012. The Hotel Park is a modern and comfortable hotel, with a restaurant, a City Café, banquet halls, and fitness&wellness facilities.

The hotel fully adapted its service to the needs of its guests. Continental Restaurant is well-known for the quality international and national cuisine. Its offer consists of tastes inspired by different culinary cultures, but it also cherishes the

traditional local cuisine, using fresh and healthy products. Hotel Park also offers vegan, gluten-free and Halal dishes. Food safety is regularly checked by external and internal quality control services. Furthermore, in order to monitor standards of preparation and storage of food, the kitchen equipment was changed.

Its city hotel image was completed by the pet friendly feature.

The 2014 results:

- *32,500 overnight stays*
- *8 large conferences*
- *7 big sporting events*
- *2014 Award of Excellence by Booking.com Guest Reviews*
- *new key clients*

Booking.com awarded 2014 Award of Excellence to the Park Hotel based on guests' comments. Each guest assesses six features of the hotel and makes overall assessment. Starting from the guests' comments, the Hotel put additional efforts and improved performance in categories of service, friendliness and cleanliness.

On the booking.com website, the Park Hotel has the review score 8.3, which is by 0.3 higher compared to the previous year. According to the guests, the best reviewed features are the Hotel's location and friendly staff.

Improvement of the hotel services during 2014:

- *enabled online reservation on the web site*
- *elevator repair and renovation of offices*
- *replacement of flooring in public zones*
- *all employees attended trainings in communication skills and providing services of superior quality*

The plans for 2015:

- *construction of the banquet hall on the top floor*
- *increase in the number of overnight stays*
- *increase in the number of banquets*

Delta City shopping mall

Delta City Belgrade is the first shopping mall in Serbia built according to international standards⁴. It features modern exterior architecture and interior design. To its visitors, it offers great combination of brands and entertainment in 126 shops.

During 2014, Delta City had 10 million visitors, which is the highest annual number of visitors since its establishment.

Shopping mall offer during 2014:

- *6 new brands*
- *98 various socially responsible events*
- *320 entertainment events*

In Delta City Belgrade shopping mall, educational and humanitarian events are regularly held, during which the visitors can learn about the activities of various civil society organizations.

In this way, these organizations have the opportunity to draw the attention of society on the challenges of their members, and the shopping mall visitors can help those in need of help. Delta City provides the exhibition space free of charge to these organizations.

In addition, the shopping mall organizes numerous fun and leisure events for different generations such as: fashion shows, concerts, children's theatre performances, creative and educational workshops. The satisfaction of visitors is continuously monitored through the guest book. The hygiene in the facility is regularly monitored and so is the quality of food in 15 bars and restaurants.

The organization of numerous humanitarian actions and activities dedicated to the education of children and youth is planned for the next year.

⁴Project management and construction works performed in accordance with FIDIC (International Federation of Consulting Engineers)



Business Complexes

Apartments and office space Mala kula and Impuls Hol are located in New Belgrade. The total area of the buildings is 43,000 m², while the leasing area is 23,500 m².

2014 figures:

- *office space occupancy: 85%*
- *102 tenants*
- *commenced renovation of 9,800 m² of office space*

In 2014, the first stage of works on Mala kula was successfully completed. The refurbishment at this stage included the restoration of the facade and interior of the building as well as the replacement of installations. Upon completion of the works, the company will have new modern premises for rent.

Plans for 2015:

- *completion of works on Mala kula*
- *growth in office space occupancy to 100%*

Delta DMD i DTS

Delta DMD is one of the leading companies in the distribution of consumer goods. It operates through five regional centres in Serbia and Montenegro: Belgrade, Novi Sad, Čačak, Niš and Podgorica. Logistics and transport of goods is performed by DTS fleet consisting of more than 500 vehicles with capacity of 2 to 25 tons.

Delta DMD implements integrated quality management system ISO 9001 and HACCP food safety system.

DMD and DTS warehouses in Belgrade and Niš are certified according to the requirements of IFS logistics 2 standard. The application of this standard ensures the preservation of quality and safety of products in the process of their storage and transportation to the end users. In warehouses in Novi Sad and Čačak, this standard is not applied, since the Cross Docking practice was adopted there, which means that the goods are immediately distributed to the customer, without storage procedures.



Delta DMD has a modern WMS (Warehouse Management System) system for warehouse management. WMS enables the monitoring of all warehouse activities (reception, storage and order picking of goods) and review of the necessary information regarding important parameters of goods (quantity and type of packaging, weight and volume, production date, expiry date, serial numbers, etc.) in real time. Transport is managed based on satellite tracking of fleet, which allows determining of the location of the vehicle at all times and monitoring vehicle position on a map in real time.

Delta DMD principals are also assured in compliance with the required standards during the year. In 2014, there was not any recorded fault with respect to compliance with the rules regarding quality protection of the products designated by the principal.

Continuous development of operations aimed at improvement of the principals' and consumers' satisfaction in their products resulted in growth in turnover and unit sale of all brands.

Brands:

- *Diageo reached a market share of 23.3%*
- *Ferrero (confectionery) reached 11.3% market share*
- *Johnson recorded 7% turnover growth and 9% of unit sale growth*
- *Beiersdorf (Nivea) reached a market share of 26%*

The long-term business partner, Diageo presented Delta DMD with three awards for quality distribution of its products, including the Distributor of the Year award in the competition of 32 markets.

In 2014 DTS realized:

- *growth in operating revenues of 36%*
- *growth in international transportation of 187%*
- *growth in domestic transport of 25%*
- *fleet upgrade: 31 passenger cars and 6 Volvo trucks and semitrailers for international traffic*

The service satisfaction survey of key and traditional customers is carried out on annual basis in order to achieve better cooperation.

The research involving **traditional buyers** was carried out using a questionnaire. The sample was made according to regional affiliation, i.e. the share of subject region in total turnover and the customer structure. From a total of 979 customers, 54 (5.51%) of them responded to the invitation to participate in the study. The resulting average score was 4.22.

In response to the question: "Which service segment would you improve", 19 of 54 customers specified the availability of goods, followed by documentation, and speed of delivery. The best reviewed segment is communication and professionalism of personnel.

Seven of 9 **key customers** participated in the satisfaction survey of key customers.

Due to a slight decline of the scores compared to 2013, Delta DMD established customer service in 2014. The main task of the service is to efficiently, effectively and promptly respond to all customer requirements in order to raise the level of customer satisfaction with the service provided.

The requests resolved by customer service:

- External: customer complaints on the quality of delivery, documentation, service rendered, personnel attitude toward customers, etc.
- Internal: monitoring the movement of goods, delay in delivery, availability of goods, etc.

In this way, a unique database of all complaints is organized, containing data on the time when the complaint was submitted, the sector to which it was addressed, on which occasion and when it was resolved, that is, when the response was sent to the client.

In all the sectors of Delta DMD and DTS, there is an employee to which the customer service submits the notification on the customer's request. The task of this employee is to process the request within his/her sector and send the feedback to the customer service on the validity of customer's request and possible solutions.

TRADITIONAL BUYERS SATISFACTION SURVEY	
Criteria	Score
General, program and range	4.01
Delivery	4.44
Communication and professionalism of personnel	4.47
Documentation	4.30
Complaint	4.18

KEY CUSTOMERS SATISFACTION SURVEY

Criteria	Score 2013	Score 2014	Ranking 2014
Complaints	4.08	4.06	6
Delivery of goods	4.34	4.07	5
Documentation	4.20	4.19	4
Promotion	3.89	3.68	3
General, program and product range	4.30	4.04	2
Communication	4.50	4.10	1

DMD and DTS plans for 2015:

- *expanding portfolio*
- *expanding the scope of the logistics business*
- *transformation of merchandising service into the promo service*
- *further growth in domestic and international transport*

Delta Auto

Delta Motors is the exclusive importer, distributor and servicer of BMW and MINI vehicles, while **Delta Automoto** is the exclusive distributor and servicer of Honda vehicles in the territory of Serbia and Montenegro. In 2014, all brands realized good business results despite 11% decline recorded in Serbian car market.

In 2014, BMW and MINI recorded sales growth of 5% compared to 2013. The sale of new vehicles grew by 3%, while the sale of used cars increased by 12% compared to 2013.

Delta Automoto, the exclusive distributor and servicer of Honda vehicles, recorded the sale at the same level as in 2013 when it comes to retail segment, however, fleet sale failed in 2014. On the other hand, in view of the fact that in the period January-December 2014, the car market in Serbia dropped by 11% vehicles compared to 2013, such results were satisfactory.

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

Delta Motors is the winner of the BMW Premium Selection award for 100% compliance with BMW standards.

In 2014, the following new models of BMW, MINI and Honda were presented:

- *two new BMW models: BMW X4 and BMW 2 Series Active Tourer*
- *new improved BMW X6*
- *new MINI, completely restyled and improved, but with distinctive features and brand tradition*
- *new Honda family vehicle - Honda Civic Tourer*



To improve operations and meet the clients' needs, Delta Motors and Delta Auto regularly conduct the satisfaction surveys of buyers and service users.

Testing of client satisfaction in **BMW** and **Honda** is carried out by telephone survey.

Following the rendered service, buyers of vehicles and users of service shop receive a phone call by an externally engaged Call Centre. The conversations are recorded, and the envisaged call duration is 3 minutes. The questions comprise the entire process of service provision and customer satisfaction in every aspect. Overall satisfaction is obtained by calculating the average values of all aspects, including the satisfaction by the showroom appearance, delivery, explanation of guarantees and the period for taking over the vehicle from servicing. After data processing, the research agency submits information to companies.

The survey results are subject to detailed analysis. Based on comments of clients, it was concluded that better time organization in the BMW service shop is necessary, especially when it comes to routine regular services on BMW or MINI vehicles. Therefore, the so-called Fast Lane service was established by which the clients requesting regular servicing were given a special status. The service waiting time was reduced, and the clients could wait in the shop until the completion of servicing.

Decline in sales service satisfaction of 2% was due to the fact that the buyers of used vehicles were included in the survey, and since their satisfaction is more difficult to manage, such result is still considered a good one.

SURVEY RESULTS OF CUSTOMERS AND SERVICE SHOP USERS SATISFACTION

	DELTA MOTORS (BMW and MINI) 2013	DELTA MOTORS (BMW and MINI) 2014	DELTA AUTO (HONDA) 2013	DELTA AUTO (HONDA) 2014
Overall satisfaction of service shop users	82%	85%	89%	89%
Overall satisfaction of buyers	96%	93.9%	93%	94%
The percentage of complaints in servicing (total number of complaints divided by the total number of service shop users)	2.3%	1.9%	0.9%	0.8%
The percentage of complaints in sale (the total number of complaints divided by the total number of buyers)	1.1%	0.8%	1.2%	1.3%

The survey of BMW clients is standardized in all countries in which this brand is present, only the survey is localized and carried out in official local language. Compared to other markets in the region, BMW Serbia has the best results of overall customer satisfaction in sale in B4-R1 region (Turkey, Israel, Morocco, Ukraine, and Egypt). When we compare the score of other countries with Serbia, we get the result that buyers in Serbia are 5% more satisfied with the selling and 2.9% with servicing than buyers from other B4-R1 region countries.

The company performs testing of new vehicles prior to being taken over by the buyers, at two levels. The first level involves the check on delivery of vehicles in the showroom, and the second level is the so-called "initial service check-up", carried out prior to delivery of the vehicle to the client. These checks are performed to make sure that the vehicle is completely in good order before its delivery to the buyer. If BMW headquarters determines a manufacturing defect based on a minimum sample on the vehicle, all buyers of such vehicles are invited to come and correct the defect by replacing the part at the expense of Delta Motors i.e. BMW headquarters.

The steps in developing client relationship:

- free vehicle checks in the last month of warranty period: the clients whose warranty period is about to expire are invited to come for a free check-up of their vehicles; repairs are carried out at the expense of producers within the warranty period.
- warranty extension in the BMW: the warranty terms are in line with the new Law on Consumer Protection, and additional clarifications referring to the extended warranty in BMW are also added, with which the clients are informed in details and that are submitted to them in writing.
- introduction of Anti-corruption Procedures in Delta Motors: led by good example, Honda introduced this procedure as well, although it was not required by the foreign partner. All employees were informed about the new procedure, and Labour contracts were amended by adding an article containing guidelines from this procedure.

Plans for 2015:

- *increase of satisfaction in the BMW and Honda service shops by 1.5% (BMW - 86.5%, Honda - 90.5%)*
- *increase of satisfaction in sale by 2% (BMW - 95.9%, Honda - 96%)*
- *new models of cars with efficient dynamic system (reduced percentage of exhaust emissions with better performance)*
- *growth in operating results based on the accurate positioning plan, presentations and representations with clients*

In 2014, there were no complaints regarding the impact of the products and services of member companies to the health and safety of consumers. The company is not engaged in the sale of prohibited or disputed products.

Products of all members of Delta Holding are properly labelled and contain all the necessary information on the origin and amount of the components of which they are made, and recommendations for safe use and disposal of packaging, therefore, in 2014 there were no complaints of buyers and consumers in that respect. In 2014, there were no complaints on the accuracy and correctness of information in marketing campaigns, nor were there any customer privacy violations.



ENVIRONMENTAL CARE

The awareness that agriculture, construction and transport can significantly affect the environment is greatly raised in Delta Holding.

All member companies achieve significant contribution to environmental protection by optimal utilization of natural resources, monitoring of energy and water consumption, selection and disposal of waste.

In the field of environmental protection, the company applies the management system with strictly regulated rules in order to ensure compliance with legislation.

The company makes additional efforts, using renewable energy sources whenever there is the possibility and market viability for this. Apart from that, on annual basis, the managers responsible for environmental management identify areas that can be improved, independently or in cooperation with national and international experts.

In all office buildings, hotels and shopping malls there are posters and stickers with the recommendations to use the stairs instead of elevators, to close the doors in order to save energy, to turn off lights, air conditioners and computers after working hours. The employees keep records in electronic form, and printers are set to double-sided printing. The stickers with appeals to save water and paper are placed in toilets.

In 2014, the plan envisaged under the CSR strategy regarding the centralization of energy efficiency management was implemented. A team of experts led by Delta Holding energy efficiency manager was created with the following objectives:

- Identify key processes that could be improved in order to achieve savings in energy consumption
- Introduction of technological and procedural measures aimed at rational use of energy
- Active involvement in the design and construction phases of new facilities and reconstruction of the existing facilities in order to achieve maximum energy efficiency during operation
- Supervision of the exploitation and utilization of all of power generating plants
- Centralized monitoring in the implementation of procedures for the energy certification of structures
- Proposing projects and budgets for the promotion of energy efficiency
- Improvement of reporting procedures on energy consumption and the achieved savings by the implemented improvements
- Preparation of an internal rulebook on energy efficiency in 2015

Delta Agrar Group continued with the implementation of initiatives within the scope of projects launched in 2013.

"Cleaner Production" Project

The project called Cleaner Production, implemented under the patronage of the United Nations Industrial Development Organization (UNIDO), Austrian Government and the Centre for Cleaner Production of the Faculty of Technology and Metallurgy, University of Belgrade, was carried out in 5 companies within Delta Agrar Group (Jedinstvo d.o.o., Napredak a.d., Kozara a.d., Podunavlje a.d., Delta Agrar d.o.o.).

In 2014, these companies of Delta Agrar were presented with the certificate by the UNIDO Organization in confirmation of the successfully implemented environmental projects and achieved financial savings.

In the first year, the member companies of Delta Agrar Group implemented 30% of options defined under the project, thus gaining a number of improvements: namely, the reduction of electricity, water, coal and gas consumption, and the reduction of CO₂ emissions together with the introduction of energy management in the entire system of Delta Agrar Group.

During the reconstruction and modernization of facilities in the future period, Delta Agrar Group intends to implement the major part of the remaining options, in order to achieve even more efficient utilization of raw materials, energy and water.



The "Low Carbon" Project

During 2014, the UNIDO regional Low Carbon Project involved 12 companies from the agricultural sector of six countries (Serbia, Croatia, Montenegro, Macedonia, Albania and Moldova). The farms under Delta Agrar Group were involved in the project as well, namely: the cattle farm Petrovic Salaš (Napredak a.d.) and pig farm Halovo from Zaječar (Delta Agrar d.o.o).

The aim of the project was to assess the possibilities of reducing fossil fuel consumption and CO₂ emissions through the optimization of the existing energy supply systems and the introduction of alternative processes for obtaining energy from renewable sources.

On the cattle farm Petrović Salas, the implementation of the proposed option to acquire a pump that moves the hot refrigerant to the heat exchanger enabled savings in the consumption of Freon and 3,050 kWh (11 GJ) of electricity. This resulted in the annual reduction of CO₂ emissions of 3.05 tons.

At the beginning of 2015, as the energy efficiency measure, compensation of reactive energy will be implemented by means of installation of capacitor banks. Expected savings is 1.8 million kWh (6,480 GJ), or EUR 11,500 annually.

At the pig farm Halovo, coal consumption and CO₂ emissions are reduced through balanced utilization of boilers for heating of the facilities according to weather conditions. Balancing of the boilers implies even dosages of coal (at regular intervals) and more efficient use of softened water.

In 2014, the reconstruction of the boiler was completed thus enabling the replacement of coal granulation (instead of the "washed walnut" lignite of 14,189 KJ/kg calorific value, brown coal is used from the mine "Soko" from Čitluk (60-150) with calorific value of 19,150 KJ/kg). In this way the same temperature is achieved using less amount of fossil fuel by 26%, at the same time, reducing the emission of CO₂. In the future period, the installation of biomass boilers will be considered.

Renewable Energy Sources

On the pig farm Napredak a.d., soybean straw is used for heating of the facilities (in 2014, consumption was approximately 875t), thus achieving annual savings of EUR 264,000.

Soybean straw is used for heating of the facilities on the estate Jedinstvo d.o.o. Apatin. The consumption of soybean straw in 2014 amounted to 20.4 tons, while the achieved savings are estimated at EUR 7,000.

In the member company of Delta Agrar d.o.o, namely in the unit Delta Seme, corncobs remaining after the separation of seed corn from cobs are used as a biomass in the drying process of Pioneer® corn seed. In 2014, 2,000 tons of corncobs were used for drying of 6,000 tons of corn seed. It is estimated that this practice generated savings of EUR 570,000.

In addition to cost saving, the use of biomass instead of conventional sources of energy has a very favourable impact on the environment due to the reduced carbon emissions.

POSITIVE IMPACT ON THE ENVIRONMENT

Member Company	Renewables (biomass)	Calorific value MJ/kg (biomass)	Other fuel types	Calorific value MJ/kg	CO ₂ ¹ emission (t CO ₂ / t)	CO ₂ emission reduction	Savings (EUR)
Napredak	875 t soybean straw	15	307 t (fuel oil)	42.7 (fuel oil)	3.09 (fuel oil)	950 t	264,000
Jedinstvo	20.4 t soybean straw	15	7 t (fuel oil)	42.7 (fuel oil)	3.09 (fuel oil)	22 t	7,000
RJ Seme Sombor	2,000 t maize cobs	14.7	653 t (TNG)	45 (TNG)	1.53 (TNG)	999 t	570,000

⁵The methodology of calculation was taken from the web site:

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

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

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

Nature reserve - fishpond in Svilojevo

Within the pond in Svilojevo, owned by Jedinstvo d.o.o, in the 50 ha isles covered in reeds and rushes, on the first lake of 150 ha next to the village, a colony of strictly protected species of birds has settled. The environment within the fishpond, also inhabited by the flocks of swans during the winter, was declared a nature reserve in 2011. For all activities (cutting rush or cane) on these locations, special approvals of the Institute for Environmental Protection of Serbia are required and the burning of reed and scrub is strictly prohibited.

Delta Agrar estates, on which seed corn, sugar beet and soybean seed are grown are located in close proximity. This enables the utilization of the used, deoxygenated water from the carp pond Svilojevo for the irrigation of the nearest estate Budućnost. The amount of reused water is calculated based on the number of days and watering norm for the grown crops and it amounts to 403,706 m³.





In 2014, **Delta Real Estate Group** prepared the reconstruction and construction designs for two energy-efficient facilities of the DTS distribution centre and the office building “Mala kula”.

Construction of DTS distribution centre

The new modern distribution centre of Delta Transport System stretches on the area of 20,730 m². The capacity of the centre is 26,000 pallet spots, with different temperature regimes, from -20 to + 25° C.

The centre is designed in accordance with the rulebook on energy efficiency and it is categorized under C category, with an annual energy consumption of 46.56 kWh/m². All the elements of thermal layer have minimum prescribed values of the heat transfer coefficient. Heating, cooling

and ventilation are centralized, which will contribute to reduced energy consumption. Natural gas is used for heating of the building, thus minimizing CO₂ emissions.

All loading and unloading ramps in the warehouse are power driven, which enables easy and quick opening and closing at the end of loading. Cooling of the warehouse in the winter as well as its heating in the summer is prevented. Double glazed windows with aluminium frames contribute to the reduction of unnecessary energy consumption in the office space.

Water consumption was optimized as well. All water taps are equipped with the so-called time delay faucets, set for a few seconds of water jet duration.

Reconstruction of “Mala kula” office building

The reconstruction of the office building called Mala kula involved the renewal of the outer thermal layer and the interior, namely of office space, kitchen and restaurant. The new façade was placed, and all the windows and thermal layer of the roof structure are replaced. The thickness of the thermal insulation of the roof was increased by 20% (from 15 cm to 18 cm). New windows are energy efficient and allow conditioning of the temperature in the work area.

It is estimated that the consumption of gas for heating/cooling of the building will be reduced by up to 20%, as the coefficient of heat passage through the façade was reduced from $2.01 \text{ W/m}^2\text{K}$ to $1.12 \text{ W/m}^2\text{K}$. Window shading coefficient will be from 20 - 25%, which minimises the necessity for air-conditioning of office space in the summer.

During the reconstruction of the interior, the old light bulbs were replaced with energy-saving bulbs, with lower power consumption and longer life.

The power generating facility, providing heating for the Crowne Plaza, NBGP Apartments, Mala Kula and Impulse Hall, utilizes natural gas that has the lowest emissions of harmful gasses of all energy sources. Water vapour is emitted from the power generating facility, which is also confirmed by expert reports of the licensed legal entity performing monitoring of harmful gases emission on annual basis.



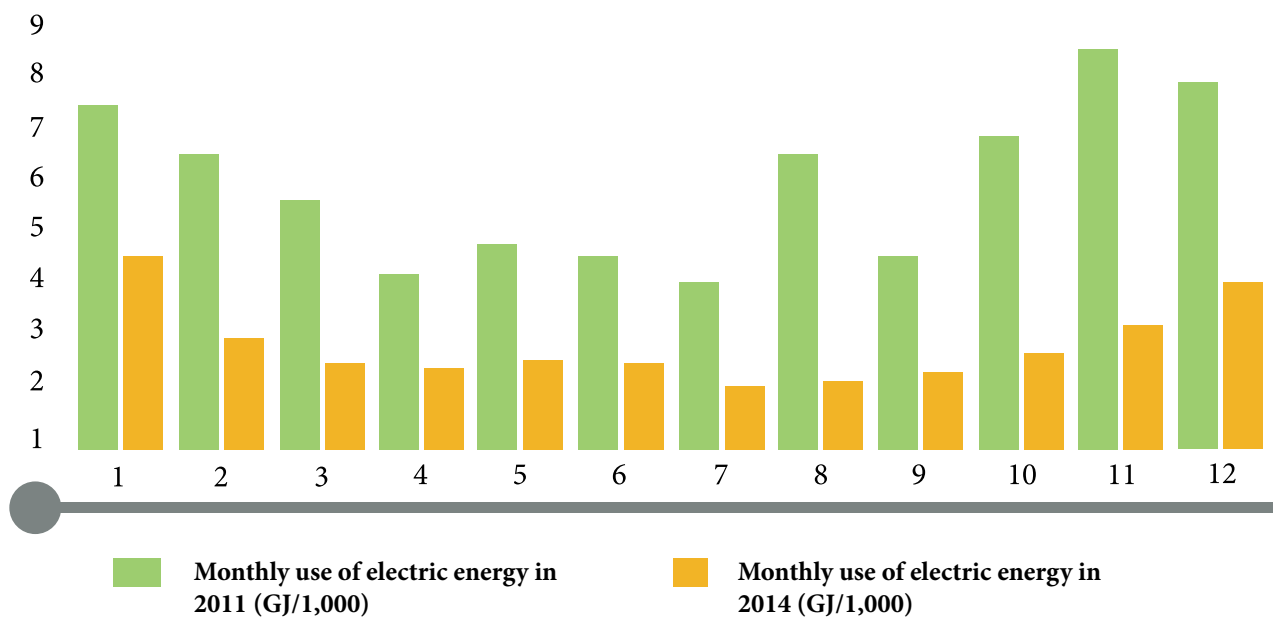
Additional environmental protection measures at the Crowne Plaza

In 2014, the Crowne Plaza participated in an internal project of IHG group called Green Engage, with the main task to reduce negative impacts on the environment, improve energy efficiency and achieve various types of savings.

The table below shows significant savings in energy consumption achieved in 2014 compared to 2011, which was the last year of operation before the complete reconstruction. Savings are achieved by reconstruction of the hotel and applying the principles of Green Engage program.

During the year, 20 halogen lamps of 150 W are replaced by 8 W LED lamps, as well as 110 halogen lamps of 50 W by LED lighting of 4.5 W, thus achieving savings of 40,580 kWh of electricity (1% of total electricity consumption) annually.

The cooling system was built in the water conditioning mechanisms of heat exchangers called cooling towers, which prevents corrosion, scale and bio-growth by dosing inhibitors. This facilitates longer life of the equipment and pipelines and prevents the emergence of bacteria, silt, rust, scale.



Water taps in toilets for guests and employees have time sensors and they turn off on their own when no one uses them. Other taps and showers have limited water flow. On the water plumbing system, pressure reducers were built in.

Online Green Engage software performs automatic calculation of the CO₂ emissions based on consumption. By reducing the consumption, CO₂ emission is reduced as well.

Regular monitoring of the consumption of energy, electricity and water is conducted in the hotel, using the Central Surveillance and Management System (CSMS - BMS). Other systems for temperature control and air freshness in restaurants, halls and rooms are regulated through this system.

Regular cleaning of water heating battery and heat exchangers prevents the formation of scale deposits and sludge, which contributes to better heat exchange and energy saving. In addition, fine filters and cooling towers are regularly cleaned and the quality of water is monitored.

During the so-called Green Week, lectures and workshops are organized, on which the hotel and IHG group experts informed the employees about the measures taken to preserve natural resources and informed them about environmental protection and waste management. There was also a workshop on the waste segregation and the benefits of recycling.



Optimization of energy consumption in Delta City shopping mall

Delta City shopping-mall monitors the outside temperature, lighting and the number of visitors through the centralized system. According to these parameters, the lighting and temperature in the facility are adjusted. The replacement of old light bulbs with LED lighting is regularly performed.

Natural gas is used for heating of the facility. Twice a year, the emission of air pollutants is measured, and the report indicated that the parameters are far below the prescribed limits.

ENERGY INTENSITY

Year 2014	Energy Consumption in GJ	Total sales in euros	Energy consumed per monetary unit of sales (GJ/€)
Amount	565,999	433,637,134	0.0013

TOTAL ENERGY CONSUMPTION

Year 2014	Electric energy GJ	Coal Consumption GJ	Natural Gas Consumption GJ	Fuel Consumption GJ	Biomass GJ
Delta Agrar Group	110,702	6,475	135,897	91,063	13,405
Delta Real Estate Group	99,184	0	38,776	1,826	0
Delta Distribution	9,931	0	1,930	43,283	0
Delta Sport	12,217	0	0	1,313	0

⁶1 kg coal = 0.0185 GJ; 1 m³ natural gas = 0.0333 GJ; 1 l fuel = 0.043 GJ;
 1 kWh electricity and terminal energy = 0.0036 GJ; 1 t biomass = 15 GJ



Fleet modernization

Delta DMD and DTS continuously update fleet for the transport of goods of principals and external clients. In 2014 DMD and DTS purchased 31 new cars and 6 "Volvo" trucks. All vehicles are equipped with Euro 6 engines with reduced levels of emissions and GPS system that contributes to safe driving and influences the reduction of fuel consumption since it controls the route and speed of the vehicle.

In the facilities of Delta Auto and Delta Motors, the service of technical maintenance and security

regularly implements the measures of energy efficiency (closing doors and windows, shutting down heating on weekends, turning off the lights etc.), which raises the level of energy efficiency to some extent.

Twice a year, Delta Motors carries out the measuring of harmful combustion products from the gas boiler room, thus significantly reducing the risk of air contamination. The measuring is performed by an authorized laboratory that takes care that the results are always within the environmentally tolerable limits.

Caring for Water

All member companies of Delta Holding take care about wastewater. Construction of the sewage network in the new distribution centre DTS is so designed that the water from the restaurant for employees is purified via grease separators, while storm water from car park is purified using two separators of light petroleum products, water from the battery cells are conducted to the manhole, whereas other waters are treated as unpolluted and as such they are conducted directly to the sewage system.

In the Crowne Plaza Belgrade and Delta City shopping mall, waste water from the of restaurant kitchens are purified through the separator of grease and oils, and these in turn are regularly emptied. The authorized companies collect waste and dispose it to the dump specific for that type of waste. Movement of waste is accompanied by appropriate documentation.

In Delta City shopping mall, wastewater from car park is purified through separators of light liquids, in order to prevent the risk of oil or gasoline leakage from parked cars.

Furthermore, in 2014, in the service centres of Delta Motors and Delta Auto, special attention is dedicated to the care about wastewater. Using the system for completely controlled reception of oily atmospheric water from all areas, as well as the separator of oil/water for treatment of oily water before releasing it into the recipient, reduces the risk of contamination of the soil and watercourses. Laboratory monitoring of wastewater is carried out by an authorized laboratory (City Institute for Public Health) four times a year, even though this is not a legal obligation of the company.

EXTRACTED WATER IN m³

Member Companies	Well water	Lake water	Surface water	City waterworks water	Total
Delta Agrar Group	744,868	55,564	28,385,608	60,542	29,246,582
Delta Real Estate Group	0	0	0	135,946	135,946
Delta Distribution	0	0	0	12,635	12,635
Delta Sport	0	0	0	26,840	26,840

Waste Management

All the member companies of Delta Holding are engaged in the selection, storage and disposal of waste in cooperation with the authorized recyclers. Office space is equipped with bins for sorting paper and plastic waste. Depending on the type of activities, disposal of specific types of waste generated in the production process is organized in each member company.

In addition to regular activities, the cross-border disposal of 14,301 kg of hazardous waste was carried out in 2014 within Delta Agrar Group.

As a confirmation of adequate procedures, authorized operator submitted to Delta Agrar legally prescribed documents pertaining to waste movement (*Movement document for trans-boundary movements/shipments of waste; Certificate of disposal*).

The construction project of the distribution centre DTS also envisaged the so called “Eco Yard” for storage of all types of waste generated in the course of provision of services (paper, cardboard and nylon waste as the most common types, as well as metal, batteries and electronic waste).

QUANTITY OF GENERATED AND DISPOSED WASTE IN TONS

Member Companies	Non-hazardous waste generated in 2014	Quantity of non-hazardous waste as of 01.01.2014.	Quantity of non-hazardous waste as of 31.12.2014	Total generated hazardous waste in 2014	Quantity of hazardous waste as of 01.01.2014.	Quantity of hazardous waste as of 31.12.2014.	Disposed quantities of non-hazardous waste	Disposed quantities of hazardous waste
Delta Agrar Group	391.53	35.92	38.16	14.65	9.53	9.24	389.29	14.95
Delta Real Estate Group	191.99	0.00	0.00	6.30	0.00	0.00	191.99	6.30
Delta Distribution	118.40	0.30	0.70	24.08	1.88	3.40	118.00	22.56
Delta Sport	4.50	0.00	0.00	0.00	0.00	0.00	4.50	0.00

Delta Pak

Delta Pak, operating within Delta Holding, is the operator responsible for managing of packaging waste, with the task of linking the organizations placing packaging on the market with recyclers. In line with the Law on Packaging and Packaging Waste ("Official Gazette of the Republic of Serbia", No. 36/09), these organizations are required to provide proof on the disposed amounts of packaging waste, placed on the market. They can perform this requirement on their own or through operators.

In 2014, Delta Pak planned and organized the activities of collection, transport, storage, treatment and disposal of packaging waste by 86 organizations.

QUANTITIES OF DISPOSED PACKAGING

Types of packaging waste	Specific national targets for 2014
Total Plastics	10.50%
Total Glass	15.00%
Total Metal	18.50%
Total Paper and Cardboard	28.00%
Total Wood	7.00%

**QUANTITIES OF DISPOSED
PACKAGING - DELTA HOLDING**

Year 2014	Total non-returnable packaging placed on market (t)	Total reusable packaging placed on market (t)
PET	228.43	0
Other types of plastics	430.7	298.13
Total Plastics	659.13	298.13
Total Glass	769.42	0
Iron	117.3	0
Aluminium	29.69	0
Total Metal	146.99	0
Total Paper and Cardboard	1,519.98	11
Pallets	488.27	1,691.57
Other (Planks, Cork)	56.54	0
Total Wood	544.81	1,691.57
Textile Total	0	0
Ceramics Total	0	0
Other types of packaging	0.09	0
Total	3,640.42	2,000.70
Percentage of reusable packaging placed on market		54.96%

Delta Pak invests in education of the population on the selection and proper disposal of waste and other projects aimed at reducing environmental pollution.

Since 2011, Delta Pak has been participating in the project called Volunteer Centre of the public utility company "City Markets" from Belgrade. During 2014, on the markets of Belgrade, Delta Pak experts educated volunteers on the management of packaging and packaging waste, legislation, and on social responsibility in theory and practice. The volunteers (students of agriculture, law and economy) were presented with the results and improvements resulting from such cooperation of the public utility company and specialized operators.

Students from the Volunteer Centre and Delta Pak experts visited the estate Podunavlje in Čelarevo, where they learned about packaging and packaging waste in the primary production of fruit and vegetables and optimization in the form of reuse of packaging in crop production. They also visited ULO cold storage facility, one of the largest orchard coolers in this part of Europe.

In 2014, the non-compliance with laws and regulations governing the area of environmental protection was not recorded in Delta Holding, and in this respect, there were neither disputes nor fines related to the violation of regulations governing the protection of the environment.





HUMAN RESOURCES DEVELOPMENT

Proper selection of personnel, their personal and professional development, motivation and satisfaction are the tasks of Human Resources Department that leads the employees towards the achievement of Company's vision, mission, goals and values.

Human Resources Department of Delta Holding carries out the mentioned activities through three divisions:

- Recruitment and selection,
- Training and Development, and
- Labour law.

Recruitment and Selection

The starting point in the realization of the Company's plans and goals is in the recruitment process. Therefore, the team in charge of recruitment and selection process selects the following candidates:

- with potential because they achieve **excellence**
- who are self - confident and provide **integrity**
- with creativity, as - they introduce **innovation**
- who are ambitious and have **achievements**
- who are team-oriented, because the **care for people** is the very foundation of a company's success.

EMPLOYEE TURNOVER BY GENDER IN 2014

Member Companies	Newly employed		Left the organization	
	Women	Men	Women	Men
Delta Agrar Group	58	94	28	86
Delta Real Estate Group	66	83	40	60
Delta Distribution	46	156	35	122
Common Functions	42	27	28	10
Total	202	360	131	278
Internal turnover	108		108	

EMPLOYEE TURNOVER BY AGE IN 2014

Member Companies	Newly employed			Left the organization		
	18-29 YOA	30-50 YOA	Over 50 YOA	18-29 YOA	30-50 YOA	Over 50 YOA
Delta Agrar Group	58	92	2	16	65	33
Delta Real Estate Group	79	63	7	52	44	4
Delta Distribution	74	125	3	52	101	4
Common Functions	20	35	4	7	28	3
Total	231	315	16	127	238	44
Internal turnover	108			108		

In 2014, 454 new colleagues were employed and thanks to the developed internal selection system, 108 colleagues had an opportunity to improve their skills and knowledge and utilize their full potentials by working in another segment of Delta Holding system. All employees who were offered to change the place of work received the official document with detailed terms and conditions, the statutory period of 8 days for their declaration on the offer and the Annex to the employment contract. During 2014, 301 employees left the Company.

During the year, due to the current requirements of work, 155 new positions were opened. The largest number of new positions was created within Delta Agrar due to the expansion of operation to foreign markets and the enlargement of teams due to increased workload, as well as in Delta Transport system due to rapid increase of activities in domestic and international transportation.

Following the sale of the insurance business and parts of sports and fashion businesses, certain number of employees of Delta Holding were engaged by the new owners of these businesses. Due to such circumstances, the total number of employees decreased compared to the year 2013.

Total number of employees and engaged persons as of 31 December 2014, was 4,433.

During certain months, Delta Holding engaged even more than 5,000 people, since additional workforce is hired for seasonal jobs.

NUMBER OF EMPLOYEES AS OF 31 DECEMBER 2014

Member Companies	Employed in Serbia	Employed in the region	Total in 2014	Total in 2013
Delta Agrar Group	1,455	7	1,462	1,425
Delta Real Estate Group	492	4	496	456
Delta Distribution	668	79	747	709
Common Functions	204	0	204	181
Delta MC	34	0	34	40
Delta Sport	127	105	232	721
Delta Generali Group	0	0	0	2,397
Total	2,980	195	3,175	5,929
Engaged under various engagement contracts	1,258	0	1,258	1,500

EMPLOYEE QUALIFICATION STRUCTURE

Member Companies	PhD	Magistrate	Master	University Degree	College	Highly-qualified	Secondary school	Qualified	Semi-qualified	Non-qualified
Delta Agrar Group	2	2	0	308	62	13	423	374	22	256
Delta Real Estate Group	0	0	1	143	49	12	196	60	2	33
Delta Distribution	0	1	0	183	96	9	341	101	4	12
Delta Sport	0	0	0	35	47	0	126	21	1	2
Delta MC	0	0	0	9	4	2	19	0	0	0
Common Functions	0	2	2	103	25	2	61	7	1	1
Total	2	5	3	781	283	38	1,166	563	30	304

Young Leaders Programme

From 2012, Delta Holding has been implementing the programme called the Young Leaders, an innovative project in the field of employment of young talented people with no previous work experience. In each of the first two generations, 20 young leaders were hired.

In 2014, through the selection process for the third generation of young leaders, 4,624 candidates applied. Due to great interest, it was decided to extend the program, which resulted in the recruitment of 30 motivated young people, willing to learn, develop their career and improve company's operation.

The program envisages that young leaders become familiar with the operations and processes during their one year work in three or four different sectors of Delta Holding, thus getting the full

picture of the company's operation. When planning their rotation among sectors, their orientation and preferences is taken into account, in order to achieve compromise between the company's needs and the interests and inclinations of young colleagues.

In addition to the mentorship support provided by the employees from the departments in which they perform their internship, the Young Leaders from the previous generations were assigned as mentors to the third generation of Young Leaders.

The program Young Leaders is presented via internet at www.mladilideri.rs. Apart from the general information, the website includes news and updates on recent activities as well as a blog containing posts on impressions and experience of the new generation of Young Leaders and their predecessors.



Training and Development

In its work, the team in charge of training and development is focused on two important fields:

- a) creation of stimulating corporate culture that supports the continued growth and development of expertise and skills that enables outstanding business achievements, and
- b) identification of potentials at all hierarchical levels,

The 2014 strategic plan of activities is based on the results of the analysis of internal communications and satisfaction of employees. The research conducted under the slogan “**Your opinion matters to us**” during January and February 2014 throughout the entire company was followed by an internal campaign with participation of 69% of employees.

The results of research indicated that it is necessary to:

- familiarize the employees at all hierarchical levels with the Company's vision, mission and values
- invest continuously in the development of leadership skills of senior and middle management
- develop a sense of belonging to the Company through better exchange of information and involvement of all hierarchical levels in decision-making
- additionally motivate employees at lower hierarchical levels.

Annual Interviews

In 2014, 44 (1.4%) employees went through the newly introduced annual interviews on the estates Podunavlje, Topola and Kozara. The aim of annual interviews is systematic improvement of the quality of the company's business by linking business goals with the goals of each individual and their needs for development. In this way, by focusing on personal responsibility and growth, the employees are also encouraged to take responsibility for improvement of processes. This method also contributes to development of culture, in which feedback is related to the performance of employees necessary for the Company's growth and development.

Development of Leadership Skills

One of the priorities in 2014 was the development of leadership skills. Human Resources Department organized a number of trainings on efficient leadership for senior and middle management. The most significant ones include:

- Training: Change management for top, senior and middle management
- Training for personal development and team leadership
- Trainings for strengthening communication

In addition to trainings, a series of projects aimed at developing and promoting leadership and knowledge transfer from higher to lower positions in the company were also conducted. The most important ones include: annual interviews, mentorship, and welcoming the newly-employed.

Company Resources

During 2014, young company's potentials were selected for the participation in the project Delta's Future. The selection process required the manager's recommendation based on the achieved results and expertise, the assessment of compatibility between the company values and the values of individuals, as well as the review of degree in which the targeted skills are developed. For the 23 selected promising employees, this development program was created and it will be implemented during 2015.

The employees on senior and middle management levels, who achieved outstanding results, were assessed using the 360 degrees method, during 2014. For the 39 of them, the strong points and fields that require further development were identified.

Mentorship

Mentorship represents a very valuable form of knowledge transfer. Within the company, mentoring support is provided to employees who change positions and to those colleagues who require specific knowledge and skills due to specific work requirements.

In addition to internal engagement, Delta Holding employees as mentors contributed to the wider community, working intensively with students throughout the year. In 2014, one manager participated on the AMCHAMPS project of the American Chamber of Commerce in Serbia, while two young managers of Delta Holding were

selected for the next year's project, when they will pass their knowledge and experience to new program attendants and help them develop their talents.

Student Practice

The students engaged on professional practice have the opportunity to learn about the tasks and assignments in the chosen sectors and to acquire basic knowledge in specific areas. Through working practices and projects, students have the opportunity to learn about the company and areas of operation and the Company gets in touch with young potentials that represent the basis for the positions to be opened in the future.

In addition to the cooperation regarding working practice, Delta Holding intensively cooperates with universities on various projects.

Welcoming the Newly-employed

The aim of this project is that each newly employed colleague becomes familiar with the company's vision, mission and values through personal and direct contact with one of the company's leaders at the very beginning of his career. In this way, new colleagues immediately get the clear and broad picture of the company's goals and of the behaviours that the Company fosters on the way to realization of goals.

The Best Worker and Best Team

Human Resources Sector launched “the Best Worker and Best Team Project”.

The people within the company who achieved best results in the previous year owing to their work, energy and accountability were selected through an in-house selection process.

The selection criteria for the **best worker** were the following:

- he/she is on the **non-managerial position**
- diligence (e.g. maximum number of working hours, least amount of mistakes in the work, etc.).

Based on these criteria, six colleagues from different parts of the system (Agrar, Danubius, Kozara, Delta Motors, Delta DMD and Delta DTS) were declared the best workers.





Different sectors from all member companies within Delta Holding applied for the best team of the year competition, of which, four teams were shortlisted.

The best team was selected based on the following criteria:

- achieved business results,
- evident commitment to a common goal
- good communication, i.e. open exchange of ideas

- mutual support, trust and respect
- enthusiasm about their job and the company
- conduct of the team members in terms of corporate values: excellence, achievement, concern for people, innovation, integrity,

The Delta City team won the award for the best team in 2014.

Open Door, My Opinion

During 2014, Human Resources Department created two additional channels of communication with colleagues:

- Open door (the possibility of scheduling a meetings with HR) and
- My opinion (email: mojemisljenje@deltaholding.rs, for proposals, suggestions, comments)

The counselling work of employees from Human Resources Department resulted in the improvement of communication between the managers and their employees, and among the employees themselves. Adoption of new functional insights positively affected the personal efficiency. Namely, the employees were provided with:

- tools for resolving conflict situations in which they may find themselves
- help in realizing how they are perceived by their colleagues
- support in adaptation to changes
- guidelines for improving communication
- the review of the status and potentials of certain employees was made possible
- improved work conditions.

By establishing these channels the company has demonstrated that it highly regards the needs of its employees, and that it is willing to hear about and implement the initiatives that are achievable at a given moment.

Apart from counselling, concrete activities of adaptation of company space were implemented.

The example of such activities is the action called “Cycling to work”. Special parking space for the employees’ bicycles was provided in the Delta Holding car park, in order to promote healthy lifestyle and environmental protection.

The Development Project for DMD

As the follow up of the employee satisfaction survey, in the last quarter of 2014, the team in charge of Education and Development had interviews with the employees from Branding, Sales and Merchandising departments of Delta DMD company, in order to define the factors that affect the level of satisfaction at the work. The results of their survey are presented in the action plan for the support of the employees’ improvement and the increase of their satisfaction, which will be implemented during 2015.

Trainings and Education

For the purpose of development of knowledge and skills in the areas for which they are engaged, during 2014, the employees attended professional training and education courses in the country and abroad. The acquired knowledge enabled application of the latest achievements in the Company's operation, and professional and efficient performance of daily activities.

The employees attended trainings in accounting, auditing, transfer pricing, security, health and safety, safety of persons and facilities, the fight against corruption, waste management, energy efficiency, property rental, creating confidence among customers, growing fruits, animal husbandry, etc.

TRAININGS	
Year 2014	Number
Trainings hours	24,469 h
Women	1,256
Men	2,676

Lectures

Lectures of distinguished people, scientists and renowned experts are regularly organized at Delta Holding, for all employees. The 2014 lectures included various topics such as:

- **Defeats are but short breaks for future victories**, the lecture on Mihailo Pupin presented by Aleksandra Ninkovic Tašić
- **How to live to be a hundred**, lecture by Prof. Branka Jakovljevic about the importance of nutrition for health and longevity
- **Building a team and taking responsibility in crisis situations** - on the importance of team spirit for the achievement of utmost goals, lecture by Dragan Jaćimović
- **The foundations of capital are people, not money** - the lecture on the global changes and their impact on men, held by Prof. Ivo Šlaus
- **Exercise as a lifestyle** - about the importance of exercise and physical activity in modern world, by Prof. Vladimir Koprivica.

Traditionally, these lectures raise great interest among the employees who use these opportunities to broaden their general knowledge and get information on social issues of relevance for both their private and business life. These are open lectures and all employees are welcome to attend. Average attendance on these lectures is about 100 people.

Internal Communications

Internal communications represent a new business function in Delta Holding, established in July 2014 based on surveys of employee satisfaction. Internal communications should enable more efficient exchange of information and ideas and create closer connection between the employees and the company. For this purpose, internal communications strategy was developed focusing on sound and clearly defined system of internal communications in which each employee is a brand ambassador, with the developed sense of being a part of the company, thus actively contributing to its development and progress.

One of the most important roles of internal communications is to contribute to creation of an environment in which each employee feels that his/her efforts and the work results are appreciated and valued. In 2014, internal campaign called **"Choosing the Ambassadors of Our Values"** for the promotion of corporate values of Delta Holding was also launched.

By anonymous voting, employees selected three colleagues whose attitudes and behaviour best reflect the values to which the company aspires. In 2014, the ambassadors of excellence and innovation were chosen.

In 2015, in continuation of the campaign, the ambassadors of achievement, integrity and care for people will be selected.

DELTA HOLDING

Milana Petrović, Korporativne komunikacije
Balša Đuković, Delta Agrar

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BIRAMO AMBASADORE NAŠIH VREDNOSTI

Izvrsnost nas čini najboljim.

Inovativnošću menjamo svet.

Integritet je duboko usađen u sve što radimo.

Uvek težimo najvećim **dostignućima**.

Briga o ljudima je temelj našeg uspeha.

Zato je vrednost sve što je naše.

Naša Delta. Od 1991.

Benefits and Solidarity Aid

All employees of Delta Holding, regardless of whether they are engaged full-time or part-time, or on a fixed-term or indefinite term, are paid solidarity allowance in the event of the child birth, illness, illness of an immediate family member, death or death of an immediate family member. The children of the deceased employees attending school regularly are paid monthly stipend till the end of their schooling.

Each year, Delta Holding provides New Year gifts for the children of employees up to 8 years of age.

For all employees of Delta Holding, collective supplementary health insurance in case of serious illnesses and surgical interventions was contracted, together with the collective accidents insurance (24 h).

Non-discriminatory principles and protection of human rights

The company is exclusive when it comes to any form of discrimination. Therefore, all texts for job advertisements and admission of new employees in the Company include the following non-discriminatory statement:

All candidates in the process of selection for a position with Delta Holding will be treated equally. Persons looking for 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 that all candidates must be at least 18 years old when starting employment. The purpose of selection is to enable the Company select those candidates whose qualifications, skills and competences are best suited to the requirements of the subject position.

The employees are required to respect diversity in their relations with clients, customers, suppliers and other business partners.

In 2014, there were no reported cases of discrimination at work.

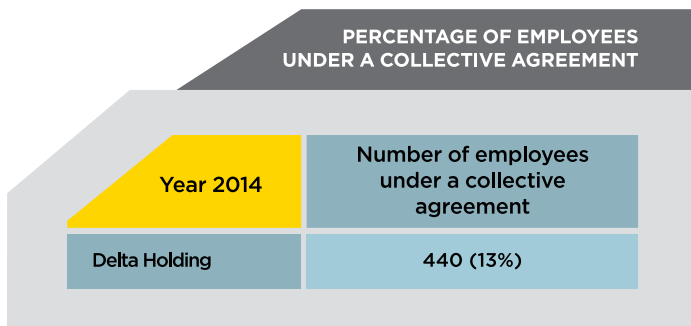
EMPLOYEE GENDER STRUCTURE

Member Companies	Employed in Serbia		Employed in the region		Total	
	Women	Men	Women	Men	Women	Men
Delta Agrar Group	417	1,038	0	7	417	1,045
Delta Real Estate Group	219	273	2	2	221	275
Delta Distribution	257	411	21	58	278	469
Delta Sport	64	63	38	67	102	130
Delta MC	11	23	0	0	12	28
Common Functions	134	70	0	0	134	70
Total	1,102	1,878	61	134	1,163	2,012

EMPLOYEE AGE STRUCTURE

Member Companies	Employed in Serbia			Employed in the region		
	18-29 YOA	30-50 YOA	Over 50 YOA	18-29 YOA	30-50 YOA	Over 50 YOA
Delta Agrar Group	133	909	420	0	0	0
Delta Real Estate Group	149	271	72	0	4	0
Delta Distribution	152	561	34	0	0	0
Delta Sport	36	86	5	32	45	28
Delta MC	1	29	4	0	0	0
Common Functions	26	147	31	0	0	0
Total	497	2,003	566	32	49	28

PERCENTAGE OF EMPLOYEES UNDER A COLLECTIVE AGREEMENT



Along with their employment contract, all employees are provided with the document containing the rights and obligations with regard to the prohibition of harassment at work. There were no reports on this matter in 2014 as well.

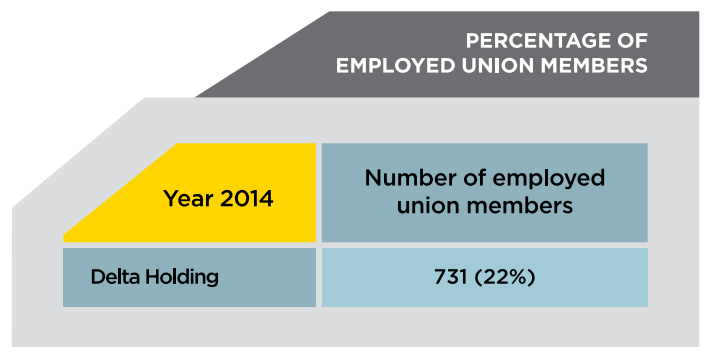
There are no positions or processes within the company that may have cause forced labour, nor the engagement of minors.

Suppliers with whom the Company cooperates

are mostly international companies that respect the principles of human rights that prohibit the employment of children and forced labour. According to available information, local companies with which Delta Holding cooperates, also respect the diversity and operate in accordance with applicable laws that explicitly prohibit forced labour, harassment at work and the exploitation of child labour.

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

PERCENTAGE OF EMPLOYED UNION MEMBERS



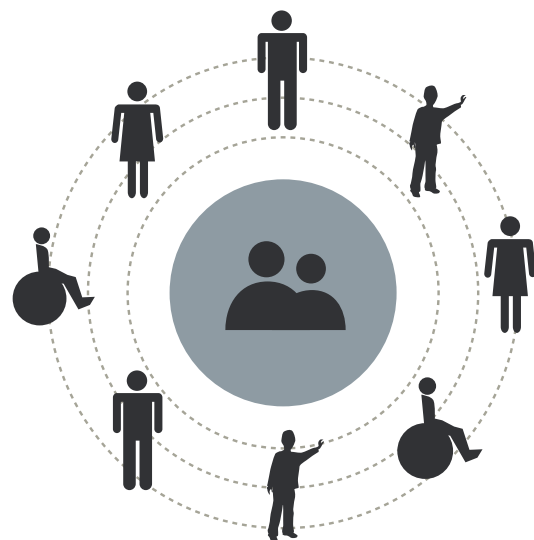
Employment of persons with disabilities

Persons with disabilities are equal members of Delta Holding personnel. The Company believes that persons with disabilities can and want to work and they are fully supported in that respect.

For years, Delta Holding has been successfully cooperating with the organization Youth with Disabilities Forum to create better conditions for the reception of the newly employed. Forum members provide expert advice to the teams to be joined by the persons with disabilities. They also give lectures on which the employees become more familiar with the method of communication with new colleagues and with the opportunities and challenges that they face in everyday life. Good information helps eliminate all doubts and prejudices about the capacities of people with disabilities.

The Human Resources Department provides further support in career development and acquiring of new skills to the colleagues with disabilities. There are 49 people with disabilities currently employed in Delta Holding.

The company has adopted the etiquette in communication with people with disabilities available to all employees on the internal portal.



Determination of Salaries

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

The earnings of all employees, including the Board of Directors, consist of:

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

The earnings for work performed and time spent at work consists of basic salary, part of the salary for performance at work and increased earnings.

Basic salary is determined by the President of the company or a director of the member company, in accordance with the Rules of Procedure.

The employment contract for managers and executives may determine basic earnings in the amount exceeding the basic salary prescribed in accordance with the elements stipulated in the general act, based on the degree of qualification, complexity and responsibilities of job, and the conditions of performing the subject job.

Basic salary is expressed in nominal gross value in the employment contract for full-time and standard work performance.

The performance related earnings is determined based on the following general elements for the assessment of work performance:

- realized activities in relation to the planned ones
- the volume of work done
- the quality of work performed
- an employee's attitude towards the assigned duties
- accuracy in performance of duties
- work and technology-related discipline
- achieved operational results for the employees in departments

The earnings can be increased up to a prescribed percentage in accordance with the provisions of the general act, depending on the performance of employees or the achieved business results of the company.

Furthermore, an employee can be paid a one-off reward or given an in-kind gift for extraordinary efforts at work, and in accordance with the current possibilities of the company.

RATIOS OF DELTA HOLDING EMPLOYEES SALARIES COMPARED TO LOCAL SALARIES

Salaries on the day Nov 30, 2014	Minimal gross I wages		Average gross I wages	
	Delta Holding	Republic of Serbia Official statistic	Delta Holding	Republic of Serbia Official statistic
Beograd	36,128.99	27,269.33	92,804.19	75,277.00
Novi Sad	40,990.51	27,269.33	74,064.04	68,908.00
Čačak	38,671.35	27,269.33	64,892.48	54,366.00
Jagodina	40,359.77	27,269.33	63,719.41	50,340.00
Niš	36,563.99	27,269.33	65,493.45	55,312.00

Occupational Safety and Health and Fire Protection

Delta Holding strictly adheres to all aspects of health and safety at work prescribed by legislation. Application of the latest technologies and preventive measures of health and safety at work and fire protection enables meeting the conditions for a healthy and safe stay of the employees at workplace and auxiliary facilities. Furthermore, the working environment conditions are regularly examined at workplace, and that was also done in the winter and summer of 2014. In accordance with the regulations, the review and technical validity of equipment and working tools was performed.

The employees attend lectures and trainings on health and safety at work when they start their employment in the Company, and when they change workplace within the company or in case of introduction of new technologies in the work process.

At workplaces with increased risk and workplaces where despite the application of preventive measures it is not possible to ensure completely safe working conditions, the employees receive special work wear and personal protective equipment. The health status of employees in workplaces with increased risk is monitored through periodic medical examinations.

For all employees using a computer on their work for more than four hours a day, medical eye examination is organized. In order to provide safe and proper use of computers, IT sector has provided all employees with an application reminding them every two hours to take a break

by doing the recommended stretching exercises followed by a four minute walk.

Standard procedure also includes precaution measures in the form of setting timely and clear signage and warnings to eliminate the possibility of injury among employees, guests or visitors (placement of signs for slippery floor, for example).

However, in case of an injury, the employer provides adequate assistance to the injured employees on site in accordance with medical procedures, and then provide them escort and transportation to the nearest clinic. The employee's health status is monitored until recovery.

Two percent of the company's employees are trained in giving first aid and their knowledge is regularly updated.

In certain organizational segments, in accordance with specific needs, in addition to ISO 9001 and ISO 14001 standards, the standard BS OHSAS 18001 was also introduced, thus upgrading structure and control of operational health and safety measures.

On the estates and farms of **Delta Agrar**, the application of GLOBAL GAP standards ensures additional safety and security of workplaces. This standard requires regular risk assessments in relation to the potential dangers of injury, work with chemicals, and potential violation of hygiene. The standard provides continuous checks of employees' competences for farm and field work, as well as trainings and education in the field of health and safety at work.

The largest number of injuries in 2014 was recorded in Delta Agrar Group, however the number of work days lost due to absence from work actually decreased. The only serious injury (shoulder blade fracture) occurred in the Krusevac factory within Delta Agrar, but it occurred due to negligence and fall while moving backwards.

The increased number of injuries in Yuhor factory occurred as a consequence of increased workload. More than 100 employees were in daily contact with sharp objects. In order to stop the growing trend of injuries, appropriate organizational measures were taken.

STATISTICS OF WORK-RELATED INJURIES IN 2014

Legal entity	Number of light injuries	Number of heavy injuries	Total number of injuries	Number of work days lost
Delta Agrar Group	61	6	67	1,151
Delta Real Estate Group	6	0	6	45
Delta Distribution	15	2	17	227
Delta Sport	3	1	4	95
Delta MC	0	0	0	0
Common functions	0	0	0	0
Total	85	9	94	1,518/12,144 h

Total number of working hours	12,193,080
⁷ IR rate	14.60
⁸ ODR rate	0.24
⁹ LDR rate	1.89

⁷IR rate - Total number of injuries / Total number of working hours x 1,000,000

⁸ODR rate - Total number of lost days / Total number of working hours x 1,000

⁹LDR rate - Sick leave due to injuries at work / Total number of working hours x 1,000

Employees responsible for safety and health at work worked continuously on raising awareness of workers in manufacturing plants to the importance of safety measures. In that respect, extraordinary lectures in the field of safety and health at work were organized, thus further emphasizing the necessity of application of protective measures.

The number of injuries increased in **Danubius** factory due to traffic accidents on the way from the work place to the place of residence (construction of a new bridge caused traffic jams in the part of town in which the factory is located).

Workspace in factories is additionally covered by surveillance cameras, in order to determine the cause of injuries more easily and accurately.

Additional precaution measures taken in order to minimize the chances of injury:

- visitors need to receive brief summary on protective measures to be taken when entering the factory and sign a declaration of awareness
- placement of additional number of luminaires in factories to increase lighting of work posts and installation of communication passages to allow easier evacuation in case of an accident
- setting motivational posters and instructions for proper hygiene in the factory

The initiatives implemented in 2014 include: updating the Risk Assessment Act, regrouping of working processes, raising awareness of the management about safety and health at work.

For the works on the adaptation of the office building “Mala kula” and construction of the distribution and logistics centre in Stara Pazova - DTS, **Delta Real Estate** engaged external contractors

As an investor, the Company was obliged to:

- Appoint a coordinator in the design phase and construction phase
- Adopt the plan of preventive measures and rules of conduct on the site
- Provide supervision works during the construction phase

Prior to commencement of the construction works, the investor informed the contractors in full detail about the plan of preventive measures and codes of conduct on the site. By the authorized person’s signature, the contractor declared agreement to comply with the above measures.

The contractor was required: to submit a study on the regulation of the construction site in accordance with the Law on Safety and Health at Work and to submit proof that the workers are provided with adequate equipment for the execution of specific tasks, that they underwent medical examinations, that they are equipped with and wearing protective equipment, and that the scaffolding used for the construction meets the required safety standards. In addition, Delta Real Estate made sure that all workers engaged on site are legally employed by the contractor.

Delta Real Estate coordinated and controlled the construction process and application of the principles of safety and security through regular visits to the construction site.

During the meetings of the investor with all contractors' representatives, possible irregularities were discussed, with specific instructions and requirements for their immediate correction. Owing to such approach, only one light injury occurred in the course of construction.

In the new distribution centre, a study on working environment was performed and the state of the art systems ensuring safe operation are installed. These are the systems for:

- detection of methane (in the gas installation room)
- detection of hydrogen (in the room with the forklift chargers)
- video surveillance system with IP cameras (optical zoom) is installed to ensure safety of the facility
- fire protection (sprinkler system "FM Global, 2-0")
- automatic fire detection system ("Notifier AM 6000")

As the prevention of being hit by a forklift or a transport vehicle, and for the sake of safer movement of employees in the warehouse and within the circle of the entire facility, horizontal and vertical markings were placed.

Since a number of occupational injuries occur as a result of traffic accidents, the employees of **Delta DMD and DTS** went through trainings

on safe driving. Routes and driving speeds are monitored by means of installed GPS devices. If it is determined that a driver drives unsafely, such driver and his manager receive an e-mail of warning.

In 2014, a series of trainings aimed at improvement of safety of employees and guests were held in the **Crowne Plaza, Belgrade**. The trainings included safety and health at work; safety of persons and premises, security of guests in recreational zones, standards of appearance and personal hygiene, food safety (HACCP), fire protection, first aid, bomb threats and escape routes. These trainings were attended by all employees.

The company also accommodates the employees' requests for additional checks of the working environment conditions. The example of such practice is testing of the level of electromagnetic radiation in the premises with technical equipment carried out in Hotel Park in 2014. This test showed the radiation levels within the normal range.

All employees undergo basic training in the field of fire protection no later than 30 days from the commencement of employment. Additional training includes instructions on the procedures in emergency situations (technological accidents, natural disasters, etc.). Knowledge in these areas is updated every three years.

Work spaces are equipped with fire-extinguishing equipment, fire alarm and fire extinguishing systems, fire dampers, panic lighting and other systems installed to ensure safety at workplace.

DELTA HOLDING

Velike poplave u maju 2014.
odnale su mnogo toga što
ne može da se nadoknadi.

U teškim vremenima zajedništvo
je pomoglo da život nadjača
nepogodu.

U akciji
#DeltaZaObrenovac

u Ulici Save Kovačevića
izgrađene su i obnovljene
23 poplavljene kuće

DELTA Fondacija
Oktobar 2014.

DELTA FOUNDATION

Delta Foundation was established in 2007 with a mission to develop and implement long-term social, educational, cultural and endowment projects and programs that will improve social environment in the communities in which Delta Holding operates.

Its establishment integrated all philanthropic activities of Delta Holding member companies.

Target groups of Delta Foundation are:

- Children without parental care
- People with disabilities
- Socially vulnerable population
- Talented pupils and students

Delta Foundation strategically plans its activities and projects that contribute to the long-term strengthening of the community.

The most important projects in 2014 were:

- Help to the population from flood-hit areas
- Support to educational institutions and talented students

- Projects aimed at supporting cultural and sports activities of persons with disabilities
- Continuation of the activities of the Fund for the Future
- Further development of the Family Strengthening Program

From 2007 to 2014, Delta Holding invested **EUR 33.5 million** in the community, and **546,562 people** received aid through **2,623** activities.

In 2014, the Foundation implemented **490 humanitarian actions**, **154,090 people** received aid, and **EUR 1.9 million** was invested in the community.

In 2014, Delta Holding adopted a five-year business strategy that also integrates Delta Foundation strategy for the period 2015 to 2019. The company will deal with solving social problems in the areas in which it already has developed skills, expertise, practice, and unique resources.

By strengthening the capacity and potential of citizens through education and training, and supporting the development of social enterprises in the field of agriculture, as well as by strengthening families and through endowments, the company will contribute to reduction of poverty and unemployment, and to higher quality of personnel.

In accordance with the determined five-year goals of the company, the following socially responsible initiatives are planned in the next period:

- Development of socially responsible cooperation in the field of agriculture, enabling education and employment of the disadvantaged category of the population (people with disabilities and socially vulnerable citizens);
- Development of young gifted students of agricultural schools through the "Fund for the Future". The program will be redirected to scholarships, education of children and practical training of economically disadvantaged students from agricultural high schools;
- Construction of Delta Holding second endowment, the Centre for Sports and Rehabilitation of Persons with Disabilities, commencing in 2015;

- Support for talented students for their studies at home and abroad.

Endowments

Delta Foundation carries out strategically important projects of historical significance that will permanently solve problems of the community in the field of social protection, education, culture and health.

The second endowment of Delta Holding

In 2015, the construction of a new endowment in Kragujevac is planned, namely the Centre for sport and rehabilitation of persons with disabilities. The partners in this project are the City of Kragujevac and Paralympic Academy "Junior".

The 500 square meter centre will be built near the memorial park Šumarice. Construction is planned to start in spring of 2015. In this Centre, unique for its content and vicinity of sports infrastructure, the persons with physical and sensory disabilities will be able to participate in sports, receive rehabilitation, and education, as well as to rest and socialize, and some of them will be employed too. This facility was designed with the aim to provide the best conditions for the rehabilitation of persons with disabilities and become a regional Paralympic Centre.



In 2012, Delta Foundation built and donated to the city of Belgrade the Day-care centre for accommodation of children and youth with disabilities "Sun", and since then, it has been actively assisting and participating in the work of the centre with more than 80 beneficiaries daily. During 2014, Delta Holding organized several humanitarian actions in the Centre "Sun", endowed by, the Foundation.

Universal Children's Day

Association for helping people with developmental disabilities "Live Together" and the Centre for children and youth with disabilities "Sun" from Belgrade, in cooperation with Delta Foundation, marked Universal Children's Day on 20 November 2014 at the Centre "Sun". Children without parental care and children with disabilities celebrated their day playing games, dancing and singing.

The inclusive performance involved participation of the children from the primary school "Laza Kostic" and from the Centre for accommodation of infants, children and adolescents from Zvecanska Street in Belgrade as well as the children from the day-care centre for children and youth with disabilities "The Sun".

This is the fourth time already that Delta Foundation marked Children's Day with friends.

New Year holidays in Delta Holding endowment

In 2014, the Foundation organized the third New Year's celebration party for the beneficiaries of the Centre "Sun". Actors from the studio theatre "Kids' Land" performed the children's rock and roll cabaret "That would be fine," and Santa Claus delivered 100 New Year presents to the children, prepared by Delta Foundation

Care for the community

In May 2014, Serbia was hit by disastrous floods. The decision of the management of Delta Holding and Delta Foundation was to redirect the funds planned for the realization of new projects and the construction of other endowments in order to help the community and the people affected by this natural disaster.

Flood relief

In the first days after the catastrophic floods in Serbia the primary concern was to save peoples' lives. That was the time when the affected people were helped by providing basic livelihoods. Delta Holding and Delta Foundation immediately came to help with donations in water, food, hygiene items, clothing and footwear.

Phase I: Emergency Assistance and Crisis Staff

The Company created a team for the support to the flood affected areas consisting of the employees from the Human Resources Department, Corporate Communications Department, Protocol Office, and Delta Foundation. The Support Team of Delta Holding worked together with the crisis staffs formed by governmental and non-governmental institutions and directed donations of water, food, beverages, hygiene products, clothing and footwear where it was most needed.

All the members of Delta Holding donated goods from their programs. Mioni, Danubius, Yuhor,

Florida bel donated water, basic food items and canned food. Delta DMD delivered personal hygiene items, disinfectants and cleaning products. In the course of the campaign, Delta Sport provided 20,600 pieces of clothes, 4,100 pairs of shoes and 4,000 T-shirts. Delta Sport donation to high school students in Svilajnc is also worth mentioning. As they were forced to leave their homes due to flooding, each of the 304 students from the high school "Svilajnac" was given a pair of sneakers and a T-shirt, as well as 187 high school students from the agricultural and veterinary high school with the student dorm "Svilajnac".



Delta City became donation collecting point from the citizens. In addition, the employees of Delta Holding organized and collected substantial aid in clothing and footwear for their colleagues. They largely responded to the humanitarian action of Delta Sport that organized the sale of their products, and all the money obtained was used for

the reconstruction of houses of employees affected by the floods. Immediately upon the opening of a dedicated flood relief fund by the Government of the Republic of Serbia, Delta Holding paid one million dinars.

In addition to material support, the Company also contributed by providing the necessary services. The employees who lost their homes and the international rescue teams were provided with accommodation in the Crowne Plaza Belgrade, Park and Nacional hotels. In addition, the Crowne Plaza prepared and delivered food to rescue workers and volunteers in the affected areas.

The floods have caused serious damage to the country's transportation network. This is why the major challenge faced by all was delivering assistance to those most affected. Significant logistical support in resolving the situation on the ground was provided by experts from Delta Transport System.

The psychological support to flood victims provided by psychologists from the Human Resources Department was of great importance as well.

Phase II restoration of Agriculture

It was soon clear that the floods caused disastrous consequences throughout the country and that it will take long time to completely repair the damage.

The management of Delta Holding and Delta Foundation made a decision to focus help on sustainable development, i.e. on strengthening of local production.

In order to help preserve and strengthen livestock in the affected areas, Delta Agrar sent 190 tons of animal feed to the seven most affected municipalities of Serbia (Paraćin, Valjevo, Bajina Bašta, Smederevska Palanka, Trstenik, Krupanj and Obrenovac). During the campaign, Delta's experts provided advice to farmers on the spot. Delta Agrar offered a guaranteed purchase of everything that is offered for sale from all the manufacturers in this region. With this action, Delta Agrar provided support to farmers in the affected areas of Serbia in the most difficult moments.

For the assistance provided to Serbian farmers after devastating floods in May 2014, the Ministry of Agriculture and Environmental Protection presented a recognition plaque to Delta Holding.



Phase III reconstruction of the employees' homes

The floods destroyed the homes of Delta Holding employees as well. Shortly upon the receding of water, the colleagues from Delta Foundation and engineers from the company Delta Real Estate paid them a visit to assess the damage. During the visit they found that it was necessary to rebuild two houses and 13 houses needed refurbishment. To the 14 employees who have suffered property damage which did not require reconstruction of facilities, financial assistance was paid in.

Funds for the reconstruction of houses have been provided partly by donations of employees in Delta Holding, while the second part was financed by the company.

Phase IV #DeltaZaObrenovac (Delta for Obrenovac)

Proceeding with the flood relief campaign, Delta Holding decided to refurbish a street in Obrenovac, the town most affected by May disaster. After visiting potential sites and talks with many local people, the decision was made to help the residents of Sava Kovačević Street in Obrenovac. At this location, 19 homes needed renovation, while 4 houses had to be rebuilt. These are the family houses of old residents of Obrenovac, the oldest of which was built back in the 20s of the last century. Delta Holding invested EUR 350,000 in the reconstruction of Sava Kovacevic Street. The Company wanted to support and encourage the residents of Obrenovac, to show them that they are not alone and that they can count on help in difficult moments.





Works on elimination of flood effects started in August and ended in October. In the final stages of the action called #DeltaZaObrenovac (Delta for Obrenovac), three apple trees were planted in each yard symbolizing health and victory of life over the devastating natural disaster. Along with the houses, the park at Sava Kovacevic Street was redone as well. A new lawn was placed together with a gazebo as a point of gathering and socializing of residents. The President of Delta Holding visited all the residents of the street who had their homes reconstructed on this occasion.

Delta Foundation also responded to the appeal of young artists to help restore Sports and Cultural Center in Obrenovac. Thus, within the action

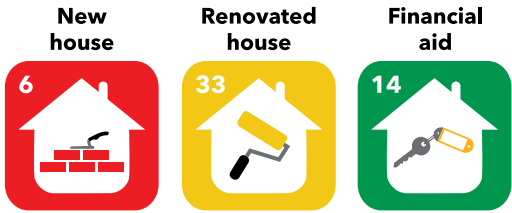
#DeltaZaObrenovac, the music studio called "Warehouse" in the students' cultural centre of Obrenovac was renovated as well. Total aid to flood victims, directed by Delta Foundation in the name of Delta business system, reached EUR 861,365

The initiative of Delta Foundation to help the flood affected population was also backed by the contribution of Belgrade Rotary Club, Leo club from Udine (Italy), Pompea, and by the scholarship holder, Aleksandar Pavlovic, the piano student at the Royal College of Music in London, who organized several concerts in the capital of Great Britain.

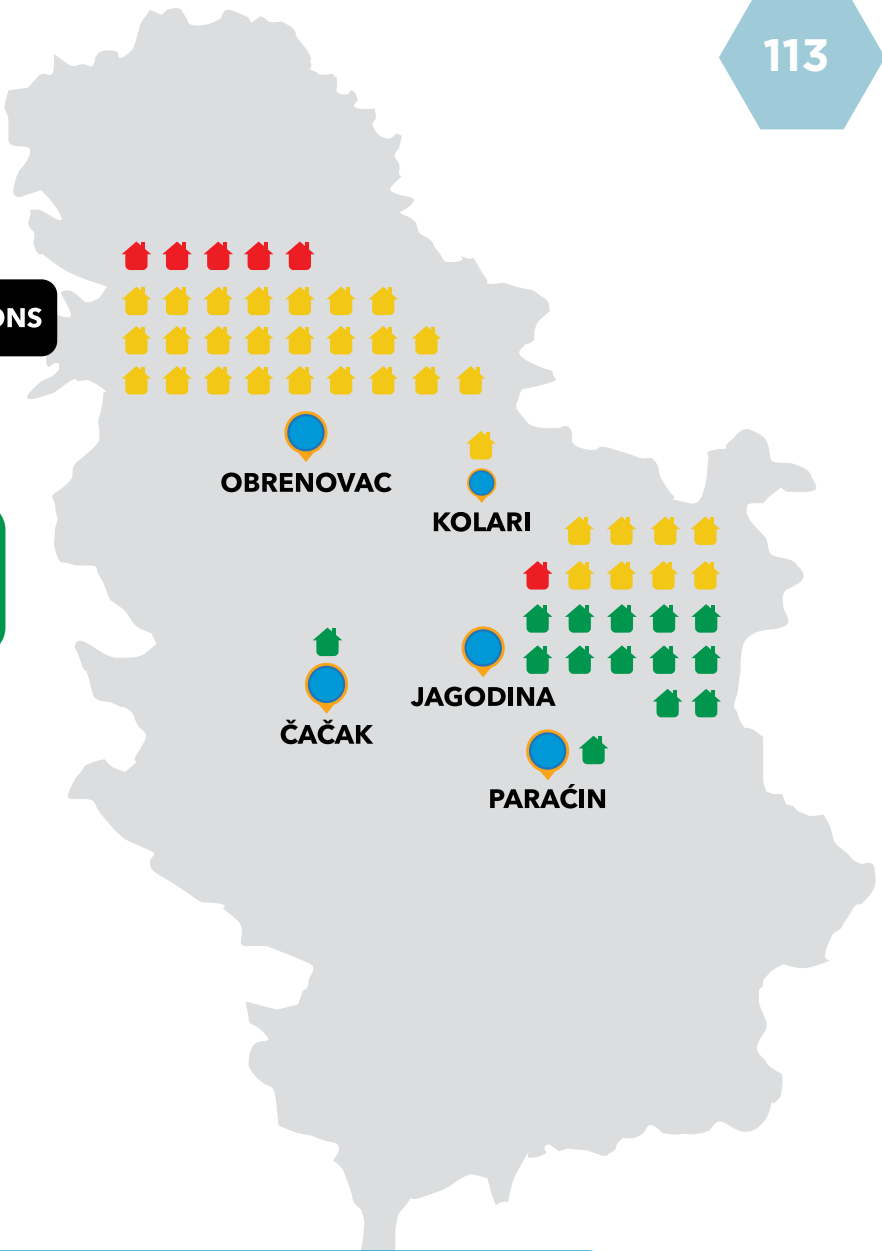
Massive floods in May 2014 took away much of what could not be recompensed. But in difficult times, fellowship helped in the effort to override the disaster.



RELIEF AID TO FLOOD-STRICKEN REGIONS



**TOTAL VALUE OF DONATIONS:
EUR 861,365**



Aid to evacuated population EUR 276,085



Aid to farmers EUR 100,530

**TOTAL VALUE OF DONATIONS:
EUR 861,365**

Education and Culture

Education is the root of every progress. For this reason, since 2012, the Foundation has been supporting educational institutions and culture projects and implementing a special support program for young talents for their studies at home and abroad.

Educational Institutions

Based on the achieved results of students, for the second consecutive year, the Foundation awarded a financial grant to the Faculty of Organizational Sciences, Belgrade to cover the costs of the international case study solving competition BBICC (Belgrade International Business Case Competition) and the costs of international competition of the students from this faculty.

The competition in solving case studies BBICC was held in April of 2014, for the second consecutive year at the Faculty of Organizational Sciences in Belgrade. Students from twelve universities all over the world were faced with the same business challenge, and the case study was set by the pasta manufacturing factory "Danubius", operating within Delta Agrar.

The Faculty of Organizational Sciences, Belgrade presented Delta Holding and Delta Foundation with the recognition plaque for successful cooperation, contribution in high results of students, and for the support of the Faculty's development to date.



Support the Youth Philharmonic Orchestra from Nis

In 2014, Delta Foundation supported the participation of the Youth Philharmonic Orchestra "Naissus" from Niš on the international competition of youth orchestras in Bratislava, where they won the gold medal in the category of symphonic orchestras.

Support for talented students

Based on public competition announced in 2012/2013, and in accordance with clearly specified criteria, Delta Foundation selected 12 students who received scholarships for continuance of their education and covering their living expenses throughout their studies.

Delta Foundation proceeded with its support to students in the academic year 2013/2014, through

a special student grant project intended to the most talented ones.

The right to continuance of financial support was granted to those students who timely met their contractual obligations and met requirements for continuation of their studies at the same or higher level of education in Serbia and abroad.

THE LIST OF STUDENTS WHO HAVE CONTINUED THEIR EDUCATION SUPPORTED BY DELTA FOUNDATION IN 2014

Name and Surname	Type of studies	Year	University	Department	Country
Ivana Stradner	PhD	1. of 3	UC Berkeley School of Law	Law	USA
Aleksandar Pavlović	Undergraduate	2. of 4	Royal College of Music	Piano	UK
Ivana Seccareccia	PhD	3. of 3	Friedrich Schiller Universität Jena	Biology	Germany
Milan Marković	PhD	4. of 4	University of Graz	Law	Austria
Saša Marjanović	Master	1. of 1	University of Novi Sad	Microcomputer electronics	Serbia
Azra Obuća	Master	1. of 1	University of Novi Sad	Microcomputer electronics	Serbia
Branko Mičić	Master	2. of 3	Florida International University	Telecommunications	USA
Dunja Tanasković	Master	2. of 2	University of Stuttgart	Engineering and water resources management	Germany
Uroš Matić	PhD	2. of 3	University of Münster	Archaeology	Germany

Delta - The Third Parent

Group of programs and projects called "Delta the Third Parent" aims at improving and advancing the quality of life of children without parental care and children from socially disadvantaged families.

Fund for the Future

Program supports professional development of children without parental care.

The "Fund for the Future" was launched in spring 2006 aiming to motivate career advancement of the children without parental care living in social care institutions.

The program lasts for two years and it is implemented in the following stages:

- Call for applications and selection of scholarship recipients
- Monthly scholarships
- Business and practical training
- Certificate award
- Students scholarships - support for further schooling
- Employment

Each September, the competition is open in social welfare institutions for children in Belgrade, Novi Sad, Kraljevo and Krusevac. Day care teachers and tutors from welfare institutions and representatives of Delta Foundation are responsible for the selection of youth to participate in the program.

The selection criteria for the scholarship program are the following:

- The candidate must be a resident of welfare institution for children
- The candidate must be on the penultimate year of high school
- The candidate attends school regularly, and
- The candidate is of good behaviour.

The two year training program is accompanied by monthly scholarships for students. There are three levels of scholarships and their value depends on the school achievements, school attendance and general behaviour.

Business education of scholarship holders is carried out in two semesters. Within 72 hours of theoretical training, the scholarship recipients attend courses in the fields of corporate culture, active job search, motivation, communication, and the rights and obligations of employees.

Practical training is carried out through visits to Delta Holding member companies. On these occasions, managers and employees of the Company inform the scholarship recipients about the methods of business operation, organizational structure and potential jobs.

In the course of regular program activities, scholarships students of the **generations 2013/2014 and 2014/2015** visited the following business units of Delta Holding:

- Factory "Danubius" in Novi Sad
- Delta Auto company in Belgrade
- The estate "Progress" in Stara Pazova
- Delta DMD distribution centres in Belgrade, Nis and Novi Sad

In 2014, the ninth generation of scholarship program "Fund for the Future" successfully completed business and practical training in duration of two years.

At the ceremony organized in Delta Holding, 16 scholarship recipients from the Children's Village in Sremska Kamenica, SOS Children's Village in Kraljevo, children's home "Jefimija" from Krusevac and the Center for Protection of Infants, Children and Youth in Belgrade, received certificates of programme completion. The seven best among them received tablet computers as presents.

Following the graduation from high school and the program "Fund for the Future", Delta Foundation continues to provide support to young people without parental care on their way to independence. Some of them chose to proceed with their education and go to university, while others wanted to start working.

In the school year 2014/2015, Delta Foundation awarded scholarships to 21 children without parental care upon their successful completion of the program "Fund for the Future". Four of them were employed in Delta Holding system following the program completion.

FUND FOR THE FUTURE		
Number	Year 2006 - 2014	Year 2014
Scholars	264	15
Employed scholars	33	4



Family Strengthening Program

Children's Village in Sremska Kamenica in cooperation with SOS Kinderdorf International launched the "Family Strengthening Program" in 2012. In 2013, Delta Foundation joined them. The aim of the program is to prevent seclusion of children from dysfunctional families. Program activities are aimed at supporting the biological family and creating conditions that allow growing up in a healthy and stimulating family environment.

The program includes:

- Psychosocial support (regular home visits, individual counselling work, the self-support club)
- Support in the realization of various entitlements
- Educational workshops for children and parents
- Inclusion in numerous services that support children and families
- Advocating children's rights in the local community
- Financial support

Delta Foundation funds the work of two social workers and the purchase of materials and tools for business start-up of the vulnerable families. In addition, frequent donations in clothes, footwear, hygiene items and food help those families meet their basic needs on the road to independence.

Each year, a trip is organised during Easter holidays for the children under this program, so that 50 children from Žabalj and Novi Sad spent Easter holidays playing sports games and having fun on Fruska Gora in the village of Alibegovac.



In May 2014, President of Delta Holding, Miroslav Miskovic, visited the Children's Village in Sremska Kamenica and on that occasion he donated a check for RSD 500,000 as an additional support for the project.

The results of Family Strengthening Project:

from 2012 up to date, over 107 families with 218 children went through the project. Eleven families achieved sustainability, and 7 of them will continue with their development without the help of social workers.

During the project, the members of 14 families completed various courses, after which they were provided with material for starting their own business in order to be able to earn and provide for normal growth and development of their children.

THE RESULTS OF FAMILY STRENGTHENING PROJECT

Year 2013

Municipality	Year	Total no. of families	Total no. of children
Novi Sad	2013	82	160
Žabalj	2013	25	58
Ukupno	2013	107	218

THE RESULTS OF FAMILY STRENGTHENING PROJECT

Current status

Municipality	Year	Total no. of families	Total no. of children
Novi Sad	2014	44	111
Žabalj	2014	16	44
Ukupno	2014	60	155

During the exchange fair held at the Crowne Plaza Belgrade, the representatives of institutions and organizations for social protection in Serbia presented their projects and needs, and socially responsible companies and individuals took part in the fair as well. On this occasion, Delta Foundation and the Children's Village in Sremska Kamenica signed the Protocol on the continuation of cooperation on the "Family Strengthening Program".

Support for the persons with disabilities

Delta Foundation supports active participation of persons with disabilities in social life as well as their inclusion. That is why from the beginning of its establishment, the Foundation has supported the implementation of projects aimed at their independent living and at organizing sporting, recreational and cultural events for persons with disabilities.

Support to the establishment of In Centre - the centre for inclusion, innovation and integration

Delta Foundation provided financial support for the adaptation of the premises of In Centre, the centre for inclusion, innovation and integration from Belgrade. The centre provided great contribution to the improvement of social entrepreneurship and employment of people with disabilities, based on the model from developed European countries. At one place, this centre offers different types of support to individuals, organizations and business sector, with the emphasis on the provision of services free of charge to persons with disabilities.

Support to the Day-care centre "Puž" from Smederevska Palanka

The Foundation presented a check for 500,000 dinars to Day-care Centre for Persons with Disabilities "Puž" from Smederevska Palanka, managed by the Association for helping mentally challenged and autistic persons. The funds are intended for furnishing of the sensory room and purchase of the equipment necessary for the improvement of general working conditions of the day-care centre "Puž".



Support for the opening of the first therapeutic garden in Serbia in the nature reserve "Zasavica"

Delta Foundation supported the opening of a therapeutic garden in the nature reserve "Zasavica", intended for the activities of children and young people with mental and intellectual disabilities.

The aim of this therapeutic garden is training and work engagement of members of vulnerable groups in growing crops for the production of organic food.

Support to sporting activities of persons with disabilities

During 2014, Delta Foundation supported numerous sporting activities of persons with disabilities:

Ninth cycling marathon Kragujevac - Mostar was held in September 2014, when the athletes from Paralympic Club "Junior" and cycling club "Worker" from Kragujevac, with their tour to Mostar, marked the decade of competitive tandem cycling, a sports discipline that has become available to people with impaired vision. At the ceremony organized to mark the start of this marathon, Paralympic Club "Junior" presented a plaque to Delta Holding and Delta Foundation for their outstanding contribution to the promotion of sport, creative and intellectual potentials of people with visual impairments.

The volleyball team of persons with disabilities "Phoenix" from Kikinda organized the fifth "Kikinda Cup 2014" supported by Delta Foundation.

The sixth international tournament in sitting volleyball "**Belgrade Trophy**" was held on 14 and 15 June at the Sports Centre "Rakovica". The organizers of the tournament are the sitting volleyball club "Spike" and Belgrade Sports Association of Persons with Disabilities, supported by the Secretariat for Sports and Youth of Belgrade. The tournament aims to influence the popularization of sitting volleyball and sports for persons with disabilities and gather a large number of teams from Serbia and the region. The club Spike presented Delta Foundation with the

plaque "Sitting Volleyball Club Spike" for its support in the organization of the 6th International Sitting Volleyball Tournament "Belgrade Trophy 2014".

In September 2014, the Foundation supported an inclusive race "**I am running to send a message to the world**". The race organizer was the Sports Club for persons with disabilities "Winners" from Belgrade. Around 200 children and persons with disabilities participated in this race. The aim of this event is to promote opportunities for persons with disabilities, their social inclusion and integration in the community.

Delta Sport donated sports equipment to **Kragujevac sports club "Bees"** who hosted the national football championship of Special Olympics Serbia in May 2014. Twelve teams from Serbia participated in the championship.

Delta Foundation provides supports to organizations of persons with disabilities in their realization of sports activities by donating sports equipment as well.

Delta Foundation was presented with the **Plaque of Belgrade Sports Association of Persons with Disabilities** for outstanding contribution to the development of sports among persons with disabilities in 2014.

Support to the activities of persons with disabilities in the field of culture

During 2014, Delta Foundation supported the realization of the following projects in the field of culture:

- Film festival for persons with visual impairments
- Belgrade Film Festival for and by people with disabilities - BOSI fest
- The performance of "Waiting for Godot"

For the fifth time in a row, the Foundation extended financial support to the Festival of adapted and dubbed films for people with visual impairments. Apart from being screened on the festival organized by the Association "Homer" from Belgrade, the films were also shown on the second channel of the Radio Television of Serbia. The dubbing and adaptation of films allows people with visual impairments enjoy the most significant achievements of the seventh art.

For the fifth time in a row, the Foundation supported the organization of Belgrade International Film Festival for persons with disabilities.

The organizer of the festival was Hendi-centre "Coliseum" from Belgrade. BOSIFEST is the only festival of its kind in Southeast Europe helping people with disabilities through the realization

of their artistic and other potentials, and their engagement in creative reality of our society.

The Foundation supported the performance of inclusive play "Waiting for Godot" featuring famous local actors together with persons with visual impairments. "Waiting for Godot" was organized by the "Integration Workshop" and this was the second play of this association featuring blind and visually impaired actors.

With the aim to help in restoration of the oldest children's theatre in Belgrade, the "Bosko Buha Theatre", in addition to financial donations, Delta Foundation provided two disability access ramps and electrical platform.



Support to socially vulnerable in gaining independence

Give a man a fish and you feed him for a day: teach a man to fish and you feed him for a lifetime.

Support to the establishment of living and working community for persons with disabilities in Golubinci

By furnishing the house in the village of Golubinci near Stara Pazova, the Foundation supported the onset of the program: "Living and working community for persons with disabilities - Oasis Golubinci", implemented by the association "Living Together" from Belgrade. The goal of the program is the independence of people with disabilities by organizing agricultural estate and occupational therapy.

This program includes the services of supported housing for persons with disabilities, thus preventing their institutionalization.



Support to the Association Optimist from Bosilegrad

The Foundation supported the Association Optimist from Bosilegrad with a financial donation for building another greenhouse aimed at further development of social entrepreneurship. The Association was established to assist in economic strengthening of the municipality and South Serbia, through building capacity, motivation and skills of key stakeholders, the young and vulnerable groups primarily. In the course of its seven years of existence, the Association has focused on three key areas: social entrepreneurship, environmental protection and youth. The beneficiaries of this association include 35 families from Bosilegrad.



THE INVOLVEMENT OF DELTA HOLDING EMPLOYEES IN HUMANITARIAN WORK

“We run for the butterfly children“

For the second consecutive year, the employees of Delta Holding took part in Belgrade Marathon, to provide support to patients with epidermolysis bullosa.

More than 200 employees and their families participated in the Fun Run, and around 200,000 dinars was collected in the humanitarian campaign.

"Debra" is the association that gathers the parents of children and adults suffering from epidermolysis bullosa, a rare hereditary skin blistering condition, when skin damage occurs even at the slightest touch or pressure. The association currently includes 36 people with epidermolysis bullosa who are also called the "butterfly children", due to high sensitivity and fragility of their skin. The funds were used for the purchase of special patches that protect the skin from external influences.

"Santa's Little Helpers"

For Christmas and New Year holidays, Delta Holding organized a humanitarian action called "Santa's Little Helpers". The children of Delta Holding employees prepared 125 Christmas gifts for their friends from socially disadvantaged families included in the "Family Strengthening Program".

The caravan of Mini cars brought gifts to the Children's Village in Sremska Kamenica, and after New Year party and magician's performance, Delta Foundation pleased the young ones with the New Year presents.

Blood Donations

In cooperation with the Blood Transfusion Institute, Delta Holding organizes blood donation sessions on a regular basis.

In 2014, there were three such sessions, to which the employees traditionally responded in large numbers, aware that in this way they help in saving lives of their fellow citizens.



APPLICATION OF REPORTING PRINCIPLES

MATERIALITY

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

INCLUSION

The Report states in all of its chapters the manner in which the Company promotes relations with interested parties, surveys their satisfaction levels and defines plans for further development.

In this regard, the Company welcomes feedback on the content and quality of this Report and will duly take them into consideration for the purpose of preparing subsequent reports. Contact details for the provision of feedback are available at the end of this Report.

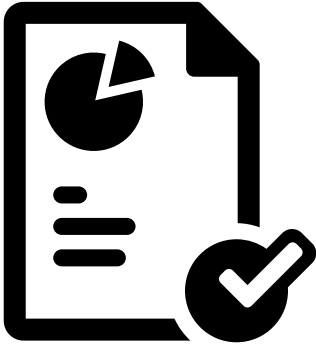
SUSTAINABILITY

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

COMPLETENESS

The Report contains information and data as at 31st December 2014 which, where applicable, was compared to the 2013 data. Financial and economic indicators were taken from the report compiled for the annual Company meeting.

TION



BALANCE

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

COMPARABILITY

Stakeholder will be able to compare the Report with the similar reports published by other companies. This is enabled by the application of GRI standards and indicators used for definition of GRI reporting levels. Data for the reporting period are also included; the same measurement methods were used throughout the report, were applicable. Application of different methodology, the reasons and effects of the aberration are also listed. There was no correction of the data edited in the 2013 Report.

ACCURACY

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

TIMELINESS

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

CLARITY

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

RELIABILITY

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

A large teal-colored geometric shape, resembling a stylized arrow or a folded piece of paper, is positioned on the left side of the page. The background is a solid bright yellow. The text is centered within the teal shape.

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GRI
INDICATORS**



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TRANSLATION

Limited assurance report on the Socially Responsible and Sustainable Business

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

Scope and Responsibility

We have reviewed the Report on Socially Responsible and Sustainable Business (“the Report”) of Delta Holding d.o.o., Beograd (the “Company”). Management is responsible for the preparation and presentation of the Report for the year ended 31 December 2014 in accordance with the G4 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 limited 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 “Economic results” 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 2014.
- 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;

- 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 G4 Global Reporting Initiative Guidelines (GRI), 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, 29 May 2015

KPMG d.o.o. Beograd

(L.S.)

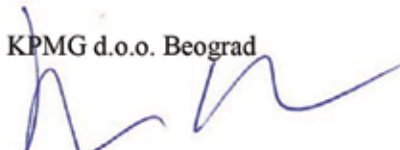
James Thornley
Partner

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

Belgrade, 29 May 2015



KPMG d.o.o. Beograd


James Thornley
Partner

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