



**DELTA
HOLDING
CSR 2016
report**

on Socially Responsible and Sustainable Business

www.deltaholding.rs

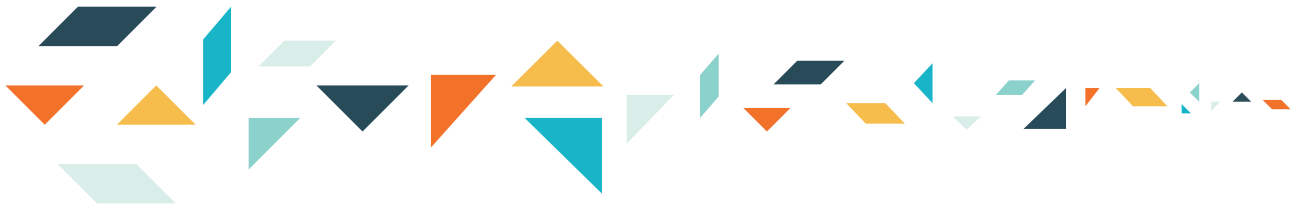









TABLE OF CONTENTS

COMPANY OVERVIEW	2	
ABOUT THIS REPORT	4	
MARKET RESPONSIBILITY	20	
ENVIRONMENTAL CARE	40	
CARE FOR EMPLOYEES	52	
DELTA FOUNDATION	64	
LIST OF GRI INDICATORS	76	

DELTA HOLDING

Creating Business

DELTA AGRAR

- ▶ PRIMARY PRODUCTION
- ▶ AGROTRADE
- ▶ AGRODISTRIBUTION
- ▶ AGROSTOCK EXCHANGE

DELTA FOOD PROCESSING

- ▶ FOOD PROCESSING

DELTA REAL ESTATE

- ▶ HOTELS
- ▶ OFFICE SPACE
- ▶ RETAIL PARK

DELTA DISTRIBUTION

- ▶ IMPORT AND DISTRIBUTION OF CONSUMER GOODS
- ▶ TRANSPORTATION AND WAREHOUSING SERVICE
- ▶ SALE AND MAINTENANCE OF BMW, MINI AND HONDA VEHICLES

DELTA MC

- ▶ BICYCLE MANUFACTURING
- ▶ DISTRIBUTION OF FORKLIFTS, BATTERIES, TIRES, ANTIFREEZE, OILS AND LUBRICANTS
- ▶ SERVICING OF VEHICLES AND BICYCLES



- ENDOWMENTS ◀
- DEVELOPMENT OF SOCIAL
ENTREPRENEURSHIP IN
AGRICULTURE ◀
- EMPOWERING SOCIALLY
VULNERABLE FAMILIES ◀
- PROFESSIONAL SUPPORT
TO YOUNG PEOPLE ◀

- PACKAGING WASTE
MANAGEMENT ▶
- ENVIRONMENTAL
PROTECTION CONSULTING ▶

DELTA
FOUNDATION

DELTA
PAK

Delta Holding was founded in 1991. Company headquarters are located in Belgrade¹, and company business is predominantly carried out in Serbia, but also in the countries across the region (Montenegro, Bosnia and Herzegovina), Russia and European Union. Company's primary business activities include agriculture, food production and real estate. Delta

Holding Member Companies operate as limited liability companies, and a few of them are joint stock companies. Two non-profit organizations also operate within Delta Holding, namely Delta Foundation and waste management organization called Delta Pak.

¹ 6, Vladimira Popovića St, New Belgrade.



About this report

Delta Holding 2016 Sustainable Development Report² has been prepared in accordance with the G4 Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI) and audited by an independent audit firm, KPMG, at the request of the Company. The report comprises data on Delta Holding business in Serbia. It contains all relevant information on the advancements in economic, environmental, social and societal aspects of the business that were acknowledged by stakeholders as crucial for the development of the Company and society.

For the purpose of sustainable development and meeting stakeholders' expectations, in 2016, the Company:

- Offered new products and services of top quality

- Built the InterContinental hotel in Ljubljana
- Built and donated the centre for sports and rehabilitation of persons with disabilities to the city of Kragujevac
- Carried on with digitalization of agricultural production to save energy, water and other natural resources
- Developed local and international transport
- Carried out expansion of the distribution network
- Employed 4th generation and engaged 5th generation of Young Leaders
- Improved occupational safety and health of employees
- Supported the development of 11 social enterprises in agriculture

² Delta Holding has been publishing Sustainable Development Reports since 2009. The previous 2015 report was issued on 1 June 2016. (2015 Report on Corporate Social Responsibility and Sustainable Business, G4, GRI).



In order to understand the expectations of company stakeholders, in 2015, a research was conducted on a representative sample of 50 external and 30 internal stakeholders. Research participants rated the impact of business and socially responsible activities of the company with respect to: economic results, legislation, internal procedures and code of conduct, as well as with the business strategy, health and safety of employees, environment and Company reputation.

External stakeholders included key business partners, customers, suppliers, contractors, banks, citizens' associations, non-governmental organizations, trade associations, educational institutions and the media.

Internal stakeholders were the employees together with middle, senior and top management.

The assessment of their importance to the business of the Company and stakeholders is shown in the diagram below.

Over the year, numerous surveys regarding the opinion and satisfaction of customers, suppliers and employees were carried out. In addition to customized opinion polls, stakeholders were able to express their opinion by calling call centres or sending emails to addresses posted on the respective websites of all Delta Holding member companies. Company policy envisages responding to all messages within 48 hours.

Company representatives participated in numerous events organized by governmental and non-governmental sector, aimed at the promotion and advancement of important social issues such as human and labour rights, fight against corruption, environmental protection, energy efficiency, safety and health at work, introducing the objectives of sustainable development and 2030 Agenda to students and citizens, the development of social entrepreneurship, etc. This is another way for the Company to exchange experience with other economic actors and contribute to the development of society through a dialog.



Foreword by the President

In 2016, we strengthened our foundations for the realization of our vision and mission by innovations in core businesses, strategic appearance in the international market, and by researches made in industries in which we have not done business so far.

In the future period, our investments will mostly be focused on agriculture: in the development of sheep and cattle breeding, planting new varieties of exclusive club apples, crops of specific types of fruit and vegetable crops.

In the field of real estate, we will go on with the construction of shopping malls and hotels in Serbia, region and European Union.

In the distribution business, we intend to expand our business in international transport.

Over the years, we have developed human resources with excellent expertise, based on knowledge and experience from projects done so far. This not only allows us to develop our existing businesses, but also enables fast and successful entry into entirely new areas of business in our market. Delta is able to take that step, to accomplish that in an efficient and profitable way, to the benefit of all stakeholders and the community in which we live and do our business.

Since technology is worthless without the people who are able to make good use of it, our priority is employment of young people in particular. Delta continues with the development of its project called Young Leaders that has entered its sixth year of implementation and has been recognized as a one-of-a-kind opportunity for education, employment and social advancement of young and educated professionals in Serbia.

That social responsibility truly represents a part of Delta Holding strategy and our fundamental commitment that pervades all aspects and areas of our work and business was confirmed in 2016. Our socially responsible actions accompanied our strategic

businesses, mostly agriculture which is our primary business. We have supported social entrepreneurship in agriculture, and provided help for the education of future farmers and agricultural experts because we believe that knowledge is the greatest comparative advantage in the market.

We proceeded with our support to people with disabilities. Our priority is their inclusion in society through employment, socialization and creating conditions for them to achieve life adequate to this period and environment.

In 2016, we gave Centre for sport and rehabilitation of persons with disabilities called Iskra to the city of Kragujevac. At the same time, we thereby met the strategic objective of Delta Foundation, whose main task is implementation of major endowment projects. Iskra is the second Delta's endowment and it will remain a permanent asset to the city of Kragujevac and numerous beneficiaries of its services.

The role of leaders in business and in social responsibility is of highest importance for Delta and it will continue to be in the coming years. We believe that our obligation is to disseminate our knowledge to those social groups to whom it is otherwise unavailable. This is sustainable support that will turn its beneficiaries into active members of society, empowered to secure their livelihood and decent life in every sense.

Miroslav Mišković

President Delta Holding





Board of Directors

Delta Holding Board of Directors is governed by high ethical standards of corporate governance, and principles of transparency thus setting an example to colleagues, while building stakeholders' and public trust.

The Executive Board of Directors consists of the president, three senior vice presidents and three vice-presidents. Company president and vice presidents nominate the extended Board of Directors. The Extended Board of Directors includes another 5 managing and 5 sector directors. There are 9 women and 8 men among them.

They have earned their place in the Board of Directors by excellent business results, continuous improvement

of their knowledge and enviable leadership skills.

With their vision, knowledge and energy they lead the employees and Company towards achieving its mission and goals.

In line with the mission of their business, the Board of Directors develops companies that improve society, adhering to main company values:

- EXCELLENCE
- INNOVATION
- INTEGRITY
- ACHIEVEMENTS
- CARE FOR PEOPLE



Miroslav Mišković
President



Milka Vojvodić
Senior Vice President,
Finance and Economy



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



Dejan Jeremić
Senior Vice President,
Operations



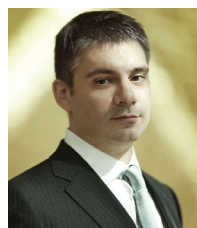
Milorad Sredanović
Vice President



Ivana Mišković Karić
Head of Delta
Foundation



Ivan Kostić
Vice President,
Agriculture



Živorad Vasić
Vice President



Zorana Ždrale Burlić
CEO,
Delta Real Estate



Lazar Petrović
CEO,
Delta DMD



Aleksandra Đurđević
CEO,
Delta Auto



Ana Dišić
CEO,
Shopping Malls
Delta Real Estate



Jasminka Kiselčić
Director,
Plan and Analysis



Mira Cvijetić
Director,
Finance and
Accounting



Milica Pejnović
Director,
Internal Audit



Tomislav Mimica
Director,
HR



Ivan Vasić
Director,
IT



Strategic Management

Company President and Board of Directors are involved in making strategic decisions and plans for business development, decisions on environmental protection and support of the community.

Plans for business development are created in strategic workshops of Delta Holding member companies. Chief Business Sustainability Officer defines corporate social responsibility strategy in cooperation with teams responsible for human resources, environmental protection, development of relations with customers, suppliers and the community. Plans to address the identified social challenges in the community are further developed and implemented by Delta Foundation.

The team responsible for strategy and development, headed by the Senior Vice President for Strategy and Development actively participates in defining strategic plans presented at the meetings of the Board of Directors College, when they decide on their adoption and implementation.

Strategic plans are revised once a year. During this revision, plans are adjusted to reflect changes in

internal and external environment and newly identified opportunities and risks. All risks are analysed according to their significance and probability of occurrence.

In 2016, the following plans were adopted on the Strategic College:

- Development of fruit growing
- Development of livestock production
- Investment in precise agriculture
- Expansion of Food Processing product portfolio
- Development of distribution network
- Development of logistic
- Construction of shopping malls
- Support to the development of entrepreneurship in agriculture
- Support to young people in acquiring practical skills and knowledge

Risk Assessment

THE MOST IMPORTANT ENVISAGED RISKS IN 2016

RISK	DESCRIPTION
Market risk	Low purchasing power of local market and current illiquidity of companies may pose risk to cash flow.
	Potential entry of foreign companies with better business conditions on domestic market. Risk of margins and market share decrease.
	Limited possibilities for the procurement of raw materials from local market in terms of quality and quantity.
	Drop in the price of commodities on global market can significantly jeopardize trade segment in this area.
Institutional risk	Inadequate laws and non-implementation of long-term agricultural policy through subsidies and IPARD funds.
Financial risk	Potential risk of decrease in banks' lending activities.

Business ethics and integrity

Delta Holding operates in accordance with legislation and ethical principles. The company has set up its Code of Ethics, available to the employees on the internal portal or as a printed brochure.

In addition to the obligations concerning respect for the law, this Code stipulates basic moral principles

with regard to **conscientiousness and honesty** that concern the rights and responsibilities of employees, customers, suppliers, other stakeholders and the community as well as **responsibility** for conscientious and professional execution of tasks and activities.





The Code stipulates the responsibilities of employees about keeping trade secrets, prohibition of corruption and the protection of Company's reputation and assets. The code clearly stipulates that the employees should execute delegated tasks so that the personal interests are not subordinated to company interests, or in the manner that their actions may cause a conflict of interest. Company Code of Ethics defines fair relations with all stakeholders that implies recognition and respect of their needs and interests in everyday work. Transparent and open communication is recommended as well as providing truthful and timely information, open communication and fair competition.

Since 2014, parts of the Code of Ethics were incorporated in employment contracts. In addition, corrective measures in case of violation of defined principles are clearly indicated. For any questions regarding ethics and integrity, the employees can address the Human Resources Department and labour law officers.

In addition to the Code of Ethics, Delta Holding also respects and promotes the Policy of corporate social responsibility which defines intention to integrate voluntary care for employees, business partners, the community and the environment in everyday business processes.

Delta Holding complies with the United Nations Global Compact Ten Principles, as well as with the principles of ISO 26000, the Code of Business Conduct, Pro Bono Policy and Etiquette in communication with persons with disabilities.

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 (Seme Sombor, Yuhor), Delta Distribution (Delta DMD, DTS, Delta Auto, Delta Motors)
GLOBAL GAP	Global GAP is the pre-farm gate standard set in place by European leading food retailers to give their customers more assurance of food safety.	Delta Agrar Group (Podunavlje)
ISO 22000	Food safety management - Requirements for systems of any organization in the food chain.	Delta Agrar Group (Yuhor)
FSSC 22000	Demonstrates that company has a robust Food Safety Management System 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)
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 (Fun & Fit, Mioni, Danubius, Yuhor, Napredak), Delta DMD, DTS
HALAL	Halal Certification is the recognition that the products are permissible under Islamic law.	Delta Agrar Group (Yuhor)
IFS	Standard that guarantees safe and high quality products.	Delta Agrar Group (Mioni, Fun & Fit)
IFS LOGISTICS	IFS Logistic is a standard for auditing all logistics activities for food and non-food products.	Delta DMD, DTS
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)
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)

Memberships

United Nations Global Compact – a voluntary initiative of businesses that incorporated ten universal sustainability principles in their business operation. These principles include respect for human and labour rights, environmental protection and anti-corruption. As the world's largest civil initiative, Global Compact involves all the relevant social actors: public institutions, companies, trade unions and civil society organizations that represent the wider community and the United Nations.

Delta Holding has been a member since 2007, and the member of Global Compact Board since 2015. The company actively participates in the meetings of European UN Global Compact Networks and transfers new knowledge and global trends to its members in Serbia. With other Board of Directors members, the company initiates and implements numerous conferences and events that contribute to the promotion of Sustainable Development Goals and 2030 Agenda.

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

Delta Holding became a member of the Responsible Business Forum and of the Board of Directors in 2015. Company representatives are actively involved in the promotion of the principles of social responsibility, social entrepreneurship, education of youth and corporate volunteerism.

Friends of Europe (FOE) – Les Amis de l'Europe is a leading think-tank organization that aims to stimulate thinking on key global and European issues that span political, economic, social and environmental challenges. Using insightful publications and animated debates, it FOE provides access to sharp analysis on current issues. It promotes the confrontation of ideas that is vital to policymaking 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.



WE SUPPORT



FORUM ZA
ODGOVORNO
POSLOVANJE



friends
of europe

Awards



AWARDS IN 2016

PRIZE TITLE	WINNER	ORGANIZATION AWARDING THE PRIZE	AWARD DESCRIPTION
Award for Corporate Social Responsibility	Delta Holding	Serbian Chamber of Commerce	CSR Award - 1st place in the category of large companies
Corporate Volunteering Award	Delta Holding	Forum for Responsible Business	Award in the category of Skill Based volunteering
Award for reporting under the GRI methodology	Delta Holding	Forum for Responsible Business	Award for contribution to the development of non-financial reporting
Award for leadership in CSR	Delta Holding	Forum for Responsible Business	Prize for the highest ranked company according to CSR Index
Recognition for corporate volunteering	Delta Holding	Forum for Responsible Business	Recognition for participation in the voluntary action "Our Belgrade"
Award for the highest number of participants in the action "Anything but a Car"	Delta Holding	Bicycleology and UNDP	Prize for the team with the highest number of participants
Gold Plum - Product of the Year 2016	Delta Agrar	World Food Moscow	Prize in the fruit and vegetable processing category for stoned and unstoned prunes
Great Champion Cup with the title of Absolute Champion	Delta Agrar	Novi Sad Fair	Pig farming category
Novi Sad Fair Cup for exceptional approach to the participation in 83rd International Agricultural Fair	Delta Agrar	Novi Sad Fair	Preparedness of animals, method and results of presentation
Novi Sad Fair Cup for the appearance of two collections gilts	Delta Agrar	Novi Sad Fair	Pig farming category
Novi Sad Fair Cup for the exhibited sow with piglets	Delta Agrar	Novi Sad Fair	Pig farming category
Novi Sad Fair Cup for the exhibited Durac boar	Delta Agrar	Novi Sad Fair	Pig farming category
Novi Sad Fair Cup for the exhibited collection of gilts	Delta Agrar	Novi Sad Fair	Pig farming category
Top performer loyalty recognition	Crowne Plaza Belgrade	IHG Rewards Club	Loyalty Champion Gold Workshop 2016
Singidunum Winner 2016	Crowne Plaza Belgrade	Univerzitet Singidunum, TOB, TOS	Platinum award for improvement of hotel business
Singidunum Winner 2016 Best Hotel Manager	Crowne Plaza Belgrade	Univerzitet Singidunum, TOB, TOS	Platinum award for improvement in the field of hotel business in the field of hotel management
Chef of the year 2016	Crowne Plaza Belgrade	Magazine "Turistički Svet"	The best chef of the year
Chef of the decade	Hotel park	Magazine "Turistički Svet"	The best chef of the decade
Recognition plaque	DTS	Municipality of Stara Pazova	The award of the Municipality of Stara Pazova for outstanding contribution to the local community
The Stride	Delta DMD	Diageo	For the distributor who achieved extraordinary results for Johnnie Walker brand
Grand prix for improving the overall appearance at the Car Show	Delta Motors	Belgrade Fair	Award for improving overall appearance at the Car Show
Special recognition for the introduction of electric vehicles on the market of Serbia	Delta Motors	Metro Market Agency, Serbian Chamber of Commerce, Environmental Protection Agency and AMSS-Centre for motor vehicles	Award for the introduction of EV
Auto Bild Golder Car 2016	Delta Motors	Auto Bild	Award for the BMW M2 coupe in the category of luxury and sports cars
Auto Bild Golder Car 2016	Delta Motors	Auto Bild	Award for BMW X1 - compact SUV
BMW President award	Delta Motors - Aleksandra Đurđević	BMW A.G.	BMW Group Award for outstanding results and standards in all areas of business and an example of good practice in 2016
BMW Brand awards 2016, the best practice award	Delta Motors	BMW A.G.	BMW award for the best practice

Economic Performance

In 2016, Delta Holding gained EUR 411.78 million of operating income. The Company's EBITDA amounted to EUR 32.48 million³. Delta Agrar Group achieved the largest income growth of as much as 15.2% more than in 2015.

The Company's consolidated income did not include the results of Delta MC, that is, its earned income of 2.68 million EUR.

The company used its own resources and loans obtained from banks and other financial institutions for business development. In certain business activities, the facilities and subsidies prescribed by domestic legislation available to all business entities were used.

82.54 million EUR were paid to the budget of the Republic of Serbia. Of this amount, 18.06 million EUR accounted for taxes and contributions, and 64.48 million EUR for VAT.

DELTA HOLDIN'S CONSOLIDATED RESULTS IN MILION EUROS		
MEMBER COMPANIES	INCOME	EBITDA
Delta Agrar Group	191.30	18.52
Delta Food Processing	53.68	-0.63
Delta Real Estate Group	30.02	9.55
Delta Distribution	171.06	4.95
Other	8.41	0.09
Total	411.78	32.48



The Company invested 1.64 million EUR in humanitarian projects, socially responsible sponsorships and support for employees.

Through 427 humanitarian activities 67,155 people have received aid. Since it was established in 2007, Delta Foundation has carried out 3,334 humanitarian activities, invested 36.29 million EUR in our community and provided aid for 658,926 citizens of Serbia.

TOTAL DONATED

1.64
mil EUR

NUMBER OF HUMANITARIAN ACTIONS

427

NUMBER OF BENEFICIARIES

67,155

VAT

64.48
mil EUR

TAXES AND CONTRIBUTIONS

18.06
mil EUR

TOTAL

82.54
mil EUR

³ Revenue and EBITDA are based on the consolidated balance sheet. The results have not been audited since the report was published before the completion of the audit.

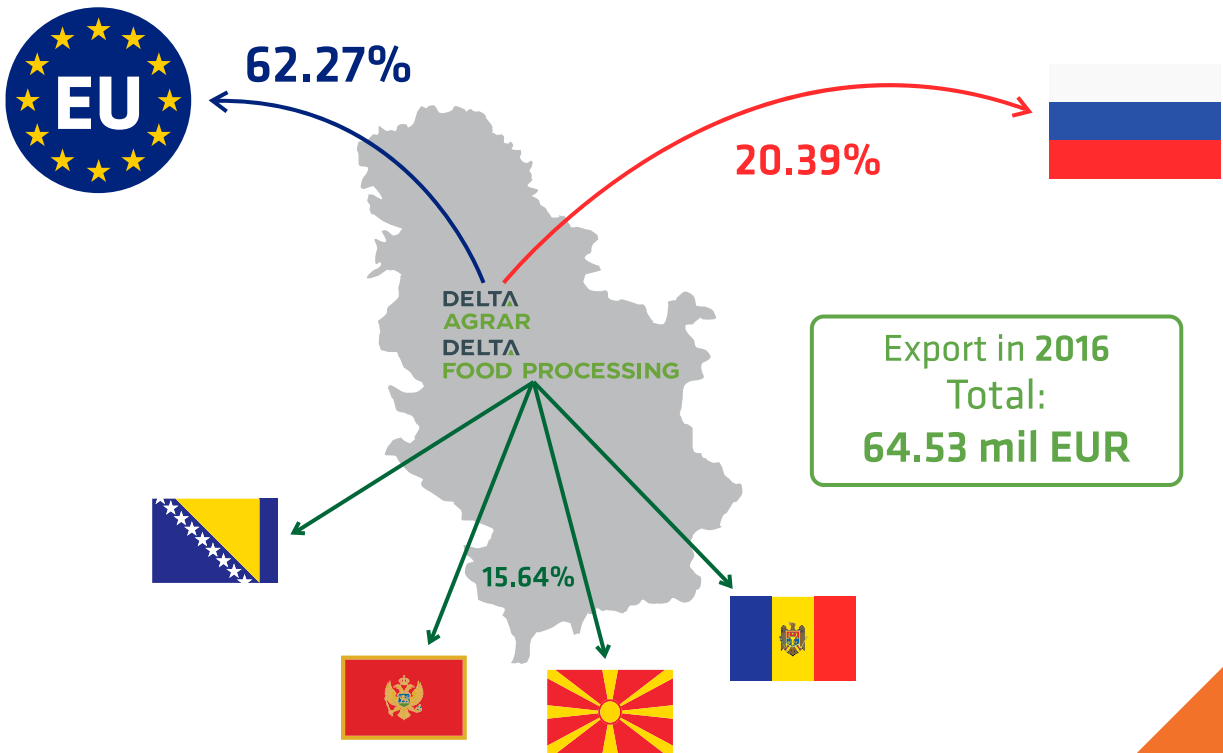


In 2016, Delta Holding exported products and services worth EUR 80.01 million.

Export was mostly carried out on the markets of the European Union, Russia and the CEFTA countries.

Delta Agrar, Delta Distribution and Delta Food Processing accounted for the largest share in exports. The total export of food and agricultural products amounted to EUR 64.53 million.

FOOD AND AGRICULTURAL PRODUCTS EXPORT IN MILLION EUROS	
GROUP OF PRODUCTS	2016
Fruit and vegetables	13.12
Field crops	34.65
Oilseeds	7.92
Seeds	0.52
Flour and pasta	2.53
Meat and meat products	2.92
Appetizers and cereals	1.45
Water	0.12
Other	1.29
Total	64.53





PRODUCT RESPONSIBILITY

CUSTOMER CARE

SUPPLIER ENGAGEMENT

MARKET RESPONSIBILITY

Product Responsibility

Quality of Delta Holding products and services is constantly improving through continuous investments in skills of employees introducing innovation in production technology, improving the quality of input components and implementing new quality standards.

Furthermore, the company pays much attention to the choice of suppliers. Procedure for the selection of suppliers for Delta Agrar and Delta Food Processing groups factories is strictly controlled in order to ensure quality control of raw materials. Each potential supplier is evaluated in relation to: quality of products, integrated system of quality management and product safety (HACCP and ISO 22000), quality of previous delivery of products/services and the price of product. Based on the results, a supplier is ranked as follows: A ranking - compliant with more than 85% of requirements, B ranking - compliant with more than 65% - 85% of requirements, C ranking - compliant with less than 65% of requirements.

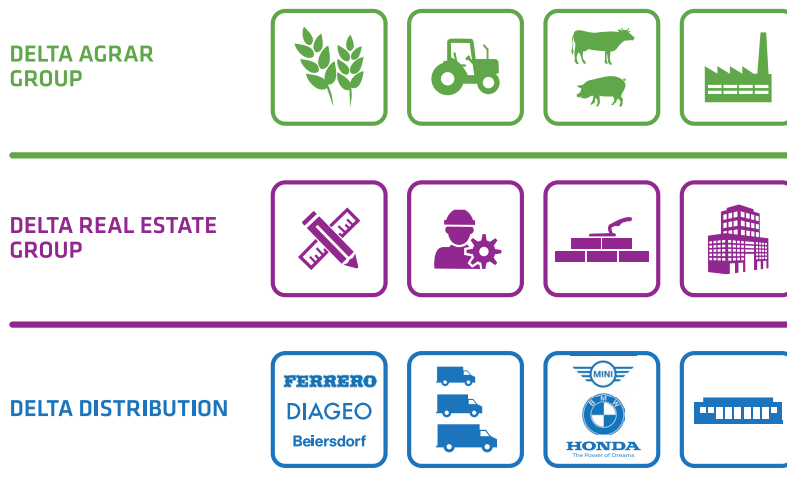
Products are procured from A-ranked suppliers whenever possible, while they are procured from B-ranked suppliers if they cannot be procured from the A rank supplier. Products are never procured from C-ranked suppliers. The criteria are somewhat stricter in Yuhor plant. In the course of business cooperation, procurement officers monitor suppliers' conduct in terms of quality of delivered products and meeting delivery and commercial terms. In case that the quality of deliveries deviate, the supplier's ranking changes. According to available information, local and international suppliers do business in accordance with applicable laws, in compliance with the principles of human rights protection prohibiting employment of children, harassment at work and forced labour.

Compliance with these standards is further secured by contractual obligations that stipulate respect for laws

and principles of business ethics, human and labour rights, the implementation of anti-corruption principles and environmental protection. Thereby the company further emphasized the importance of compliance with these standards. Contracts with suppliers also stipulate their duty of compliance with the laws and ethical principles of business, human and labour rights, the implementation of anti-corruption principles and environmental protection.

In 2016, a questionnaire was developed for the suppliers concerning their compliance with the CSR principles of business. It contains questions related to corporate governance, quality of products and processes, business ethics, rights of employees, environmental protection and community support. The questionnaire was sent in early 2017 to all long-term suppliers of Delta DMD and DTS (31 of them in total) with a request to complete them with data relevant to business operation in 2016. During 2017, this questionnaire will be also be sent to the suppliers of other member companies. The questionnaire was sent to them in early 2017, and they were required to fill in data relevant for their operation in 2016. In this way, the company educates local suppliers about the importance of respecting the principles of socially responsible and sustainable development.

In 2016, there were no complaints regarding the impact of products and services of member companies on the health and safety of consumers. The company is not engaged in the sale of prohibited or challenged products. Products of all Delta Holding member companies are adequately labelled and contain all necessary information about the origin and quantity of the components of which are made, together with recommendations for safe use and disposal of packaging. In addition, in 2016, there were no complaints to the accuracy and correctness of information in marketing campaigns nor to the violation of privacy of customer information.





Delta Agrar Group

In 2016, Delta Agrar Group generated income growth for 15.20% and EBITDA growth for 11.40%. Delta Agrar exports in 2016 growth for 13.40%.



Investments in primary production totalled 15.19 million EUR.

EXPORT IN MILLION EUROS

DELTA AGRAR GROUP	
EU	38.25
Russia	12.51
CEFTA	4.68
Other	0.50
Total	55.94

Development plans in 2017:

- New company Delta Frukt for the sale of fruits and vegetables from all over the world
- New varieties of club apples
- Planting of fruits and grapes for viticulture
- Expansion of surfaces under irrigation systems
- Production of breeding material

Fruit production

The following varieties of apples are produced in Delta Agrar orchard at Podunavlje estate: Gala, Braeburn Marriri Red, Golden Delicious Reinders, Red Delicious, Granny Smith. Club varieties of apples have been produced since 2011. These are exclusive top quality varieties made by crossing. Only a small number of producers that meet high standards of product quality and safety have the privilege of growing and distributing this variety of apples.

Delta Agrar has 3 varieties of club apples in its production portfolio, namely Modi, Kiku and Pink Lady.

In 2016, the fourth variety called Evelina was planted and its first yield is expected in 2017. In addition, the production of the following four new varieties was contracted: Rubens, Red Moon, Isaaq and Sweet Tango. Their planting was envisaged in 2017 and 2018.

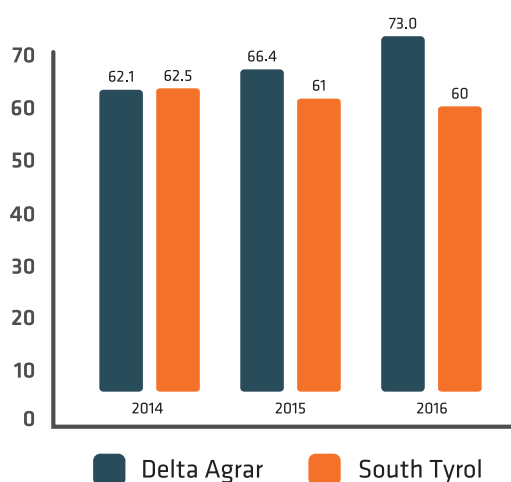
Delta Agrar orchard is organized according to modern Italian South Tyrol technology. It is equipped with anti-freezing system, drop-by-drop system for irrigation and fertilization, and hail protection system. Irrigation system and meteorological station are within the GPRS system, which enables remote control and monitoring of parameters. Entire apple production is carried out according to Global GAP system, which enables top quality of products. The orchard is equipped with two modern Ultra Low Oxygen cold storage facilities with total capacity of 13,500 tons. Dynamic atmosphere in these cold storage systems maintains the entire apple yield fresh up to 300 days without any additional chemical treatments. The construction of the third, 6,500 tons cold storage facility commenced in 2016.



New MafRoda line for pre-calibration and sorting of apples (by colour, diameter and grammage) was installed in the cold storage facility, with the capacity of 10 t/h.

In 2016, to our foreign and domestic customers, we offered conventional apple varieties of superior class, known by premium quality. Different types of packaging both for conventional and club varieties are also offered.

In 2016, the average yield of apples per hectare was higher than the average yield in South Tyrol, the region most famous for the apple production.



In addition to apple varieties produced by Delta Agrar, cooperation secured the following varieties of apples: Idared, Granny Smith, Golden Delicious, Red Delicious, Jonagold, Jonagored, Cadel, and Mutsu.

In 2016, Delta Agrar also launched:

- Production of grapes, plums, raspberries
- Import and distribution of citrus and exotic fruits

The most significant project in 2017 will be the launching of production of cherries on an area of 30 ha. Plantations will be equipped with drop-by-drop irrigation and fertilization system, and covered with a protective foil or net. This is the first stage in the development of future large orchard.

In addition to this project, the plan is also to plant:

- New club apple
- Vineyards
- Nectarines
- Plums

Vegetable production

Delta Agrar engages in the production of peas, onions, peppers, potatoes, green beans, sweet corn and celery. The entire production and storage of products is carried out according to the guidelines of Global GAP standard.

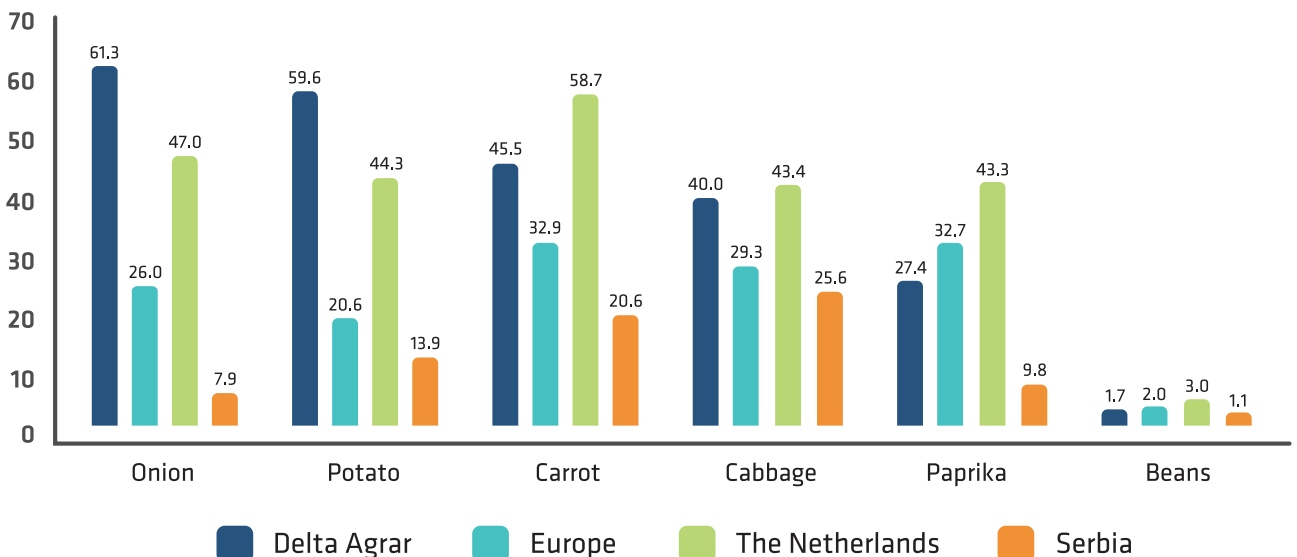
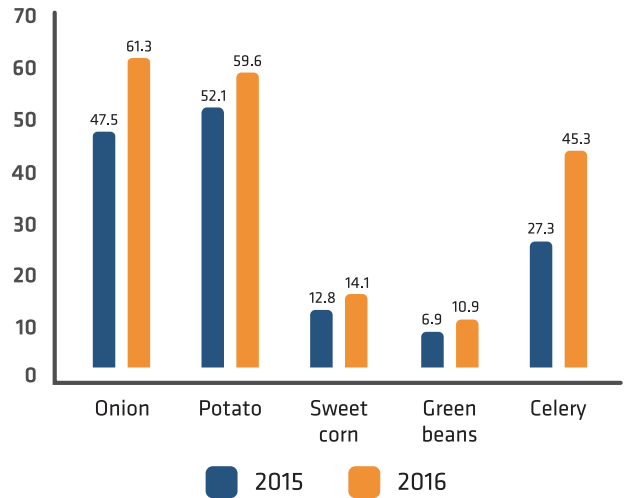
In 2016, the following vegetables were also planted:

- Multi-coloured cauliflower on 0.6 ha
- Pointed cabbage on 0.12 ha

The yield of vegetable crops exceeded the 2015 results and it was at an enviable level compared to the yields in Serbia, Europe and the Netherlands.

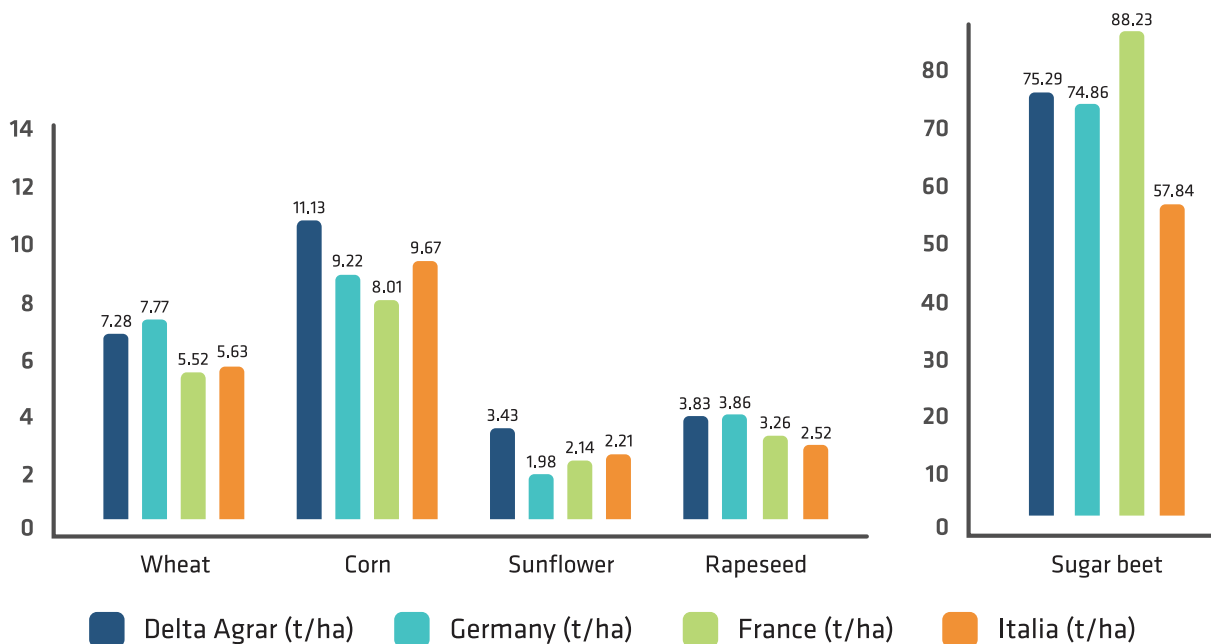
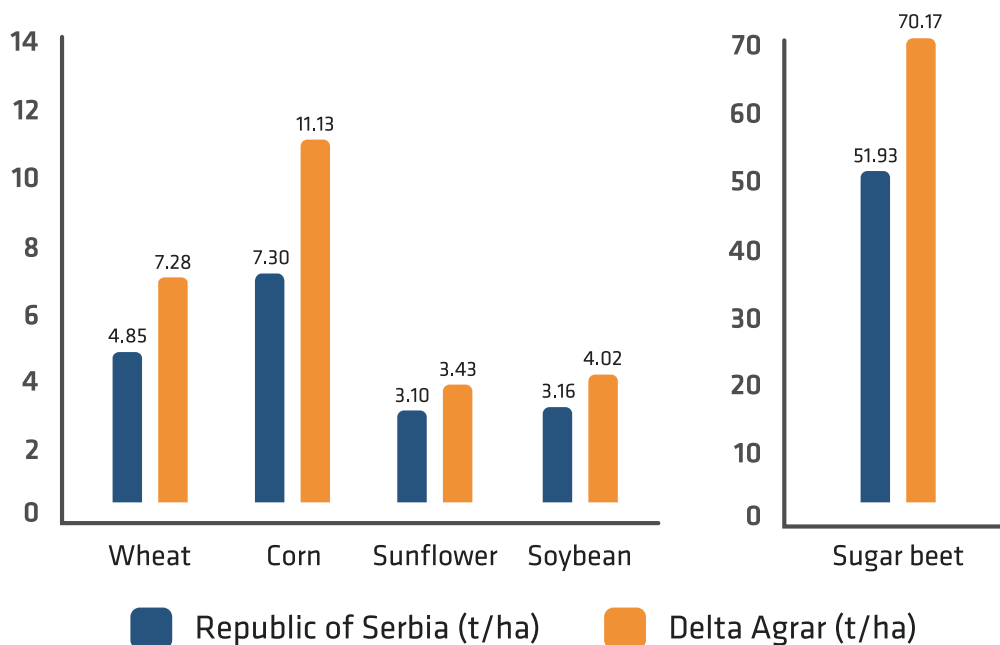
Plans for 2017:

- Expansion of areas planted with vegetable crops
- Increased production per hectare
- Increase of storage capacities



Field crops production

The following field crops are grown at Delta Agrar estates: wheat, corn, soybean, sunflower, rapeseed and sugar beet. The 2016 yields were outstanding compared to Serbian results, but also to Western European countries.



Further directions of field crops production

- Construction of irrigation systems
- Orientation towards the cultivation of seed crops
- Precision agriculture
- Modernization of machinery

Seed Program

Delta Agrar seed program includes seed production and distribution of corn, soybeans, wheat, barley as well as the distribution of sunflower seed and rapeseed.

In 2016, the range was expanded with:

- Two new German KWS varieties of wheat, for which Delta Agrar was granted exclusive distribution rights
- Two new varieties of soybean of own genetics that will be distributed to domestic and foreign markets
- New varieties of barley

Each year, the assortment of seed corn and sunflower seed is expanded introducing new resistant hybrids of better quality and characteristics in response to end users demands.

The contract for corn production for another 5 years was extended in 2016 with the company Pioneer DuPont, with which Delta Agrar has had successful cooperation for 15 years.

With regard to distribution, the following results were achieved in 2016:

- Growth of market share in sales of corn seed and confirmed leading position in this market segment
- Second place in the distribution of sunflower seed
- Market share increase in sales of foreign varieties of wheat

In order to establish better relations with customers, the CRM (Customer Relationship Management) system has been introduced that will enable individual monitoring of each customer, the analysis of their businesses and requirements. This will facilitate better service and better-informed customers.

In addition to expanding the seeds portfolio in 2017, the plans envisage investments in expansion of production and finishing facilities.

Animal Husbandry

Livestock production includes:

- Pig fattening
- Beef cattle fattening
- Milk production
- Production of 700 tons of fish, mainly carp on the estate Jedinstvo in Apatin

In 2017, Delta Agrar is to start breeding 500 sheep on the farm Vražogrnici in Zaječar.

Pig Breeding

In 2016, Delta Agrar invested significant funds in the expansion and renovation of pig farms. At the farm Kozara, the facilities for gilts and sows were reconstructed, and new equipment and ventilation were installed.

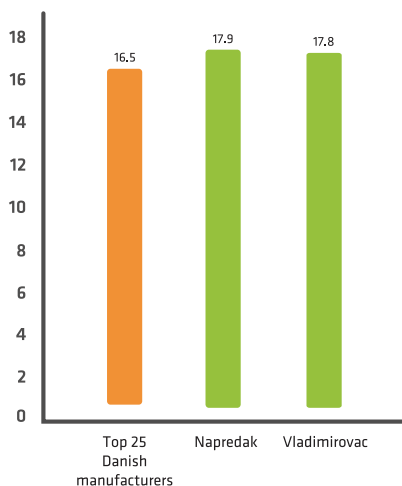


At the farms Halovo and Vladimirovac, new ventilation systems were installed in the facilities for breeding sows and piglets.

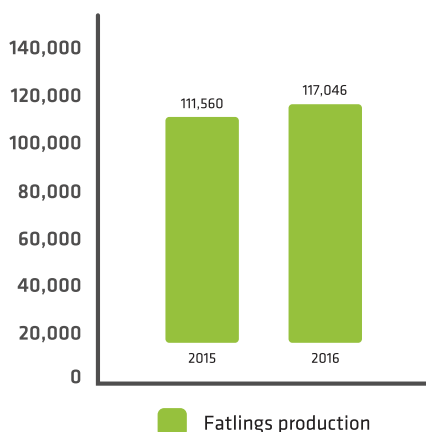
At the farm Napedak, the construction of a new feedlot facility with annual production of 5,000 fattening pigs started at the venue called Petrović Salaš. Loading and reloading facility started on the location called Rupov Salaš. At the farm Nucleus, biosecurity was raised to the highest level.

In 2016, a number of innovations were introduced in the production of piglets, namely, genetic material of the highest quality boars was imported, feeding technology was improved and a new animal feed mixture was introduced.

Delta Agrar achieved a record-breaking number of farrowed and live-born piglets compared to the Danish producers.



In 2016, a total of 117,064 pigs were produced at Delta Agrar farms.



Planned investments in the existing capacities in 2017:

- At the farm Napredak, the construction of premixture production plant (mixtures for animal feed) will be completed.
- At the farm Kozara, a new feedlot with the capacity of 15,000 fatlings will be built.
- At the farm Vladimirovac, the expansion of capacities from 700 to 1,500 sows is envisaged.

Beef Cattle Breeding

In Delta Agrar, 6 million litres of milk are produced annually.



In 2016, investments in cattle farms included:

- Technology upgrade which enabled milking three times a day and an increase in milk production from 24 l to 28 l
- Procurement of transponders for cows
- Adaptation of cows stables
- New ventilation systems

Planned investments in the future:

- Computerized feeding (using chips)
- New auxiliary machinery
- Breeding new varieties of heifers and bulls

Cooperation

Through the cooperation with agricultural producers, Delta Agrar supports their development through: financing of production of fertilizers, seeds, pesticides and advance purchase of mercantile goods, professional monitoring of crop technology, secure placement of manufactured agricultural products, purchase of all surpluses of produced crops and service storage.

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

Delta Food Processing

Food production is organized in 4 factories which operate within Delta Food Processing Group.

A total of 1.89 million EUR was invested in modernization of production capacities in 2016, whilst the Group's exports reached 8.59 million EUR.

EXPORT IN MILLION EUROS	
DELTA FOOD PROCESSING	
CEFTA	5.41
EU	1.93
Russia	0.65
Other	0.61
Total	8.59

Danubius

Factory Danubius from Novi Sad has been in the business of manufacturing and distribution of cereals, flour and pasta for 99 years. The factory facilities include:

- 65,000 t capacity silo in which the cereals are stored and dried before being shipped by trucks, trains and ships
- Modern computer guided mill with daily production of 300 t top-quality flour of various types
- Pasta factory with annual capacity of 7,000 tonnes

The quality of natural raw materials and new technology secures high quality of products and food safety.

Additional safety of food products is ensured by the implementation of the HACCP system, FSSC 22000 standard and World Food Safety Initiative (GFSI). Danubius products do not contain genetically

modified organisms. Food safety is achieved by careful selection of the suppliers of raw materials and by continuous trainings and professional development of all employees.

With its resources, activities and services Danubius contributes to the protection of living and working environment.

2016 results:

- More than 72,000 t of wheat milled
- More than 68,000 t of grain mill products sold
- Record-breaking sales of pasta
- 27.6% market share in the pasta market
- Export growth in all product categories



Customer satisfaction is regularly examined in order to improve product quality and develop customer relationship. Therefore, in 2016, four surveys on customer satisfaction with flour and pasta were carried out. A total of 435 consumers participated in the survey throughout the leading retail chains in Belgrade, Novi Sad, Čačak and Niš.

In the total sample, men accounted for 30%, and women for 70%, of which 90% were between 20 and 60 years of age. The features of products were scored ranging from 1 to 5, with 5 being the highest score. The target score for each feature of the product and its availability in the shops was 4.40. The improved score of 4.46 is very encouraging.

THE SURVEY ON CUSTOMER SATISFACTION WITH DANUBIUS FLOUR	
Product features	Average score
Quality/safety	4.57
Price	4.35
Packaging	4.43
Positioning	4.42
Range	4.54
Average score	4.46

Quality was further improved by the introduction of FSSC 22000 standard in 2016. The score higher than the targeted one for packaging followed as a result of their improvements made in 2015. The survey results indicate that a large number of consumers expressed satisfaction with the variety of range that consists of 3 main and 5 alternative types of flour, while the quality of T 400 type flour for cakes and fine dough was particularly commended.

Danubius product range also includes whole wheat, durum and vitaminized pasta of different shapes and superior quality. In 2016, the process was improved with the installation of a new line for the production of short pasta (FAWA). The design and packaging was also changed to address consumers' requirements. These improvements were noticed by the consumers and it is evidenced by slightly higher average score of their satisfaction with pasta compared to 2015 (4.41 compared to 4.38).

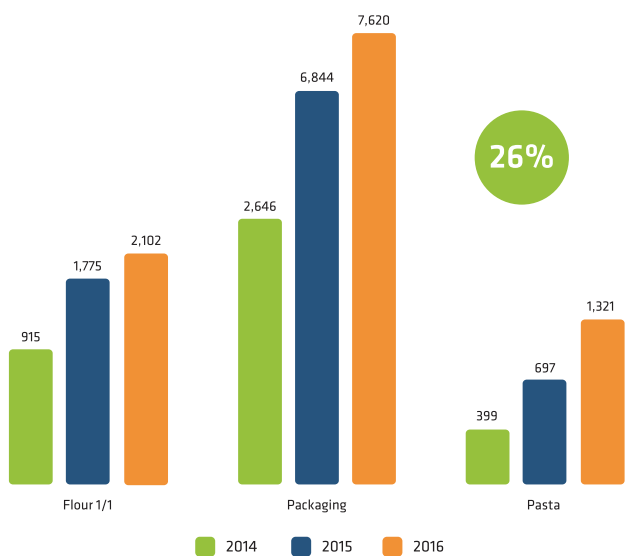
THE SURVEY ON CUSTOMER SATISFACTION WITH DANUBIUS PASTA	
Product features	Average score
Quality/safety	4.52
Price	4.45
Packaging	4.18
Positioning	4.46
Range	4.54
Average score	4.41

Investments in 2016

- Increasing the capacity for acceptance, storage and reloading of goods
- Procurement of other equipment

Investments in 2017

- Increasing the capacities for packaging and shipment of flour
- Increasing the capacity for acceptance, storage and reloading of goods
- Construction of rack warehouse for finished products





Yuhor

Factory Yuhor from Jagodina is a producer of meat and meat products with the tradition dating back in 1902. It is one of the largest meat industries in Serbia, owned by Delta Holding since 2004.

Sustainability is achieved by top quality products, modern production methods and application of the strictest quality standards ISO 9000, ISO 14001, ISO 22000 and Halal.

In 2016, improvements in business include:

- New sales organizations - Delta DMD in charge of distribution
- Optimization of production and manufacturing processes
- 1.28 million investment in own retail chain

The following outstanding results were achieved:

- Ranked third in market share
- Development of retail chain (40 facilities in 22 towns and 204 employees)

Each year, customer satisfaction survey is conducted to measure the quality of Yuhor products, cooperation with employees and distribution. Customers respond to the questions

listed in the survey by grades ranging from 1 to 5 (1 being the lowest, and 5 the highest score). Total score achieved as a result of the 2016 survey is 4.42, which confirms the high degree of satisfaction and high quality products and services.

CUSTOMER SATISFACTION WITH YUHOR PRODUCTS

Product features	Average score
Quality of product	4.19
Competence and cooperation of employees	4.81
Quality of distribution (means of transport)	4.33
Responsiveness to customers requests	4.44
Completeness of supporting documents	4.40
Customer loyalty in the future period	4.42
The value of products and services for customer	4.16
The frequency of communication with company representatives	4.67
Quality of cooperation compared with the competition	4.34
Total	4.42

The Fun&Fit Company

Fun & Fit is the factory for packaging different types of muesli products, appetizers, basic foods and dried fruits.

In 2016, special emphasis was on improving the quality and range of muesli products.

In that respect, the following was accomplished:

- Long-term leading position in the category of muesli maintained
- Turnover growth on the regional export markets
- Two new limited series of mueslis placed on the market (muesli with coffee and nuts)

Plans for the future period:

- Production of mueslis according to unique recipes in response to the needs of the most demanding consumers
- Launch of oatmeal in response to the growth of this segment of the market

The plans also include redesign of packaging of the existing flavours of cereal and muesli products, as well as the implementation of Fun & Fit logo on Jumbo and ABC brands.



Mioni

Mioni is a water factory for bottling of natural mineral and spring water. It is situated in the village of Ključ, at the foot of mount Maljen. Mioni was built in 2007 and it is equipped with wells with capacity exceeding 20 l/s for filling Aqua Gala water.



It is equipped with the latest German technology for water bottling, with a capacity of 12,000 PET bottles, 1,000 PET jerrycans per hour and 6,000 glass bottles per hour, thereby setting new standards of quality on domestic market.

Quality is confirmed by the application of ISO 22000 in the work process, as well as with the HACCP system. Continuous development is secured by the introducing new technology, involvement of employees in decision-making, care about consumers and their needs.

In 2016, 1,5 million euros were invested in new equipment. The following results were achieved:

- Growth in sales of Aqua Gala
- Growth in sales of private brands
- Growth in sales and production of Aqua Una

Production of juices and carbonated soft drinks is envisaged to start in 2017.

Delta Real Estate

Delta Real Estate Group is engaged in strategic planning and development of real estate projects, design and construction management, supervision and sale of built facilities.

The Group owns:

- 5 hotels: Crowne Plaza, Holiday Inn, Hotel Park and Nacional in Belgrade, as well as InterContinental Hotel in Ljubljana
- Retail park in Kragujevac - Delta Park
- Office space for rent in the pedestrian zone of Belgrade, and two office buildings with offices and apartments in New Belgrade - NBBG apartments and Mala Kula

In 2016, Delta Real Estate designed and built the following facilities within Delta Holding system:

- Centre for Sport and Rehabilitation of Persons with Disabilities Iskra in Kragujevac, measuring 600 m²
- Cold storage facility for fruits and vegetables on the estate in Čelarevo, measuring 2,700 m²
- Loading and unloading ramps measuring 363 m² and animal breeding place of 2,432 m², at the estate Napredak in Stara Pazova
- Concrete structure and facade of the Hotel InterContinental in Ljubljana

In 2017, the construction of the following facilities is planned:

- New Delta Holding office building, of 20,274 m²
- Delta Planet shopping mall, covering 328,600 m² gross area
- A hotel of 3,141 m² and retail space of 3,491 m² in Čika Ljubina street, in the pedestrian zone of Belgrade
- Shopping mall in Niš
- Shopping mall in Banja Luka of 78,000 m² gross area
- InterContinental Hotel in Zagreb

Crowne Plaza Belgrade

Crowne Plaza Hotel Belgrade was officially opened in December 2013 following a complete reconstruction of the hotel Continental Belgrade. This is the first hotel of this brand in Serbia and the region.

Hotel carries out its business in accordance with the IHG group standards (InterContinental Hotels Group), which implies that all guest-oriented procedures are clearly defined together with all support activities.

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

The hotel is fully accessible to persons with disabilities (PWDs), and it has:

- Two parking spaces in front of the hotel
- Ramp on the mezzanine floor, access to the passageway to Sava Centre
- Tailored design of check in and check out desk
- The three toilets with an alarm system on the ground floor and two toilets on the mezzanine floor
- Wheelchair
- Elevator Braille buttons
- Menus in Braille
- Four accessible rooms
- Panic lighting in rooms for PWDs
- Evacuation procedure
- Vibration pads in case of activation of evacuation alarm

A special part of the reception desk, 4 restrooms on the ground floor and on the mezzanine floor as well as 4 rooms are adapted for wheelchair users.

For their guests who like recreational activities, the hotel offers bikes for use and detailed maps jogging routes.



From its opening to date, Crowne Plaza Belgrade has won numerous awards and prizes that make it significantly prominent among the IHG group hotels. The prizes awarded in 2016 include:

- The first place in employee engagement survey conducted in 100 IHG hotels across the world that were involved in the pilot survey Colleague Heart Beat. The questionnaire contains 60 questions in three segments: Say, Try and Stay. Employees express their opinion about the employer, management, way of management, opportunities for professional development and trainings. Assessing their employer, the employees perceive personal contribution to the results, the degree of initiative and active participation in achieving annual goals.

- The third place in *Guest Heart Beat* survey, among 401 IHG group hotels across the world. In this survey, IHG Rewards Club members and users of meeting rooms complete the questionnaire that relates to the quality of service, quality of F&B services, hotel recommendation, intention to visit the same hotel again, room quality and the like. In addition, the hotel also monitors guest satisfaction through Social Listening platform, a system that gathers all the comments about the Crowne Plaza hotel posted on the communication channels such as Booking.com, Trip Advisor and the like. These comments are saved and used as information about the preferences and

habits of each guest in order to make their next stay in the hotel more enjoyable.

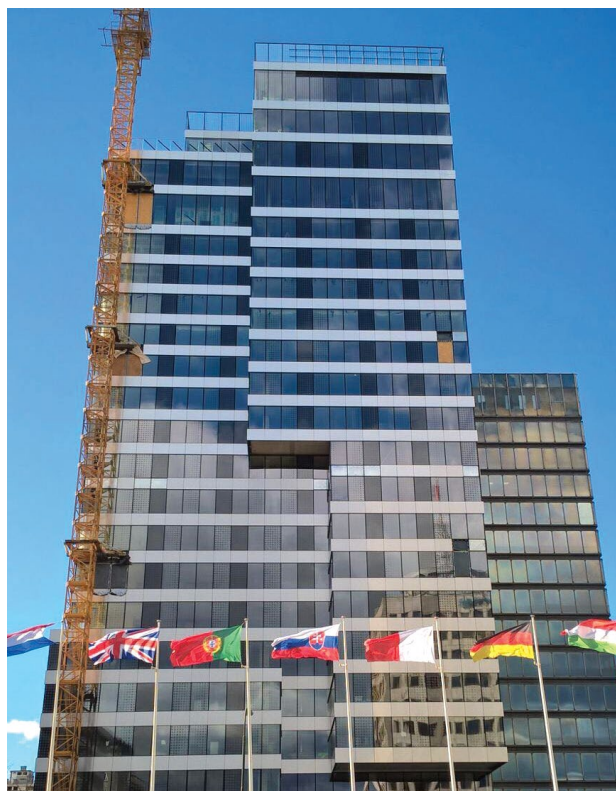
Through the evaluation of popularity called Overall service, the guests rate their satisfaction with the service rendered and their judgment on the hotel staff performance. A special training for hotel staff was reorganized within this segment, and their understanding of the issue and adopted level of knowledge is tested by special tests. Employees with less than 80% correct answers go through the same training again.

Thanks to the commitment and enthusiasm of the management and employees, the 2016 results are:

- Achieved strategic partnerships with the airlines and sports associations
- Fulfilled all of the 9 set business objectives related to satisfaction, loyalty and solving guests' problems, financial performance, fulfilment of quality standards and employee satisfaction
- Realized 100,000 overnight stays and occupancy grew by 21.8% compared to 2015

Numerous activities are organized in the hotel as a support to the community. Within retraining program for the unemployed in cooperation with the Adult Education Centre of Niš and National Employment Service, 40 persons successfully completed a three-month practical training in the hotel during which their skills in preparation of meals and deserts improved noticeably. Managers and employees at the Crowne Plaza fully supported them in acquiring new and applicable knowledge. One person was employed as an assistant chef in the hotel, and other trainees received references about the completed training and managed to find jobs in other hospitality facilities. Following successful completion of this project, in late 2016, the preparations started for the launch of another project of practical training for two more groups of hard-to-employ persons each containing 12 persons of up to 55 years of age, in cooperation with the European Union, European Consulting Group, the Ministry of Labour, Employment, Veteran and social Affairs, National employment Service and the National University of Niš. Their training will last for 3 months, and the trainees will be able to gain professional knowledge and skills in collaboration with top chefs and caterers of the Crowne Plaza Hotel.

In addition, in 2016, a total of 290 students and pupils went through professional practical trainings in the hotel. High school students attending tourism and hospitality, food technology and economic and trade high schools were given an excellent opportunity to widen their knowledge and skills, and so were the students of the Faculties of Economy, Geography, Faculty of Organizational Sciences, Faculty of Hospitality and Tourism, business management and hospitality colleges, and private faculties of tourism and hospitality.



InterContinental Ljubljana

In 2016, the construction of InterContinental Hotel in Ljubljana was completed. The interior of the hotel will be furnished up to May 2017. After that, the employees will undergo professional trainings of IHG chain. The completion of the trainings is envisaged for July 2017, when the hotel will be opened.

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

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

Gross surface of the building is 23,322 m², of which 17,273 m² is gross floor area above ground and 6,049 m² underground. The total investment of Delta Holding is 50 million EUR.

On the occasion of the hotel opening, Delta Holding donated the money for the restoration of the façade to the inclusive resort Debeli Rtič located in Ankaran in Slovenia.

Hotel Park

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

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

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

In 2016, the average hotel occupancy was 50%. The guests have rated their stay in the hotel on Booking.com with 8.2 score, and they point out its location as its major advantage.

Hotel Holiday Inn

In 2016, Delta Holding became the owner of the Holiday Inn Belgrade, which also belongs to IHG chain. The Holiday Inn Belgrade is a 4 star hotel located in the business district of New Belgrade.

The hotel has 140 rooms, two of which are fully accessible to persons with disabilities. The floor with Executive Club rooms is especially isolated. The hotel restaurant called Singidunum offers gastronomic specialties and international dishes. The hotel offer includes a fully equipped gym and spa, as well as bikes

available for rides across the city. The hotel garage is equipped with chargers for electric vehicles. This is one of the few locations in the city where owners of electric vehicles can recharge their batteries.

For the organization of business events, promotions and celebrations, the hotel offers 7 conference rooms and a multifunctional Belexpocentar hall of 2,500 m² to which it is directly connected. The hotel is highly rated by the guests on Booking.com (8.9) thereby confirming great pleasure with their stay.

Office space

Apartments and office space, within NBBG Properties are located in one of the most attractive locations in New Belgrade in its business district, only 2 km away from the city centre.

This complex consists of two buildings with rental space and a large number of supporting facilities with a shared underground garage.

The 8 floors apartments building offers various types of premises ranging in size from 31 to 366 m². Delta Holding and Delta Real Estate head offices were moved to this building. Occupancy of the facility was 96% in 2016, and there were 105 tenants during the year on average. To achieve space optimisation, the interior is adapted according to the requirements of its tenants. In that respect, a part of the space was renovated and adapted for rest and relaxation of Delta Holding employees.

Office building called Mala Kula is an open space type of office space of different sizes with associated offices in 10 levels. As a single lessee uses this entire facility, its occupancy rate in 2016 was 100%.



Delta Distribution

Delta DMD i DTS

Delta DMD was founded in 1997, and it provides sales, brand management, logistics and merchandising services. The company's clients are well-known international and domestic brands of consumer goods. Delta DMD performs distribution to more than 6,000 key accounts providing goods to more than 10,000 stores.

Their clients include retail and wholesale chain stores, independent stores, specialized wholesales, as well as HoReCa channel stores.

In order to provide better services to the clients and meet their particular needs, Delta DMD offers various solutions in terms of storage, handling and transport.

Warehouse Management System (WMS) for warehouse operations provides flexible solutions for entire warehouse system and facilitates monitoring of all warehouse activities (receipt, storage and commissioning of goods) and reviewing necessary information about important parameters of goods in real time.

Delta DMD also provides additional goods processing services such as sorting, packing, "co-packing", declaring, repairing, etc.

In 2016, Delta DMD accomplished:

- Increase in the sale of products of all principals
- Increase in company income and profits
- Reorganization of sale to optimize operating costs
- Started with the distribution of the brand Pufies in Montenegro
- Started cooperation with Moet&Chandon winery in Montenegro
- Started cooperation with Viking in Montenegro
- Signed a contract with TDR (Tobacco Factory Rovinj) in Montenegro

Delta Distribution System (DTS) provides services of storage and international and domestic

transport. Modern distribution centres are located in Stara Pazova, Vrbas, Čačak and Niš. In Montenegro, the business is carried out via their distribution centre in Podgorica, while the company's representative office in Bosnia and Herzegovina is located in Banja Luka.



DTS is the first logistics provider in Serbia, which offers its customers track shipments in real time via website.

The shipment tracking system enables:

- Monitoring of shipments by a document in real time
- Display of archived document on the portal
- On line search according to keywords
- History of deliveries for the past two months

In 2016, DTS achieved the following:

- Expanded operations in the region
- Doubled income from international transport
- The number of clients in international transport increased thrice, and nearly five times in the domestic transport
- Invested in the procurement of 10 new trucks with trailers
- Offered groupage transport, airfreight and container transportation to their clients
- Introduced new software solutions

Groupage transport enabled delivery of shipments from any part of western and central Europe within 48 hours and groupage departure of consolidated shipments. In August 2016, we established cooperation with airlines and shipping companies concerning airfreight and container transport.

In 2016, DTS received permit for organized collection of hazardous ADR cargo thereby offering an additional service to the clients.

Once a year Delta DMD conducts key customer satisfaction surveys with the quality of goods distribution. In 2016, out of 14 key clients, 9 responded to the invitation and participated in the study.

The questionnaire consisted of seven groups of questions (listed in the table below), and the participants were required to rank the accuracy of those statements on a scale of 1 to 5 (1 meaning - very dissatisfied and 5 - very satisfied).

KEY CUSTOMER SATISFACTION SURVEY	
Criteria	Score 2016
Range of products	4.11
Promotional activities	4.00
Communication and professional conduct of sales staff	4.47
Communication and professional conduct of merchandising	4.08
Delivery of goods	3.85
Documents	3.92
Complaints	3.96
Average score	4.06

Provision of services is improved through the expansion (development) of cross-dock network and precisely defined delivery deadlines.

Delta DMD and DTS continuously invest in the development and modernization of technological processes, equipment and personnel to improve the quality of services.

In their operation, DTS integrated quality management system ISO 9001: 2000 as well as Codex Alimentarius, HACCP and IFS Logistics 2, which was approved by the Global Food Safety Initiative (GFSI) whose members are the world's largest manufacturers, traders and distributors of food.

In 2016, IFS Logistics 2.1 certificate was successfully recertified with a Higher level mark and 97,39% score. Furthermore, Quality management

and food safety certificates ISO 9001:2008, and HACCP were also recertified in wholesale, distribution, warehousing and transport of the goods to the clients. Certification was conducted by local and international certification companies TMS CEE and TUV ITALIA.

In addition to recertification and implementation of international standards, in order to improve implemented processes, several software's were also implemented for easier and better control of goods ordering process (*Esteh software*) and Business Intelligence (BI) software, which provides many options when it comes to process analytics and reporting.

In 2016, more trainings were organized by 20% than in 2015 for more than 350 employees for professional development of employees and improvement of their knowledge.

Numerous students of the Faculty of Economics in Belgrade, Faculty of Technical Sciences in Novi Sad, as well as a pupil of High school for transport and traffic from Bosnia and Herzegovina visited Delta DMD and DTS. DTS was awarded by the municipality of Stara Pazova for its contribution to the local community.

Plans for 2017:

- Strengthening client relations
- Human resources development
- Increasing employee satisfaction
- Investing in new technologies
- Provision of high level services



Delta Auto Group

Delta Auto Group consists of Delta Motors and Delta Automoto.

Delta Motors has been an exclusive importer, distributor and servicer of BMW and Mini vehicles and since 2007.

Delta Automoto has been general representative of Honda vehicles in the territory of Serbia and Montenegro since 2005, and the representative of Honda motorcycles for Serbia and Montenegro since 2011. To meet the needs of the market, the sale of used vehicles started and the Car Market was established in 2012. A complete process from sales and servicing of vehicles to provision of spare parts allows Delta Auto Group offer complete and supreme service to their buyers and service users. The companies run their businesses in accordance with ISO 9001 Standard.

In 2016, the group achieved outstanding results:

- Income growth by 13%
- EBITDA growth by 32%
- Sold 43 BMW and MINI vehicles more than in 2015
- Sold 23 BMW motorcycle more than in 2015
- largest growth in sales of BMW and MINI vehicles in Eastern Europe
- Increased sale of spare parts by 19%
- Increased turnover of dealership network by 26%

Successful operation of Delta Auto Group is achieved owing to extraordinary commitment, understanding and meeting the needs of customers and service users.

In order to raise the quality of services, customer relationship management (CRM) system was improved in 2016. Update of CRM Salesforce application enabled more systematic monitoring of the customers' needs that were registered during visits to showrooms, services, events and sales campaigns. To provide more efficient, clearer and more accurate information to potential clients marketing sector also gained access to the CRM application in 2016 to facilitate the coordination of marketing and sales activities. Other sectors are also planned to be included to the CRM system in the future period. In this way, all the participants would have detailed insight in the communication and implementation of transactions

with clients. Connecting Salesforce system with third-party systems (ERP and MailChimp) is also planned.

Furthermore, *Future Retail* project was carried out in 2016, and the following activities were implemented:

- Customer Treatment Trainings
- New position of Product Genius introduced
- Modernization of retail space

Customer Treatment trainings represent the basis for the entire project as they focus on the behaviour of employees in contact with clients. So far, BMW training staff have implemented two rounds of trainings.

The main role of BMW Product Genius position is to inspire customers in the BMW centre, that is, to evoke the features and advantages of the latest BMW products and technologies in an exceptional and emotional way. Product Genius performs test drives with clients and provides additional information to them during those drives. It also provides support to sales staff in presenting products to the clients whenever necessary.

Retail space modernization includes furnishing interiors with furniture designed according to the latest technological and digital innovation to meet the needs of modern clients.

In 2016, 41 Mystery Shopping checks were carried out, and the results were very satisfactory.

Segments of services which were monitored and evaluated are: Documentation, Test drive offer, Financing Product Offer and Follow-up on Offer. Besides this on an annual basis is conducted survey to determine percentage of satisfaction and loyalty of the customers.



CUSTOMER SATISFACTION SURVEY

	DELTA MOTORS (BMW i MINI) 2015.	DELTA MOTORS (BMW i MINI) 2016.	DELTA AUTOMOTO (HONDA) 2015.	DELTA AUTOMOTO (HONDA) 2016.
Overall satisfaction of service shop users	86.6%	96%	97%	99%
Overall satisfaction of sales clients	96.1%	100%	96%	96%
The percentage of loyalty service shop users	89.2%	92%	92%	99%
The percentage of loyalty of sales clients	91.8%	96%	94%	99%

Customer satisfaction survey should be carried out under the project Voice of the Customer in the future, via emails and sms polls.

Delta Auto Group recognizes the importance of investing in the development of education and training of new personnel in this industry. Over the year, a large number of schoolchildren and students spent their internship there and had an opportunity to improve their professional skills and knowledge in marketing, sales, and finance. Some of those young people also get jobs in these companies following their internship.

To help young people in acquiring knowledge about new technologies, Delta Motors donated the body of a BMW 5 Series vehicle to the High school of Transportation and Traffic in 2016. This new teaching tool will serve to the high school students in gaining practical experience in body mechanic work and paintwork. Students' visits to authorized BMW service centre were also agreed on the occasion of delivery of the donation.





ENERGY EFFICIENCY



PRESERVING NATURAL RESOURCES



INVESTMENTS IN ENVIRONMENTAL PROTECTION

ENVIRONMENTAL CARE

Energy Efficiency

In 2016, three member companies of Delta Holding, namely, NBBP, Delta Agrar and Danubius, joined the UNIDO project for improving energy efficiency. During implementation, managers of these member companies underwent the training for the collection of data relevant to energy consumption and the use of UNIDO software. This software will enable

monitoring of all internal and external indicators of energy consumption. In this way, Delta Holding will be able to define the cause of energy consumption above the prescribed minimum and to prepare a plan of measures to reduce the use of energy, even before the adoption of the Law on Energy Efficiency.

ENERGY EFFICIENCY

COMPANY	Approved power (kW)	Reduced power (kW)	Financial savings (RSD)
Delta Agrar Group	13,768	5,135	6,520,729
Delta Real Estate Group	10,399	4,080	7,081,230
Delta Distribution	4,848	1,690	4,297,166
Savings in 2016	29,015	10,905	17,899,125

ENERGY CONSUMPTION IN 2016

MEMBER COMPANIES	Electric energy Gj	Coal Consumption Gj	Natural Gas Consumption Gj	Fuel Consumption Gj	Biomass Gj
Delta Agrar Group	122,779	2,720	102,312	108,172	27,903
Delta Real Estate Group	45,221	0	33,334	3,106	0
Delta Distribution	15,481	0	4,565	62,172	0

ENERGY INTENSITY

Year 2016	Energy consumption in Gj	Total sales in euros	Energy consumed per monetary unit of sales (Gj/€)
Amount	527,765.81	411,780,000.00	0.001282

Delta Agrar continued with the implementation of Cleaner Production and low Carbon projects.

On the farm in Vladimirovac, 3 facilities were reconstructed, exterior facade was rebuilt, the interior was refurbished and new technical equipment was installed in 2016. During the reconstruction, special attention was paid to the animals that could not be relocated from the site where the works were carried out. Upon completion of the works, the energy efficiency of the facilities was improved, therefore, it was decided to refurbish empty facilities, that were not occupied by animals.

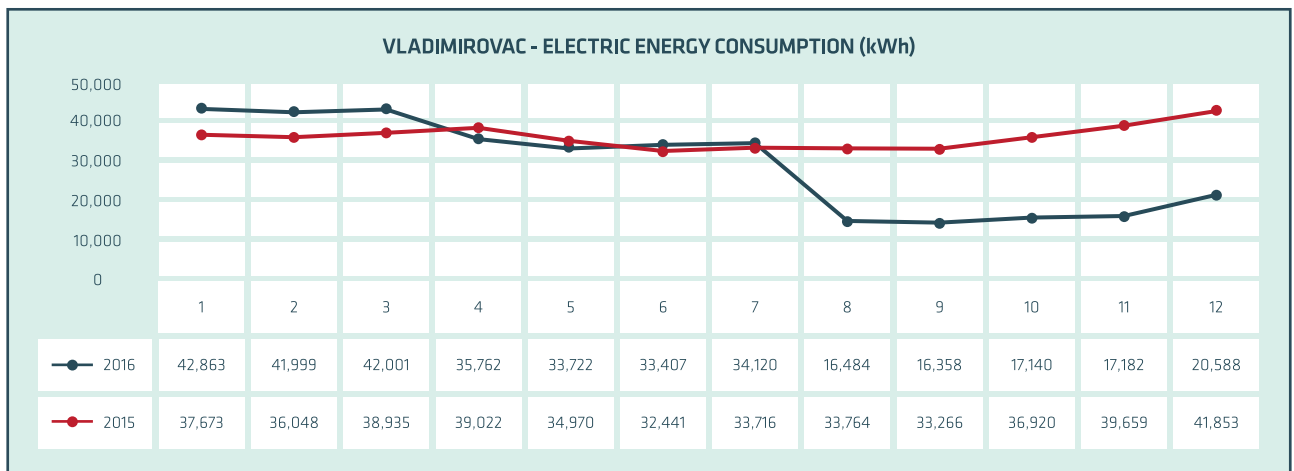


On the commercial farm called Petrović Salaš, on the estate Napredak, annual energy savings was achieved in 2016 as a result of renovation of the existing facilities and energy efficient construction of the new facility in 2015. Total annual electricity consumption was reduced from 1.63 GWh to 1.5 GWh.

Starting from this year, soybean straw has been used for heating of the detached mechanical workshop owing to the reconstructed pipelines and new biomass boilers. Reduction in primary energy was also noticeable on the farm Nukleus, where facade walls were reconstructed in the 2015. Power consumption was reduced from 754 to 738 MWh despite the increased number of piglets bred.

During 2016, the pipeline on the farm Halovo was reconstructed since considerable losses of hot water for heating were noticed. In addition, due to the defect on the pipeline, the water returning in the boilers was cooler than usual which caused condensation and damage to boilers themselves. Following pipeline replacement, coal consumption in winter was reduced from 350 to 147 tons.

With its pig farms, Delta Agrar Group takes active part in the Project IPPC Farms, funded by the Embassy of Sweden in Belgrade. The pig farm Halovo is undergoing the process for obtaining IPPC license. This license represents integrated pollution prevention and control, that is, minimization of the consumption of raw materials and energy, reduction of emissions to air, water and land, as well as waste management.





For the heating of two farms, namely Petrović Salaš and Nukleus within the estate Napredak, and on the estate Jedinstvo, soybean straw is used as biomass for heating machine shops. In the organizational unit Seme Sombor, corncobs remaining after the separation of seed corn from cobs are used for corn seed drying.

Furthermore, in the plum dryer in Kruševac, wood and pits remaining in plum cleaning are used in the drying process. By using biomass instead of conventional energy sources, carbon emissions are reduced to zero, in addition to financial savings.

CONTRIBUTION TO ENVIRONMENTAL PROTECTION USING RENEWABLE ENERGY SOURCES ⁴						
MEMBER COMPANY	Renewables (biomass)	Calorific value MJ/kg (biomass)	Calorific value (Gj)	Electricity (GWh)	CO ₂ emission CO ₂ /kWh	CO ₂ emission reduction (t)
Napredak	849.39 t soybean straw	15.00	12,740.85	3.54	0.85	3,008.50
Jedinstvo	39.25 t soybean straw	15.00	588.75	0.16	0.85	139.02
OU Seme Sombor	521.00 t corncob	14.70	7,658.70	2.13	0.85	1,808.45
Delta Agrar	487.00 m ³ firewood	14.40	7,012.80	1.95	0.85	1,655.93

⁴ Calculation methodology was taken from the following web pages:

<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>

<https://serbia-energy.eu/sr/srija-analiza-troskova-proizvodnje-elektricne-energije-u-okviru-harmonizacije-sa-propisima-eu-iz-oblasti-zivotne-sredine-troskova-te-i-trgovine-elektricnom-energijom/>

The Crowne Plaza recorded an increase in total electrical energy consumption by 4.44% compared to 2015, due to the installation of additional electrical devices, more guests and unfavourable weather conditions. If we look at consumption in relation to the number of guests, 18% energy saving was achieved.

For the purpose of optimization, over the year, 72 metal halogen lamps of 70W were replaced by 30W LED lamps in 4 meeting rooms. It is estimated that this will reduce annual electricity consumption by about 10,000 kW.

When it comes to thermal energy for heating of premises, domestic hot water and swimming pool water, in 2016, it was consumed 2.18% less heat, or 57.72 MWh for the same surface area. In relation to the number of guests, this relates to 37% savings.

Major contribution to the savings of thermal energy is achieved by the reconstruction of domestic hot water heating system. This reconstruction involves using waste energy from the chiller condensers to preheat water from the waterworks to the condenser water temperature.

Reconstruction was fully completed by mid cooling season, therefore, achieved savings will be noticeable in the next season.

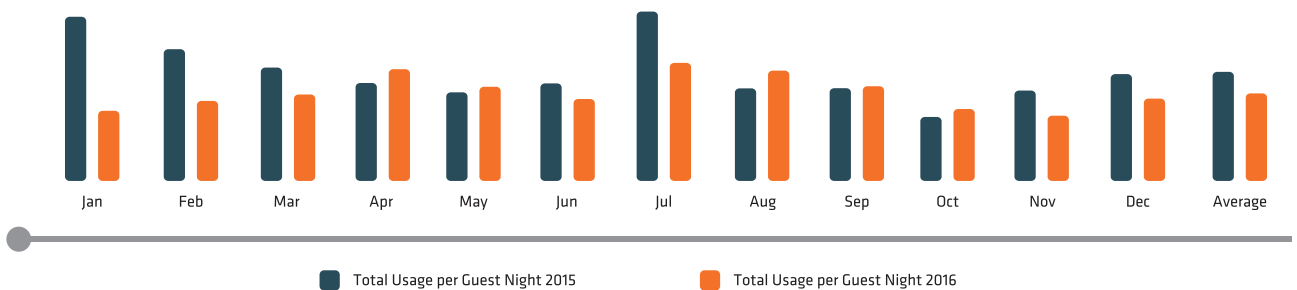
Standard activities which also contributed to the optimization of energy consumption were related to: daily tracking of consumption, adjustments made to the operation of the system according to the schedule of events in the halls, measuring temperature, regular and planned maintenance and cleaning of equipment.

The consumption of LPG fuel in 2016 increased by 9.72%. However, the number of prepared meals was higher by 18.10%, therefore, less LPG was consumed for the preparation of one meal than the previous year.

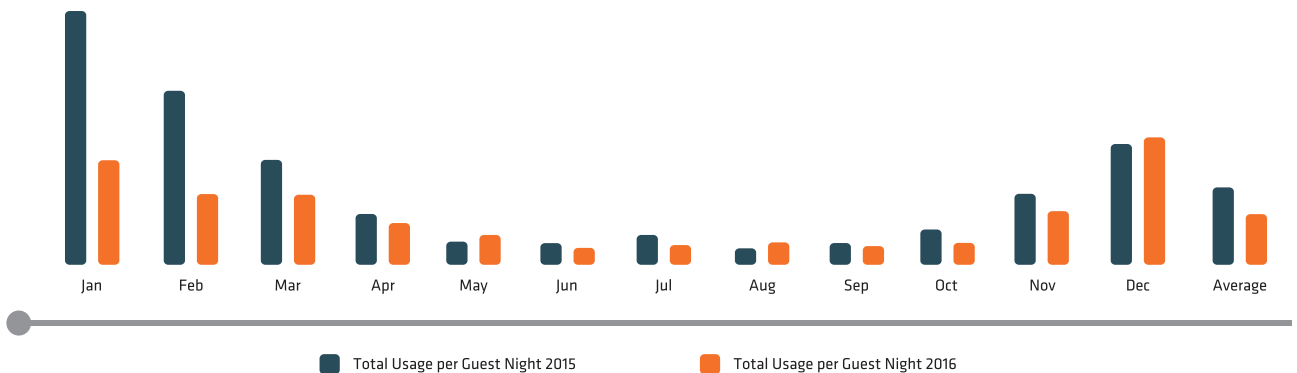
In The Park Hotel, energy saving light sensors were installed, all electrical installations were replaced, and LED lighting was introduced. Upon the acquisition of The Holiday Inn, halogen lamps have been replaced by LED lighting.

In addition to the effects achieved in reducing pollution and environmental protection, economic effects were also achieved.

Electricity Consumption



Heat Consumption



The DTS distribution centre introduced *Building Management System* that automatically switches lights and other devices on and off. Energy consumption in 2016 is not comparable to the one in 2015 since the operation of the warehouse started in mid-March 2015. It was designed in compliance with energy efficiency regulations, which means that all elements of thermal envelope have the minimum required values of heat transfer coefficient, and from the global point of view, it was classified under C category, with annual energy consumption of 46.56 kWh/m². Delta Distribution Environmental Protection Manager carried out trainings for the employees about the best energy saving methods and about finding new solutions.

In Delta Motors, savings in gas consumption were achieved owing to more cost-effective spending which included turning off heating, turning out lights, and closing windows when the employees were not in their offices. Savings amounted to 4,000 m³ compared to 2015. In 2015, the device for elimination of reactive power was installed in Delta Automoto, thus resulting in great savings of near 60.000 KVArh in 2016. In early 2017, neon lights on the pylons and advertisements were replaced by LED lighting which should reduce consumption in 2017 by 60%.



Reducing emissions

Modern land cultivation machinery and equipment contribute to the reduction in greenhouse gas emissions, and these include new tractors powered by engines with reduced fuel consumption and CO₂ emissions, navigation autopilot, GIS and GPS systems used for seeding, as well as variable application of fertilizers, seeds, and pesticides. Automation of agricultural production leads to greater efficiency, which in turn, means reduced costs for labour, fuel, plant protection products, and seed. This reduces production costs, but also negative impact on the environment.

In 2016, the following 15 new systems were procured:

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

The entire system of precision agriculture is envisaged to be introduced by the end of 2020.

In 2016, DTS procured 10 new trucks equipped with Euro 6 engines of the latest generation with the catalytic exhaust treatment (Hi-eSCR technology). These motors have 98% lower NO_x emissions, compared to the Euro 5 standard.

In 2016, Delta Motors entered into an agreement on the sale of hybrid and electric vehicles to be promoted at 2017 Car Show, when their sales will also be launched. The company recognized the impact of these vehicles on environmental protection and the importance of their promotion, despite the fact that adequate infrastructure is currently non-existent. The talks about the construction of electric vehicle charging stations were initiated with relevant ministries and other car dealers to create conditions for the use of these vehicles to the clients. In the meantime, Delta Motors will build 2 charging stations within their showrooms, while the Crowne Plaza and Holiday Inn hotels will install additional chargers in the parking lots for hotel guests in 2017.

In all member companies, emissions are regularly monitored. Measuring is performed by authorized laboratories and the 2016 results are within the permissible limits.

CO₂ EMISSIONS

Direct emissions CO ₂			Indirect emissions
Natural gas tCO ₂	Coal tCO ₂	Fuel tCO ₂	Electricity tCO ₂
5,355.57	577.20	4,089.69	7,980.66
1,766.72	0.00	53.90	2,939.35
234.27	0.00	1,355.17	1,006.27
13,432.53			11,926.27

GREENHOUSE GAS (GHG) EMISSIONS INTENSITY

Year 2016	CO ₂ emissions in t	Total sales in euros	CO ₂ emission per monetary unit of sales (GJ/€)
Amount	25,358.80	411,780,000.00	0.000062

Care about water

Utilisation of modern production methodologies reduces consumption and pollution of water. Consequently, the automation of agricultural production protects groundwater since the reduction of nitrogen fertilizers prevents their precipitation and thus environmental problems. In addition, Delta Agrar continuously invests in modern irrigation systems that use only as much water as necessary for normal plant growth. The company uses naturally deoxygenated fishpond water to irrigate sugar beet, soybeans and corn seed grown on the estate Budućnost. Therefore, the water drawn from the Danube–Tisa–Danube Canal is used for fish growing and for watering and irrigating of crops after that.

Wastewater is taken into account on livestock farms as well. In 2016, pig farms in Vladimirovac and Zaječar obtained the Decisions on water reserves, which are mandatory for the extension of water permits.

All other Member Companies also take measures to save water. Total water consumption in Crowne Plaza hotel in 2016 was 48,349 m³ which is 11.48% less than in 2015. According to the number of overnight stays, 26% saving was achieved.

Despite increased consumption due to a larger number of guests, savings were achieved thanks to the reconstruction of the system for domestic hot water, which resulted in less evaporation on the cooling towers. Apart from that, desalting from cooling towers was modified to allow the return of water

for measuring conductivity into the system instead of going down the drain. Favourable hydrological conditions and increased rainfall also contributed to the achieved savings as less water was needed for watering of green areas and plants.

In 2016, almost twice less water was spent as the new distribution centre started with operation in March 2015, and water saving was taken into account during the construction of this new DTS distribution centre. Modern time delay faucets were installed in the toilets, and “save water” signs and instructions were posted in all the toilets. The sewerage network is so designed that the water from the kitchen is purified through a grease separator, while storm water from the parking lot is purified by means of two separators of light petroleum products. Water from charging station is lead to the manhole, while other waters are treated as unpolluted and as such, they are directly brought into the sewerage network.

In Delta Automoto and Delta Motors, waste water is periodically tested before being discharged into the municipal sewage system. The system for completely controlled reception of oily atmospheric water from all surfaces, and the separator of oil/water for treatment of oily water before releasing it into the recipient reduce the risk of contamination of soil and watercourses. Authorized laboratory (City Institute for Public Health) carries out laboratory testing of wastewater four times a year. Laboratory analysis conducted in 2016 showed that all parameters were within the permissible and environmentally acceptable limits.

EXTRACTED WATER IN m ³				
MEMBER COMPANY	Well water	Lake water	Surface water	Water from municipal waterworks
Delta Agrar Group	789,965.16	22,540,681.80	275,866.00	54,495.30
Delta Real Estate Group	0	0	101,502.00	0
Delta Distribution	0	0	28,747.00	0

Nature reserve

Within its operation, Delta Agrar takes care of a nature reserve, i.e. a fishpond in Svilojevo, on the estate Jedinstvo. This environmental unit is also inhabited by flocks of swans in wintertime, and colonies of endangered birds in other periods of the year. The 50 ha isles are covered in reeds and rushes. This fishpond was declared a nature reserve in 2011 and it consists of several lakes and small isles with flora and fauna which cannot be affected without control and approval of the Institute for Environmental Protection of Serbia.



Waste Management

In order to improve waste management system, the entire system was centralized in 2016 by engaging a single operator.

Delta Agrar received the approval from the Ministry of Agriculture and Environmental Protection for thermal treatment of small amounts of wooden and cardboard packaging waste generated at the site of OU Kruševac Sušara, since this waste is not eligible for re-use due to excessive damage. It is therefore only reasonable to be re-used for the production of thermal energy required for fruit drying. By obtaining the approval for thermal treatment, all requirements related to waste management hierarchy were met, which means that all necessary measures were taken to achieve the best overall results for the environment.

In 2016, 3.19 tons of waste excipients for the formulation of plant protection preparations were exported through an authorized operator for hazardous waste export.

During the year, the project for the reduction of municipal waste was launched in Delta Agrar organizational units by selecting and separating recyclable waste. Staff trainings for project implementation are currently underway. Within Delta Agrar's Fruits and Vegetables branch, staff training titled "Environmental Protection and Sustainable Development and Management in Agriculture" was held. In this way, the employees gained better insight in the issues related to these areas, thereby also establishing more efficient system for monitoring of all waste flows and environmental protection.

In 2016, in the DTS distribution centre, Eco Garden was renewed, new containers for the selection of packaging waste (PET, cans and white paper) were procured and eaves was built. In the premises for employees, canteen and gallery, new bins for the disposal of plastic bottles and cans were placed together with boxes for white paper in the offices. All disposal areas are marked with posters saying "Why recycling is important" with instructions for the selection and facts and figures on the amount of energy, wood, water and other natural resources saved through recycling. During the year, several presentations were held to the employees about the importance of proper waste separation that also contributed to raising their awareness.

In the offices of other member companies, Delta Pak boxes for sorting of paper and plastic waste were also placed together with the bottles for bottle caps collection, with the inscription "Cap for handicap". The employees collect bottle caps for the Association of the paraplegics and quadriplegics from Banat, who use the money earned by selling caps for the purchase of orthopaedic aids to its members.

QUANTITY OF GENERATED AND DISPOSED WASTE IN TONS

MEMBER COMPANIES	Non-hazardous waste generated in 2016	Quantity of non-hazardous waste as of 01.01.2016.	Quantity of non-hazardous waste as of 31.12.2016.	Total generated hazardous waste in 2016	Quantity of hazardous waste as of 01.01.2016.	Quantity of hazardous waste as of 31.12.2016.	Disposed quantities of non-hazardous waste	Disposed quantities of hazardous waste
Delta Agrar Group	581.83	32.96	99.04	21.69	12.76	15.55	515.75	18.89
Delta Real Estate Group	113.22	0.00	0.00	2.26	0.00	0.00	113.22	2.26
Delta Distribution	154.47	0.30	0.00	30.14	1.50	0.90	154.77	30.74

Non-profit organization called Delta Pak also operates within the company. Delta Pak was founded in 2010 with the aim of environmental protection and fulfilment of legal requirements relating to packaging waste. The main role of Delta Pak is to connect the organizations placing packaging on the market with the recyclers, to achieve legally defined targets for recycling in order to dispose of packaging waste. In 2016, Delta Pak had 88 members, including all the companies within Delta Holding system. Delta Pak helps its clients in proper waste management on their locations, in compliance with the legislation and national targets, as well as in record keeping and reporting to national services, and with regard to all other challenges in this field.

In 2016, Delta Pak facilitated meeting national targets for all its clients. A total of 11,466.9 t of

packaging was placed on the market in the Republic of Serbia by legal entities or entrepreneurs who transferred their obligations in this respect to the operator Delta Pak.

The total amount of re-used and recycled packaging waste by the operator Delta Pak amounted to 5,432.8 t and municipal waste accounted for as much as 1,959.2 t of these quantities. According to the mentioned data, it follows that 2016 National general objectives of the Republic of Serbia were fulfilled by the operator Delta Pak in the amount of 47% for the re-use and recycling of packaging waste.

In 2016, Delta Holding member companies also met national targets in the recycling of packaging waste in nominal amount of 36%. The percentage of recycled packaging waste in relation to the one sold was 44.55%.

RECYCLED PACKAGING				
TUPES OF PACKAGING	Total placed on the market of non-returnable packaging	Total placed on the market of reusable packaging	Total recycled	
	(t)	(t)	(t)	(%)
Plastic	894.72	0.00	209.11	23.37
Glass	402.47	0.00	100.62	25.00
Metal	74.13	0.00	21.50	29.00
Paper and cardboard	1,796.88	0.00	1,236.98	68.84
Wood	320.88	332.94	134.44	20.56

RECYCLED PACKAGING			
TUPES OF PACKAGING	Specific national targets for 2016	General national target for 2016	General national target for 2016 in utilization
	(%)	(%)	(%)
Plastic	17.00	36.0	44.0
Glass	25.00		
Metal	29.00		
Paper and cardboard	42.00		
Wood	12.00		

During 2016, Delta Pak launched Ekokutak, an online guide to environmental protection and energy efficiency. Company employees were able to learn about latest trends in ecology and take more care about environmental protection applying presented advice in everyday life. This model of presenting environment-related issues to the employees was also implemented with Delta Pak clients, dm drogerie markt and Adidas Serbia.

In addition to the packaging operator activities, Delta Pak also operates as an advisor for:

- Environmental protection,
- Management of hazardous and non-hazardous waste,
- Special waste streams,
- Chemicals
- Safe transport of dangerous goods (dangerous cargos)

During 2016, Delta Pak established cooperation with 14 clients as a consultant in the field of environmental protection, and with 18 clients as an advisor for chemicals and safe transport of dangerous goods, which includes the protection of health of

people and the environment. During 2016, it was proceeded with trainings for the clients' employees to raise awareness about the importance of proper eco-management.

Auditing of 69 branches of dm drogerie markt was conducted to review the current situation with regard to environmental protection and waste management and its improvement that would contribute to positive impact on the environment.

In the capacity of an advisor for the safe transport of dangerous goods, Delta Pak held a training for the manipulators of Delta Agrar. Safe transport of dangerous goods requires that all participants starting from the sender to the recipient become familiar with their duties and tasks and implement them in practice. Therefore, Delta Pak offers ongoing support to its clients and tends to reduce the risks arising from handling hazardous materials to a minimum.

A training was held in Delta Transport Systems to raise awareness, identify hazards and for proper labelling of chemicals. The subject of the training was an introduction to the requirements of the legislation and mandatory documents, proper packing and handling of chemicals.

Did you know...

That each piece of plastic ever made still exists in some form (with the exception of small amounts of plastic, which was burned).

That an XL T-shirt can be made out of 5 used 2-L PET bottles

That 1 t of recycled paper can be made out of 1.2 t of used paper, thus saving 20 trees.

That newspaper can be recycled at least 7 times.

That the amount of plastic thrown away each year is enough to wrap the Earth 4 times.



**DELTA
HOLDING**
Creating Business

The background features a large, colorful graphic consisting of various geometric shapes (triangles, squares) in shades of blue, green, orange, and purple, arranged in a pattern that suggests movement and growth. To the left of this graphic is the Delta Holding logo, which includes the text 'DELTA HOLDING' and 'Creating Business'.



EQUAL OPPORTUNITIES



INVESTMENT IN KNOWLEDGE



CAREER DEVELOPMENT SUPPORT

CARE FOR EMPLOYEES

Care about people and investing in their satisfaction and development is defined in corporate values and represent the strategic orientation of Delta Holding.

Compared to 2015, the number of people in the company has not significantly changed. As at 31 December 2016, there were 3,235 people employed in the Company. Another 3,461 people were engaged through various types of engagement contracts, but major part of additional workforce over the year was hired for seasonal jobs⁵.

NUMBER OF EMPLOYEES AS OF 31 DECEMBER 2016				
MEMBER COMPANY	Employed in Serbia in 2016	Employed in the region in 2016	Total in 2016	Total in 2015
Delta Agrar Group	1,613	7	1,620	1,546
Delta Real Estate Group	494	0	494	471
Delta Distribution	801	94	895	825
Common Functions	198	0	198	192
Delta MC	28	0	28	32
Total	3,134	101	3,235	3,066
Engaged through various engagement contracts	3,461 - 17% more than in 2015			

Expansion of business in fruit growing and animal husbandry as well as in the field of distribution and logistics resulted in the increase in the number of employed and engaged personnel in Delta Agrar Group in 2016. For all seasonal workers in orchards whose place of residence is not near the estate Čelarevo, accommodation was provided in bungalows, and various sports and social activities were also organized to make their stay away from home as comfortable as possible.

The number of employees increased due to business expansion Delta Distribution as well. At the same time, the number of employees decreased in Delta Real Estate Group due to the sale of Delta City shopping malls in Belgrade and Podgorica. The new employer took over the employees of these shopping malls. The total number of Delta Real Estate Group increased by the end of 2016 by 89 as a result of the acquisition of the Holiday Inn.

⁵ The total sum of all engaged persons, 8 hours a day, under different types of contracts during 2016.

EMPLOYEE TURNOVER BY AGE IN 2016

MEMBER COMPANIES	Newly employed in 2016			Left the organization in 2016		
	18-29 YOA	30-50 YOA	Over 50 YOA	18-29 YOA	30-50 YOA	Over 50 YOA
Delta Agrar Group	128	215	17	50	143	73
Delta Real Estate Group	46	28	6	35	70	19
Delta Distribution	127	186	17	40	218	11
Common Functions	13	38	9	8	31	14
Delta MC	0	0	1	0	1	0
Total	314	467	50	133	455	117

EMPLOYEE TURNOVER BY GENDER IN 2016

MEMBER COMPANIES	Newly employed in 2016		Left the organization in 2016	
	Women	Men	Women	Men
Delta Agrar Group	154	206	93	173
Delta Real Estate Group	38	42	46	78
Delta Distribution	85	245	76	183
Common Functions	19	41	37	16
Delta MC	0	1	0	3
Total	296	535	252	453

When opening new positions, the staff from other parts of the system can also apply. In 2016, 136 employees had the opportunity to continue their career development in another member company of Delta Holding.

Redirection of employees can be carried out at the initiative of the employee or management, for the needs of development of specific businesses. In both cases, the proposal is considered in detail together with the employee and he/she receives an offer to which has to respond within 8 days in terms of its acceptability.

All external candidates go through a selection process that starts by advertising vacancies for certain positions within the system. Each Delta Holding job advertisement includes the statement that he/she will not be discriminated in terms of gender, nationality, colour of skin, age, pregnancy, health status, family responsibilities, sexual orientation, social origin, property, membership in trade unions, political organizations, political orientation, or any other personal characteristic.

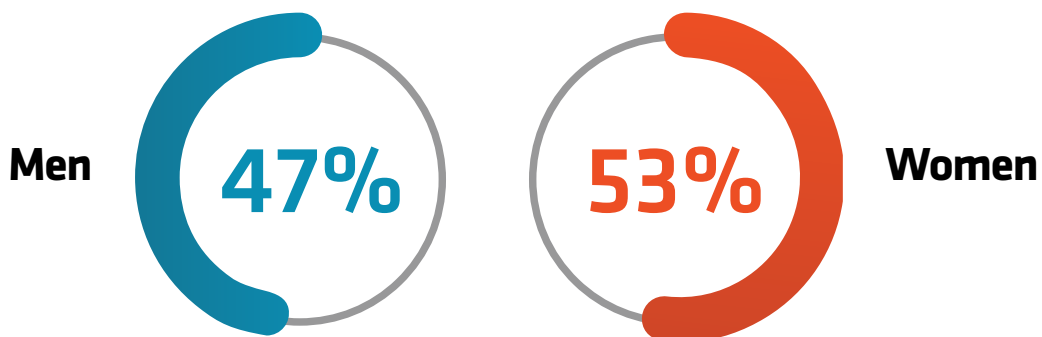
The company commits to the protection of data of all candidates. Following the selection process, candidates are informed about the outcome. Minors are not allowed to work in the company.

The recruitment procedure also envisages a welcome email which is sent to the new employees informing them about the code of ethics, standards and procedures. It also includes the information on the rights and obligations of employees in relation to non-discriminatory principles, prohibition of harassment, whistle-blowing, and anti-corruption principles.

All the newly employed in 2016 spent minimum 344 hours (number of newly employed x 120 min) receiving information about their rights and company and business culture. Collective organizing of employees in trade unions and associations is allowed within the Company. Trade unions are organized in the following member companies: Danubius, Kozara, Topola, Jedinstvo, Yuhor, Napredak and Nacional, 685 employees (21%) in total. A total of 455 employees (14%) are covered by collective agreement.

EMPLOYEE GENDER STRUCTURE						
MEMBER COMPANIES	Employed in Serbia		Employed in the region		Total	
	Women	Men	Women	Men	Women	Men
Delta Agrar Group	573	1,040	1	6	574	1,046
Delta Real Estate Group	237	257	0	0	237	257
Delta Distribution	223	578	24	70	247	648
Common Functions	105	93	0	0	105	93
Delta MC	7	21	0	0	7	21
Total	1,145	1,989	25	76	1,170	2,065

Gender Structure Top Management



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	220	937	456	0	7	0
Delta Real Estate Group	125	295	74	0	0	0
Delta Distribution	183	567	51	21	70	3
Common Functions	27	143	28	0	0	0
Delta MC	2	20	6	0	0	0
Total	557	1,962	615	21	77	3

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	20	342	79	10	473	430	21	241
Delta Real Estate Group	0	1	9	141	64	9	198	44	1	27
Delta Distribution	0	1	17	221	97	8	416	122	3	10
Common Functions	1	3	6	94	19	1	57	17	0	0
Delta MC	0	0	0	7	3	0	18	0	0	0
Total	3	7	52	805	262	28	1,162	613	25	278

Employment of persons with disabilities

The company employs persons with disabilities whenever possible with respect to the required qualifications, job requirements and the availability of human resources in the labour market. In the recruitment of persons with disabilities, in addition to the National Employment Service database, the database of the NGO Forum of Youth with Disabilities is also used. Delta Holding has been cooperating with this organization since 2008. Members of the Youth with Disabilities Forum provide useful advice to other co-workers or members of teams in which the persons with disabilities are to be integrated. Etiquette in communication with persons with disabilities, as an additional form of education to employees is available on the Company's internal portal.

In 2016 as in 2015, there were 48 persons with disabilities employed in Delta Holding.

Students' internships

During 2016, 394 young persons spent their internships in the Company. They were given the opportunity to acquire know-how and practical skills that will help them in getting a job and career development.

The interns were engaged in Delta Agrar, Delta DMD, DTS, Delta Automoto, Delta Motors, as well as in the Crowne Plaza Hotel. The largest number of students came from the faculties with which the company has signed the contract on internship implementation, namely from the Faculty of Economics, Faculty of Transportation and Organizational Sciences. Over the year, some of them were employed.



Young Leaders

Since 2012, Delta Holding has been implementing the programme called the Young Leaders, aimed at employment of young talented people with no previous work experience. The program envisages that the 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 business processes in which they specialized during their studies. They have mentor support provided in each of the rotations.

The sector in which they are to continue with their career development is chosen depending on the company needs and interests of young colleagues. This provides a good balance between the needs of the company and their orientation and inclinations. The significance of the program is in the new energy and creativity of young people that helps Delta in developing its business while at the same time it helps the community in providing practical trainings and keeping young people in the country

In 2016, the fourth generation of Young Leaders was admitted and thus 24 young colleagues were given the opportunity for career development in the Company. To ensure efficient training and more adequate integration of these young people in the system, trainings for young leaders mentors were organized. Trainings and group coaching sessions resulted in better structuring of the mentoring process and the development of competences. A total of 48 managers attended these workshops.

Young Leaders were also involved in Delta Holding development projects. Each generation is divided into groups and their task is to make plans for the development of certain business segments. The topics in 2016 included:

- Development of Yuhor brand
- Research of logistics services in the European market
- Raising environmental awareness among employees
- New activities within the existing fields of business
- Activities on social media on the occasion of 100 years of BMW
- Development of tourism and catering industry

In addition, in 2016, brain storming was also organized for all generations of Young Leaders and they were invited to present their ideas for the development of new businesses of the Company.

So far, 94 young people have participated in this program. Most of them successfully completed the program and were integrated into Delta Holding system. They now hold positions involving high responsibility, among which:

- General Manager of Fun&Fit
- Yuhor Deputy Director
- Production technologist at Danubius mill
- Marketing&PR Manager, Delta DMD
- Marketing Manager at Mioni
- Operational Development Manager, Delta Agrar
- Design and Building Coordinator, Delta Real Estate
- Internal Communications Manager, Delta Holding
- External Communications Manager, Delta Holding
- Project Manager, IT Sector
- Developer, IT Sector
- Key Account Manager, Delta DMD
- Key Account Supervisor, DTS

Knowledge Exchange

In 2016 just as the year before, special attention was paid to internal trainings of personnel. Job shadowing was organized for the young talents within Delta's Future programme, in cooperation with local and foreign companies operating in similar fields (Atlantic Group, Byer, Pioneer, Serbskiy Torgoviy Dom, etc.). They spent a week working in the positions that are similar to theirs, exchanging knowledge, experience and best practices with colleagues from related companies. In return, the hosts from the mentioned companies will be doing the same thing in Delta Holding, in 2017. This is another way to invest in young talents, but also to encourage knowledge sharing and good partner relations with companies operating in our market.



Delta Business Café programme was launched in May 2015 for knowledge exchange within the company and to facilitate direct contact between leaders and employees. The programme is designed as a series of interactive lectures of top management transferring their knowledge and experiences to young talents participating in Delta's Future and Young Leaders programmes.

The following lectures were held in 2016:

- The future of agribusiness
- Distribution of large brands
- The importance of technology in modern business

For the third year in a row, Delta Holding manager participated as a mentor in the AmChamps project.

The project, organized by the American Chamber of Commerce is aimed at business education and easier career start for talented students with the support and help of 20 mentors from leading companies in the Serbian market.

Leadership Skills and Career Development

In order to develop leadership potential, individual coaching was organized for the top management of Delta Holding, where they intensively worked on the development of skills for achieving outstanding business results.

In 2016, performance management process was extended to the management of the entire company (6% of all the employees). In cooperation with IT Sector, new internal application for performance management was developed and all participants (203 of top, senior and middle-level managers) went through adequate trainings in order to implement this process more successfully and more efficiently.

Within the project Career Planning, which included more than 150 managers, Development Department provided individual feedback based on performed development evaluations. Detailed Individual Development Plan was prepared for each manager, clearly outlining development goals for the next period.

A development project was launched in Delta DMD to encourage more open communication between managers and employees. Workshops were organized during which company employees and management jointly created action plans for improvement of business, initiatives and team synergies. Upon implementation, the results were evaluated and further development steps were defined based on that.

A training system was organized for the employees in Yuhor retail chain that allows that all employees go through Induction Training immediately upon employment, to get to know the company, as well as theoretical training providing basic information related to customer care, communication, sales skills, etc. More than 50% of the employees have gone through these theoretical trainings so far.

In addition, all managers have gone through specialized trainings for managers, and this practice will continue in 2017.

Online School


Lifelong learning is also very important, and in that is why we are always in pursuit of modern and interesting ways to acquire new knowledge. Following world trends in education, we launched Our Online School in which renowned local experts give answers to various questions in the field of their expertise.

The following lectures were held in 2016:

- Mentoring
- Performance Management
- Leadership
- Coaching as a management style
- Stress management and balance between business and private life
- Innovation in business

About 300 employees attended each online lecture, on average.

In the area of on-line trainings for the employees, Eco Forum was established on the internal portal, an online guide to environmental protection and energy efficiency. In this way, they can be in the loop with innovations regarding environmental issues and read advice applicable in everyday life. In addition, this also encourages them take decision related to saving the planet, and in accordance with the strategic orientation of their company.



A total of 26,036 hours of internal and external educational trainings was conducted in 2016.

A opportunity to improve their knowledge had 1,964 women and 2,420 men. This ratio is in accordance with gender structure of Delta Holding employees.

Delta supports the development and certification of employees both locally and abroad for further development of their careers and Company as well. Certification maintenance costs are covered by the Company.

Development of Internal Communications

In 2016, internal communication was somewhat modified to reflect the celebration of 25 years from the establishment of Delta Holding. A new issue of the internal magazine "Delta Today" was published after seven years. It is primarily dedicated to those employees who do not have access to a computer.

On the day of marking 25th anniversary of its successful business, the company launched an internal campaign titled: "Choosing the best teams" aimed to reward and put emphasis on the best teams in the company. The campaign motif was an apple as a symbol of unity, under the slogan "Team spirit is in fashion". One of the most important products of Delta Agrar, the club apple Modi was used for the promotion of the campaign, thereby also marking the beginning of the development of internal marketing in Delta Holding. The campaign is planned to finish in 2017.

In accordance with the strategic direction of Delta Holding to apply the latest technology in each business segment, the preparations for the implementation of the project Digital Communications in Delta - Cooperation for the 21st Century started in late 2016. Employees' survey was conducted through online questionnaires and focus Group concerning their needs for new forms of communication, modern internal portal and possibilities of simplifying internal business processes. Obtained results were the basis of the strategy for the introduction of modern platforms for communication and cooperation between the employees. Project launch is envisaged for the first quarter of 2017.



Zajedno radimo i proslavljamo uspehe - zajedno trajemo

25
godina

Biramo 5 Deltinih najtimova!

- Najefikasniji tim
- Najinovativniji tim
- Najstručniji tim
- Sa najvećim dostignućima
- Najviše brine o ljudima

Determining Salaries

The earnings of employees are determined exclusively in accordance with the requirements of the subject position and employee qualifications. 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 employees.

The earnings of all employees, including the Board of Directors, consist of basic earnings, a part related to work performance, and increased earnings. Basic salary is determined by the Company President or a member company Director, in accordance with the company Work Regulations. The employment contract for managers and employees 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 the position, 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. 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.

In September 2016, with the support of OD&M Consulting, the Company implemented the project of work posts re-evaluation and revising the structure of the basic salary. The company aims to revise the system of evaluation and categorization of jobs in order to comply them with labour market on the one hand, and the continuing external competitiveness and employee satisfaction on the other. The project covers all business units and all positions within the company. So far, 400 positions have been evaluated and categorized. The plan is to finish the evaluation of the remaining jobs by the end of April 2017.

RATIOS OF DELTA HOLDING EMPLOYEES SALARIES COMPARED TO LOCAL SALARIES

Salaries on the day Nov 30, 2016	Minimal gross wages		Average gross wages	
	Delta Holding	Republic of Serbia Official statistic	Delta Holding	Republic of Serbia Official statistic
Belgrade	37,799.76	28,724.00	105,302.11	78,598.00
Novi Sad	38,467.70	28,724.00	69,411.77	61,211.00
Čačak	40,973.77	28,724.00	66,751.17	52,150.00
Jagodina	39,094.11	28,724.00	66,726.40	46,540.00
Niš	36,955.14	28,724.00	60,220.38	56,063.00

Benefits, Solidarity Aid and other kinds of assistance to the employees

Delta Holding, provides financial assistance to the employees and their families in the event of the childbirth, illness, illness of an immediate family member, death of an employee or death of an immediate family member. The company provides financial support in schooling to the children of deceased employees until completion of high school.

In addition, the company provides supplementary health insurance in case of serious illnesses and surgical interventions to the employees, together with 24 hour collective insurance against accidents.

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

To strengthen team spirit and encourage healthy habits of employees, the company provided recreational basketball, soccer and volleyball classes in 2016. For these purposes sports halls in Belgrade, Novi Sad, Čačak, Jagodina and Nis were leased. About 250 employees took up this kind of recreation. Indoor soccer and street basketball tournaments were held in April 2016 with participation of 120 co-workers, on the indoor soccer field of "Corn Product" in Šumice, Belgrade.

Tangram Club

Tangram Club was opened in 2016. It is a place for socializing, relaxation, the exchange of ideas and experiences of employees, but also for greeting and hosting professionals and associates from other companies.



Employees can have a game of pool or darts during their break there, or they can play the guitar and relax by stretching and exercising on wall bars, balance beam and Pilates balls. Tangram is also a venue for having meals and casual conversation on cosy sofas and armchairs.

Opening of Tangram Club is a contribution to the new Delta Holding corporate culture in which employee satisfaction and work in a pleasant and creative environment play an important role.



Occupational Safety and Health and Fire Protection

In 2016, the system for safety and health at work (OSH) and fire protection (FP) was centralized. This means that Delta Holding OSH and FP Manager advises and monitors the work of three group coordinators, while they in turn provide assistance to officers engaged in individual member companies. Chief Business Sustainability Officer is in charge of the planning and implementation of OSH and FP activities that contribute to their promotion.

To identify all occupational risks and prepare a plan of improving OSH and PF measures, situation analysis was performed in each member company of Delta Holding. The degree of workplace risk is defined by monitoring, recording and evaluating all the factors in the work process that may cause injury or damage to the health of employees. Based on the obtained results, the measures were taken to eliminate or reduce risks and the possibility of injury or health problems of employees. For those employees at workplaces with increased occupational risk, regular medical examinations were organized. In addition, ophthalmologist examinations were carried out for those employees using equipment with screens in their work.

A high level of safety of working conditions is permanently maintained by inspections and testing of work equipment, personal protective equipment, testing of work environment (microclimate conditions, brightness, chemical, biological and physical hazards in work areas), as well as fire protection systems and equipment. The employees attend lectures and trainings on occupational safety and health, fire protection, and conduct in case of emergencies 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. In addition to the mentioned trainings, employees continuously undergo first aid trainings.

In 2016, a total of 4.607 hours of trainings in the fields of OSH, FH and first aid were held.

The largest number of trainings were held at the Crowne Plaza. Apart from OSH and FP trainings, each morning over the 198 work days, 80 various 10-minute trainings were held aimed at improving the safety of employees and guests. They included the trainings for emergency situations, prevention of illness and contagions, standard procedures for finding potentially

contaminated objects which should be treated with special care and disposed of in specially prepared boxes and disposal sites.

In individual legal entities and operating units of Delta Agrar, numerous activities were conducted in accordance with the specifics of each workplace, levels of risk and the need for special monitoring of OSH and PF status. On the estate Podunavlje, specialized trainings were organized, defects on the equipment were eliminated, and new box pallets were procured. On the farm Napredak, evacuation plans were prepared together with the assessment of vulnerability to natural and other disasters and fire safety plan.

In Danubius factory, conveyor belts were replaced together with aspiration units in two silos thereby preventing the risks of mechanical injuries. Furthermore, exposure to dust and chemical hazards are significantly reduced. The possibility of creation of explosive mixtures of dust grains and air is also reduced. All drivers and employees of outsourced companies are required to wear fluorescent vests. A new diesel engine is also procured. It is connected with the installations and serves as a backup power supply for hydrant pumps.

A new automatic fire alarm control unit was installed in Yuhor factory together with new fire fighting equipment. On a farm in Jagodina, power supply wiring was replaced, new fire safety and emergency situations plans were prepared as well as Act on Risk Assessment.

A screen for washing equipment for dispensing of products and reparation was made in the factory Fun&Fit. Thereby, transportation and moving of this equipment to the factory courtyard was prevented and thus also the exposure of employees to the risks of injuries, chemical hazards and poor external microclimate conditions (heat, rain, snow or ice). A solution for direct dissolution and transfer of machine oil was also found to avoid the use of ladders and lifting weights to a height of 2 m.

In the operating units Krusevac Dryer and Udovica Cool Storage, new automatic fire alarm control units were installed in boiler rooms.

New fluorescent safety vests for visitors and protective equipment for work at height were procured for distribution and logistics centre of Delta Transport System in Stara Pazova. Automatic fire alarm control unit and fire extinguishers were replaced in the Distribution Center Niš.

The kitchen of the Park hotel was detached into a separate firefighting sector by installing fire doors of the prescribed fire resistance. During the renovation of the fitness centre, entire electrical installation was replaced, the escape route was extended towards the exit into the exterior as well as internal hydrant network.

By taking technical, technological and organizational measures, a higher level of safety in the facilities was achieved. In 2016, the number of light injuries at work increased compared to 2015. The largest number of injuries was recorded in Yuhor (50 light and 3 heavy injuries). The largest number of injuries occurred in factories and they comprised

slip and fall injuries and accidents while working with sharp objects. A number of injuries at work happened on the way from home to work and from work to home. In order to reduce injuries and raise awareness of employees, guidelines and flyers were made with clear instructions for safety at work, with information about the consequences of non-compliance with the rules.

MEMBER COMPANY	Number of light injuries	Number of heavy injuries	Total number of injuries	Number of work days lost
Delta Agrar Group	68	5	73	1,824
Delta Real Estate Group	4	0	4	37
Delta Distribution	10	4	14	377
Common Functions	0	0	0	0
Total	82	9	91	2,238

Total number of working hours	6,750,504
⁶ IR rate	13.48
⁷ ODR rate	0.33
⁸ LDR rate	2.65

⁶IR rate - Total number of injuries / Total number of working hours x 1,000,000

⁷ODR rate - Total number of lost days / Total number of working hours x 1,000

⁸LDR rate - Sick leave due to injuries at work / Total number of working hours x 1,000



 **ENDOWMENTS**

 **DEVELOPMENT PROJECTS**

 **EDUCATIONAL PROGRAMS**

DELTA FOUNDATION

Centre for Sport and Rehabilitation of Persons with Disabilities “Iskra” in Kragujevac

Continuing with the implementation of endowment projects in Serbia, in June 2016, Delta Foundation handed over the keys of the Centre for Sport and Rehabilitation of Persons with Disabilities Iskra to the City of Kragujevac. The construction of the second Delta Holding endowment commenced in November 2015 and it is the result of the needs of athletes with disabilities and a long-term cooperation of Delta Foundation with Junior Paralympic Academy. The City of Kragujevac provided full support securing the land and the necessary infrastructure.

This unique facility is designed fully in accordance with the requirements of persons with disabilities: it is barrier-free, with tactile paving, induction loops, Braille markings and adequate changing rooms. The concept of this facility is to offer numerous sports and recreational activities over several days stay to persons with disabilities, thus providing efficient post-rehabilitation and resocialisation, supported by professional staff.

Iskra centre is the only facility of this kind in the region, and it combines sports, recreational and educational activities for persons with disabilities. It is located very close to other sports facilities that fully complement its offer.

Iskra Center covers an area of 660 m² and offers the following amenities:

- Four spacious bedrooms with double bathrooms fully accessible to persons with disabilities;
- Multifunctional space for trainings, seminars and inclusive gatherings equipped with a computer and special technique which eliminates noise, to ensure that persons with impaired hearing with a hearing aid hear sounds more clearly (inductive loop);
- Sports and rehabilitation block with a therapeutic massage room, hydrotherapy room, gym and psychologist and counsellor office;
- Outdoor sports activities: bowling, athletics track and a court for orientation training for people with visual impairments.

The centre can service around 88 beneficiaries daily, of which 21 beneficiaries in the rehabilitation facilities, 15 users of the apartment block and 52 users of multi-purpose areas.

The construction and furnishing of Iskra was carried out by Delta Real Estate and the investment totalled 625,000 euros.

Sculpture - From Here to There

In May 2016, Delta Foundation and The City of Belgrade signed the agreement on the construction of the sculpture From Here to There, a work of art in the pedestrian passageway which will connect Belgrade Fortress with Lower Town Boulevard and the Sava Pier.

The sculpture is the work of art made by two extraordinary artists, Richard Deacon, namely one of the biggest modern British sculptors, and teaching professor at École des Beaux-Arts art school in Paris and Turner Prize winner, and Mrđan Bajić, Serbian sculptor and teaching professor at the Academy of Fine Arts. This massive sculpture with the surface area of 64 m² will be made of aluminium and placed on the 10-metre tower with a lift.

This pedestrian passageway will have multiple benefits both for the citizens of Belgrade and tourists, and it will also be accessible to people with disabilities.



Plantation for the Future

Plantation for the Future is an innovative project of social entrepreneurship development in Serbia, based on agriculture which is Delta Holding's most important business. Developing socially responsible cooperatives since 2015, Delta Foundation has been providing assistance to socially vulnerable and marginalized groups through the initiation and promotion of agricultural production.

Through the Plantation for the Future, Delta has been providing support in the development of primary and secondary agricultural production. The project is intended for poor population, rural women, those producers who employ people with disabilities or provide support to associations representing the interests of persons with disabilities.

In addition to financial grants, the support also envisages professional assistance from Delta Agrar in the application of modern methodology in vegetable production, pig breeding and fruit growing.

The second project cycle started in February 2016, by handing over financial grants to 11 organizations doing business on the principle of social entrepreneurship (Šabac, Zemun polje, Priboj, Smederevo, Boljevci, Kikinda, Golubinci, Grdelica, Bosilegrad, Arandjelovac and Stanišić). The value of the grants ranges from RSD 240,000.00 to RSD 1,800,000.00.

The funds were used for:

- 18 greenhouses of covering surface area of 3,024 m²
- Fruit and vegetable plantations on the total surface area of 153.2 hectares
- 2 deep wells and dozens of drip irrigation systems
- Bank making machine, 8 tillers
- 1 tractor and 1 motor hoe
- Boilers with furnaces for secondary production and procurement of equipment for secondary production
- Vacuum jacket and a dehydrator (mini drier)
- Infeed hopper manufacturing
- Procurement and installation of automatic lines for fodder transport
- Procurement and installation of screw conveyor

- Tens of thousands of seedlings of raspberries, blackberries, strawberries, peppers and other fruits and vegetables

Organizations involved in the project received trainings in business plan preparation, promotion of sales and marketing skills, and for those that meet buy up and marketing standards, Delta Agrar offers to buy up their products.

With the support of the Plantation for the Future Project, from February to October 2016, grant winners realized the following social objectives with the support of the Plantation for the Future:

- 120 persons from hard-to-employ population were employed or engaged
- Initiatives produced 88,056.4 kg of fruit and vegetables in primary production, as well as 791 fattening pigs
- Gained RSD 5,818,450.43 profit
- 2,319 persons received support through the implementation of project activities
- 380 volunteers contributed to project success



Examples of the supported organizations:

Caritas Šabac

Caritas is an organization with a mission to protect people with mental disabilities and women who are victims of domestic violence after institutional support, and gives them the chance of integration into society.

Caritas Šabac was supported in both cycles of the Plantation for the Future project. In the first cycle, strawberry production in two greenhouses was launched, and of raspberries, blackberries and vegetables in the second cycle. Persons with mental disabilities were engaged in the production of these crops in greenhouses and orchards in the open, and they received remuneration for their work. They perform their tasks with the support of psychologists and sociologists who prepare individual activity plans for them.

Owing to excellent results achieved in the primary production, organization Caritas from Šabac bought a farm and adapted the existing facilities for the production of secondary products from fruit and vegetables (juice, jam, ajvar, etc.), thus providing an even greater number of jobs for people from marginalized groups. During project implementation, the attitude of local community to project beneficiaries improved considerably, and so did the quality of their lives. A well planned and productive day gave them confidence and gave them the sense of social usefulness.

Over a year and a half of the project duration, a total of 65 persons were engaged and employed.

CARITAS ŠABAC			
Year	Employed	Engaged	Total
2015	10	17	27
2016	8	30	38

Thanks to the successful implementation of this project, social farming is determined as a strategic activity of Caritas, Šabac. Their agricultural production will involve cultivation of plums, cherries, raspberries, blackberries and strawberries, as well as the products made of these fruits, that will be sold under the brand From Mačva, With Love.

Red Cross Centre in Mala Krsna

Red Cross Centre in Mala Krsna operates as a shelter for people without accommodation or need to be cared for outside their families. For those and other socially vulnerable persons, this Centre prepares meals under the Soup Kitchen Programme.

In addition, within the Red Cross Centre, there are also a kindergarten for Roma children and children from rural socially vulnerable families and a club for the elderly that aims to provide psycho-social support to the elderly.

The Red Cross Centre carries out agricultural activities by growing early vegetables in greenhouses, fruit in the apples orchard and field crops. The Centre also has a farm for pig fattening and broiler farm.

Considering the type of social services provided, the number of users and complete production cycle, the Red Cross Centre in Mala Krsna was supported in both cycles of the Plantation for the Future project, for the improvement of pig breeding. In the first cycle, owing to the support of Delta Foundation, the Centre built a new pig fattening facility covering the surface of 120 m² with the capacity 120 fatlings.

In 2016, Delta's financial support was focused on the construction of infeed hopper, procurement and installation of automated lines for the transportation of animal feed, supply and installation of screw conveyor with an electric motor and push basket for easy distribution of food in the silo, and on the construction of storage facilities for machinery and animal feed.

Red Cross Centre in Mala Krsna is a partner of Delta Agrar in pig breeding, which means that they have secured placement, and thus certain profit.

In 2016, the Centre engaged 5 persons from socially vulnerable groups. From February till the end of October 2016, a total of 1,471 beneficiaries received support through this project.

All the support provided under the project has contributed to improving the quality of pig breeding, secure source of income and therefore higher quality of services to the beneficiaries of this Centre.

Fund for the Future

Fund for the Future Program was launched in 2006 to help young people without parental care, and support them in becoming independent and find jobs after leaving social care institutions.

From 2006 to September 2015, over 264 young people, including 24 students participated in this program, while 12 students are still scholarship beneficiaries and finishing their studies.

From 2015, Delta Foundation included 45 students from secondary agricultural schools from Sombor, Zrenjanin and Futog in this program. The aim is to train new staff for Delta Agrar farms, and at the same time, to give chance an opportunity to children of poor financial status learn what they like and what they are good at.

Delta Foundation wishes to reward students for their accomplishments in school by granting them scholarships and providing them with specific knowledge and skills through professional and practical training, which they do not otherwise receive through regular schooling. They receive RSD 10,000.00 monthly scholarships.



The first steps in the development of corporate dual education in Serbia have been made through the program Fund for the Future. Linking commercial and education sector contributes to better prepared future employees.

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

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

This two-year program includes trainings in business theory through training workshops. The workshops last 4 semesters, and the trainers include experts, psychologists and educators that take care that the program participants take active part and discuss each topic. The topics include presentation skills, how to make a business plan, workplace motivation, successful communication etc.

Practical trainings take place on Delta Agrar estates in Čelarevo, Apatin and Banatska Topola where the scholarship beneficiaries become familiar with the methodology of work and business, organisational structure, potential jobs and application of modern technologies in agriculture.

Testimonials of scholarship recipients

My name is Stefan Fabian. I live in Sonta and I am in my final year of Agriculture and Food Processing High school, at the Department for Veterinary Technicians in Sombor. I am also a successful athlete, playing handball for 7 years. When I'm done with my school and sports duties, I help my family in farm work. Living in the country, I grew up surrounded by pets, dogs, cats, parrots, chinchillas, lemmings. I devote a lot of attention and time to them, because I really love animals. My big wish is to study veterinary medicine at the Faculty of Agriculture in Novi Sad and realize my dream of becoming a veterinarian.

I am convinced that my participation in the program Fund for the Future will help me achieve this. The scholarship that I have been receiving for two years has had positive effect on my work and education. At the workshops, I was taught to recognize my values, as a part of team and communicate in the right way. During practical work on the estates, I had a chance to learn about modern ways of work and work organization. That is why I am very grateful to all who have worked on this project, as well as to my teachers who signed me up and helped me gain this precious life experience.

Family Empowerment and Third Parent

Since 2013, Delta Foundation has supported the Children's Village in Sremska Kamenica through the project Family Empowerment. The aim of the project is to strengthen families to prevent displacement of children in social care institutions. Families involved in the project receive financial, psychosocial, medical and legal support. Social workers work with them, monitor their progress and help them achieve independence and sustainability.

In 2016, families were additionally financially strengthened through financial assistance for business start-ups. That is how they received funds for the purchase of beehives and bees, pigs, jewellery making and establishing tailor shops.

During involvement with the families, it was concluded that they need additional support to make their journey to independence more certain. At the initiative of Delta Foundation, the project Third Parent was designed. Delta Holding employees expressed their wish to personally support the families in achieving their independence. Several times a year, during holiday season, on the occasion of children's birthdays and start of schooling, our colleagues prepare packages and presents for children containing clothing, toys, school supplies, foodstuffs and hygiene products.

The project was subsequently expanded to include interested employees of Delta Holding. In 2016, 99 Delta employees, individually or in a group took care of 36 children.

The goal of Delta Foundation is to contribute to the realization of this project by creating functional families and reducing poverty, thereby also contributing to better business environment.



An example of Family Empowerment

The five-member family Medić from Vrbas (parents, two children and granny) availed themselves of opportunity offered by the project Family Empowerment.

For the past 10 years, the family has gone through a difficult period of poverty, that put at risk their livelihood. Due to the poor health condition of their first child (76% hearing loss), mother left her job. Father's salary of RSD 21,000.00 as an assistant in the restaurant, covered only monthly bills.

Within the project, the family had the support of a social worker and the necessary assistance in basic foodstuffs, but not their independence as well. In 2016, the idea of economic empowerment was born. As the mother is an active member of the Association of Beekeepers in Vrbas, it was her longtime wish to engage in beekeeping. Delta Foundation secured hives to the Medic family, together with frames and bee swarms to start up a private business.

During 2016, 100 kg of honey was produced, thus providing the family with extra income.

Support for talented students and schoolchildren

Delta Foundation has continued to support education of 6 talented students at prestigious international universities by financial grants. Students that have been supported by the Foundation since the beginning of their academic studies, are now in the final years of their undergraduate or graduate studies. Financial grants cover the costs of tuition, living, annual return ticket to the place of study, books and materials necessary for attending lectures.

The right to extension of financial support was granted to those students who timely meet their contractual obligations and met conditions for continuation of their studies. These students are obliged to bring the acquired knowledge back to Serbia, through the provision of consulting services, giving lectures to younger colleagues and through similar activities.

Delta Foundation's Education project was launched in 2012, when they supported 10 students by extending them financial grants.



Anything But a Car

Delta Holding supported the action of Bicycleology organization titled "Anything But a Car", which is a part of global initiative for cities that are more beautiful, healthy, safe and more fun. A challenge was set within this campaign for individuals and companies to compete in the number of kilometres on foot or bicycle on their way to work.

Delta Holding employees responded to this challenge, and with their 42 participants, Delta won in the category of companies with the highest number of participants. Once again, they confirmed their high level of awareness of the importance of promoting activities that encourage healthy lifestyle and environmental protection.

The company provided additional support for this event awarding a bike to the participant who covered the largest distance in kilometres on that day.



Santa's Helpers

On the occasion of Christmas and New Year holidays, for the third consecutive year, Delta Holding organized humanitarian action called Santa's Helpers. The employees and their children took part in this action and prepared 80 gifts for the children from the Third Parent project.

Santa brought the prepared gifts to the theatre Madlenianum in MINI vehicles provided by Delta Motors. Together with their parents, the children enjoyed the New Year's play Magic Cake.

Running for Butterfly Children

In 2016, 250 Delta Holding employees took part in the fourth Fun Run of the Belgrade Marathon.

The objective of humanitarian action I'm Running for Butterfly Children is to point to the needs and challenges of children suffering from epidermolysis bullosa, severe and incurable skin disease.

Delta Holding employees collected contributions to help Debra Association which brings together parents of sick children, with RSD 289,589.00.

Debra association used the collected money for the purchase of special patches.





55 Marathons in 55 Days

Delta Foundation supported the great sports venture of Goran Nikolic, who drew attention of the region (Serbia, Bosnia and Herzegovina and Montenegro) with the mission of Delta Holding second endowment, i.e. Centre for Sport and Rehabilitation of Persons with Disabilities Iskra by breaking the Guinness record for the most marathons run on consecutive days.

His congenital disease and only 5% vision in one eye have never stopped Goran from doing what he loves most: running. This extreme sports achievement was his way of showing and demonstrating the skills and abilities of people with disabilities. Breaking Guinness record, or “upgrading” Guinness World Records, is his contribution to the development of sports facilities and the beginning of sports activities at Iskra.

Goran Nikolic ran 55 marathons in 55 days and managed to draw attention of numerous companies, local communities, individuals, associations and ministries to donate money for the sports activities of the Centre in Kragujevac.



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 2016 which, where applicable, was compared to the 2015 data. Financial and economic indicators were taken from the report compiled for the annual Company meeting.

BALANCE

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

COMPARABILITY

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

ACCURACY

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

TIMELINESS

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

CLARITY

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

RELIABILITY

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

REPORT DRAFTING AND PREPARATION

Report was prepared by Strategy and Development Department in cooperation with Corporate Communication Department, HR Department, Controlling Department, Finance Department, Delta Foundation, Delta Agrar Group, Delta Food Processing Group, Delta Real Estate Group, Delta Distribution and Delta MC Company. Tijana Koprivica, Chief business Sustainability Officer is contact person for questions regarding the report or its content. Contact email is tijana.koprivica@deltaholding.rs

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LIST OF GRI INDICATORS

STRATEGY AND ANALYSIS

G4-1	Statement from the most senior decision-maker of the organization	7
G4-2	Description of key impacts, risks, and opportunities	10, 11

ORGANIZATIONAL PROFILE

G4-3	Name of the organization.	3
G4-4	Primary brands, products, and services.	2, 3, 21 - 39
G4-5	Location of the organization's headquarters.	3
G4-6	Number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.	3
G4-7	Nature of ownership and legal form.	3
G4-8	Markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).	3
G4-9	Report the scale of the organization, including: total number of employees, total number of operations, net sales, quantity of products or services provided	2, 3, 18, 19, 53
G4-10	Total number of employees by employment contract and gender and region.	53, 55
G4-11	Percentage of total employees covered by collective bargaining agreements.	55
G4-12	Describe the organization's supply chain.	21
G4-13	Significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain.	34, 35
G4-14	Report whether and how the precautionary approach or principle is addressed by the organization.	
G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	13
G4-16	List memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization: holds a position on the governance body, participates in projects or committees, provides substantive funding beyond routine membership dues, views membership as strategic.	15

MATERIAL ASPECTS AND BOUNDARIES

G4-17	a. List all entities included in the organization's consolidated financial statements or equivalent documents. b. Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.	18, 19
G4-18	a. Explain the process for defining the report content and the Aspect Boundaries. b. Explain how the organization has implemented the Reporting Principles for Defining Report Content.	4, 5
G4-19	List all the material Aspects identified in the process for defining report content.	5
G4-20	For each material Aspect, report the Aspect Boundary within the organization.	4, 5
G4-21	For each material Aspect, report the Aspect Boundary outside the organization.	4, 5
G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements - none	
G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries.	74, 75

STAKEHOLDER ENGAGEMENT

G4-24	Provide a list of stakeholder groups engaged by the organization.	5
G4-25	Report the basis for identification and selection of stakeholders with whom to engage.	5
G4-26	Report the organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	5, 21 - 39
G4-27	Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns.	5, 21 - 39

REPORT PROFILE

G4-28	Reporting period (such as fiscal or calendar year) for information provided.	4, 5
G4-29	Date of most recent previous report (if any).	4
G4-30	Reporting cycle (such as annual, biennial).	4
G4-31	Provide the contact point for questions regarding the report or its contents.	88
G4-32	GRI Content Index for the chosen option and the reference to the External Assurance Report, if the report has been externally assured. GRI recommends the use of external assurance but it is not a requirement to be 'in accordance' with the Guidelines.	4, 86, 87
G4-33	The organization's policy and current practice with regard to seeking external assurance for the report.	4

GOVERNANCE

G4-34	The governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.	8, 9
G4-35	The process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees.	8, 9, 10
G4-36	Report whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body.	8, 9, 10
G4-38	The composition of the highest governance body and its committees.	8, 9
G4-39	Report whether the Chair of the highest governance body is also an executive officer (and, if so, his or her function within the organization's management and the reasons for this arrangement).	8, 9
G4-40	Report the nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members.	8, 9
G4-41	Report processes for the highest governance body to ensure conflicts of interest are avoided and managed. Report whether conflicts of interest are disclosed to stakeholders.	12, 13
G4-42	Report the highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts.	8, 9, 10, 11
G4-43	Report the measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics.	5, 8, 9, 10, 11
G4-44	a. Report the processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics. Report whether such evaluation is independent or not, and its frequency. Report whether such evaluation is a self-assessment. b. Report actions taken in response to evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics, including, as a minimum, changes in membership and organizational practice.	10, 11
G4-45	a. Report the highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities. Include the highest governance body's role in the implementation of due diligence processes. b. Report whether stakeholder consultation is used to support the highest governance body's identification and management of economic, environmental and social impacts, risks, and opportunities.	10, 11
G4-46	Report the highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics.	5, 10, 11
G4-47	Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities.	5, 10, 11
G4-48	Report the highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material Aspects are covered.	5, 10, 11
G4-49	Report the process for communicating critical concerns to the highest governance body.	10, 11

ETHICS AND INTEGRITY

G4-56	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	12, 13
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G4-58	Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines.	12, 13
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CATEGORY ECONOMIC

ASPECTS Economic Performance

EC 1	Direct economic value generated and distributed (Revenues, EBITDA)	18, 19
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ASPECTS Market Presence

EC 5	Ratios of standard entry level wage by gender compared to local minimum wage at significant location of operation	60
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ASPECTS Indirect Economic Impact

EC 7	Development and impact of infrastructure investments and services supported	10, 65 - 69
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EC 8	Significant indirect economic impacts, including the extent of impacts	10, 65 - 69
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CATEGORY ENVIRONMENTAL

ASPECTS Energy

EN 3	Energy consumption within the organization	41 - 45
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EN 5	Energy intensity	41
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EN 6	Reduction of energy consumption	41 - 55
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ASPECTS Water

EN 8	Total water withdrawal by source	41
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EN 10	Percentage and total volume of water recycled and reused	47
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ASPECTS		Biodiversity
EN 11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	48
EN 12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	48
EN 13	Habitats protected or restored	48
ASPECTS		Emissions
EN 15	Direct greenhouse gas (GHG) emissions (scope 1)	46
EN 16	Energy indirect greenhouse gas (GHG) emissions (scope 2)	46
EN 18	Greenhouse gas (GHG) emissions intensity	46
EN 19	Reduction of greenhouse gas (GHG) emissions	41 - 46
ASPECTS		Effluents and Waste
EN 23	Total weight of waste by type and disposal method	49 - 51
EN 24	Total number and total volume of significant spills - none	
EN 25	Weight of transported and exported hazardous waste under the terms of the Basel Convention	49
ASPECTS		Products and Services
EN 27	Extent of impact mitigation of environmental impacts of products and services	41 - 51
EN 28	Percentage of products sold and their packaging materials that are reclaimed by category	50, 51
ASPECTS		Compliance
EN 29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations - none	
ASPECTS		Overall
EN 31	Total environmental protection expenditures and investments by type	41 - 49
ASPECTS		Supplier Environmental Assessment
EN 32	Percentage of new suppliers that were screened using environmental criteria	21
ASPECTS		Environmental Grievance Mechanisms
EN 34	Number of grievances about environmental, impacts field, addressed, and resolved through formal grievance mechanisms - none	

CATEGORY		SOCIAL
SUBCATEGORY		LABOR PRACTICES AND DECENT WORK
ASPECTS		Employment
LA 1	Total number and rate of new employee hires and employee turnover by age group, gender, and region	53, 54
LA 2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	61
ASPECTS		Labor/Management Relations
LA 4	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements	54
ASPECTS		Occupational Health and Safety
LA 6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	62, 63
LA 7	Workers with high incidence or high risk of diseases related to their occupation	62, 63
ASPECTS		Training and Education
LA 9	Average hours of training per year per employee by gender, and by employee category	59
LA 10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	57 - 59
LA 11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	58
ASPECTS		Diversity and Equal Opportunity
LA 12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	8, 9, 54, 55
ASPECTS		Equal Remuneration for Women and Man
LA 13	Ratio of basic salary and remuneration of women and men by employee category, by significant locations of operation	60

ASPECTS			Supplier Assessment for Labor Practices
LA 14	Percentage of new suppliers that were screened using labor practices criteria		21
ASPECTS			Labor Practices Grievance Mechanisms
LA 16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanism - none		
ASPECTS			Investments
HR 2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of the employees trained		54
ASPECTS			Non-discrimination
HR 3	Total number of incidents of discrimination and corrective actions taken		53, 54
ASPECTS			Child Labor
HR 5	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor		21
ASPECTS			Forced or Compulsory Labor
HR 6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor		21
ASPECTS			Assessment
HR 9	Total number and percentage of operations that have been subject to human rights reviews or impacts assessments		21
ASPECTS			Supplier Human Rights Assessment
HR 10	Percentage of new suppliers that were screened using human rights criteria		21
SUBCATEGORY			SOCIETY
ASPECTS			Local Communities
SO 1	Percentage of operations with implemented local community engagement, impact assessments, and development programs		64 - 73
ASPECTS			Anti-corruption
SO 4	Communication and training on anti-corruption policies and procedures		11, 55
ASPECTS			Supplier Assessment for Impacts on Society
SO 9	Percentage of new suppliers that were screened using criteria for impacts on society		21

SUBCATEGORY			PRODUCT RESPONSIBILITY
ASPECTS			Customer Health and Safety
PR 1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement		21 - 39
PR 2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes		21
ASPECTS			Product and Service Labeling
PR 4	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements		21
PR 5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction		21- 39
ASPECTS			Marketing Communications
PR 6	Sale of banned or disputed products		21
PR 7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes		21
ASPECTS			Customer Privacy
PR 8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data		21
ASPECTS			Compliance
PR 9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services		21



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TRANSLATION

Independent Limited Assurance Report

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

We were engaged by the owners of Delta Holding doo, Beograd ("the Company") to provide limited assurance on the Sustainability Report for the year ended 31 December 2016 of Delta Holding doo, Beograd ("the Report").

Management's responsibilities

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

Management is responsible for preventing and detecting fraud and for identifying and ensuring that the Company complies with laws and regulations applicable to its activities.

Management is also responsible for ensuring that staff involved with the preparation and presentation of the description and Report are properly trained, information systems are properly updated and that any changes in reporting encompass all significant business units.

Our responsibilities

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

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

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

Procedures performed

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

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

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

Conclusion

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

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

Based on the procedures performed and the evidence obtained, as described above, nothing has come to our attention that causes us to believe that the Sustainability Report of Delta Holding doo, Beograd for the year ended 31 December 2016 is not presented, in all material respects, in accordance with the Sustainability Reporting Guidelines (G4) of the Global Reporting Initiative as described in the "Application of Reporting principles" section.

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

Belgrade, 23 June 2017

KPMG d.o.o. Beograd

(L.S.)

James Thornley
Senior Partner

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

Belgrade, 23 June 2017



KPMG d.o.o. Beograd

James Thornley
Senior Partner

