



# CSR REPORT 2019

DELTA  
HOLDING

**ON SOCIALLY RESPONSIBLE AND SUSTAINABLE BUSINESS**  
[www.deltaholding.rs](http://www.deltaholding.rs)



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**DELTA**  
**HOLDING**  
Creating Business



**DELTA**  
**AGRAR**



**DELTA**  
**REAL ESTATE**



**DELTA**  
**FOUNDATION**



**DELTA**  
**MC**



**DELTA**  
**FOOD PROCESSING**



**DELTA**  
**DISTRIBUTION**



**DELTA**  
**PAK**

# ABOUT THE REPORT

The present report is the eleventh report on the sustainable business practices of Delta Holding Company. The first report was published for the year 2008/2009, after which the company has continued to issue reports once a year<sup>1</sup>. The previous nine reports were drawn up in accordance with GRI<sup>2</sup> methodology which ensures transparency, measurability and comparability of the published data. The reports also conform to the requirements of the Advanced Level of the UN Global Compact Progress Report. The Report presents strategic approach to the improvement of each and every area of corporate sustainability and the realized progress.

Presented data refer to the operation of the company in 2019 on the territory of the Republic of Serbia, unless otherwise specified in the text. PDF copy of the Report is available on the official website of the Company.

<sup>1</sup> The last report was made for the year 2018, and it was published on July 4th 2019.

<sup>2</sup> GRI - Global Report Initiative Metodology



A photograph of a modern, multi-story office building at night. The building's facade is illuminated with warm, golden light, highlighting its glass and metal structure. The top of the building features a sign that reads "DELTA HOLDING". The building is set against a dark blue night sky. In the foreground, there is a landscaped area with a winding path, trees, and several small, glowing ground lights.

DELTA HOLDING

# ABOUT THE COMPANY

Delta Holding consists of the companies divided in four groups:

- **Delta Agrar Group** - specializes in primary agricultural production.
- **Food Processing Group** - specializes in food and water production.
- **Delta Real Estate Group** - specializes in real estate construction and management.
- **Delta Distribution** - specializes in logistics and freight forwarding, distribution of vehicles and mass consumptions products<sup>3</sup>.

Two nonprofit organizations operate within the Company:

- **Delta Foundation** - whose mission is to satisfy long-term social, educational, cultural and health needs of our community by creating and realizing endowment projects and developing humanitarian programs.
- **Delta Pak** - packaging waste management operator.

Delta Holding was founded in 1991, with headquarters in Belgrade. The Company mainly operates in Serbia, but it is also active in the region (Montenegro, Bosnia and Herzegovina, Slovenia), Russia and the EU countries.

<sup>3</sup> Delta Holding members operate as limited liability companies, whereas a minor part of units operate as joint-stock companies.



# OUR VISION AND OUR MISSION

It is with passion that we create companies that improve the society in which we live and work.

To be a strong global company in the eyes of our clients, partners and employees recognizable for the **VALUES** we uphold:

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



# A WORD FROM THE PRESIDENT OF THE COMPANY

In 2019, Delta made substantial investments and realized strategic principles of business sustainability at the same time, as it is the path the Company chooses to follow.

All our investments included innovative solutions which protect the environment and support sustainable development. In 2019, we built 172,000 m<sup>2</sup> of office space and started the construction of another 62,000 m<sup>2</sup>. We opened two Delta Planet shopping malls, expanded our orchards and strengthened distribution. All the constructed facilities are characterized by high energy efficiency and compliance with ecological standards. We also started constructing the future headquarters of our company, which will be built in compliance with the highest green building standards.

We kept investing in our employees, having in mind that people are the most valuable asset of the Company. The program “Young Leaders” already has a multiannual tradition of supporting career development of the young, new graduates. “The Future of Delta” is another project devised by our Company with the aim of developing young employees who have been working for the Company for some time. We continue to invest in the education of experienced colleagues, share our knowledge and foster the culture of mentorship.

One of the strategic goals of our company is to spread knowledge. As one of the largest business entities in the region, our company has significant assets at its disposal - it relies on the latest technologies and fosters communication with the world’s leading companies. The knowledge we acquire on the way is our most valuable resource. We unselfishly share this knowledge with minor market participants which do not have access to the latest business practices.

As the education of youth is the most important for the future of any society, we continue to implement the program “Compass”. This program allows students from the faculties of economics to gain practical experience and step into the corporate world while they are still studying.

Agriculture is the core business of our company. With this in mind, one of our long-term goals is to promote agriculture and improve living conditions in Serbian villages. The year 2019 was a period when the project “Our Village” was in full swing. This program represents a unique action organized by Delta with the aim of improving living conditions in rural areas. For this project, we selected two villages from eastern Serbia and demonstrated that investments can modernize agricultural production and improve the quality of life in rural areas. By doing so, we set an example our fellow countrymen may follow in the future.

We also wish to support small, modern enterprises, especially the ones that are at the very beginning of their development. For this reason, we launched Delta Business Incubator, a program which already has well-earned reputation in the Serbian startup scene. The aim of this project is to support innovative businesses through expert lectures and trainings, and to provide funding for the best participants.

At this moment, we are all faced with the challenges that are changing global business practices and principles. Delta is no exception. We are about to celebrate our company’s 30<sup>th</sup> anniversary in 2021. We feel that our home stands on solid ground. We are ready to change and improve our business with innovative solutions, because we know that survival depends on the ability to adapt. But at the same time, we do not abandon our core values, which have demonstrated reliability and solidness in decades gone by.



Miroslav Mišković  
**Predsednik Delta Holdinga**



# BOARD

Delta Holding Board is composed of the President of the Company and four senior vice presidents. Holders of VP positions are 2 women and 2 men.

They earned their status of Board representatives and senior vice presidents through extraordinary business and social achievements. As individuals, the President and senior vice presidents foster and promote team spirit, respect for diversity, business ethics, innovation and the introduction of changes that contribute to the improvement of business results, ecological and social standards.

In cooperation with the Management, the Board of Directors decides on the long-term strategy which contributes to the realization of the Company's vision and mission.



**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,  
CEO, Delta Agrar



**Živorad Vasić**  
Senior Vice President;  
IHG Regional Director



# MANAGEMENT

The Board of the Company selects the members of Management in accordance with the values of the Company. By setting an example, members of the Management motivate the employees to continually acquire and implement new knowledge, to be proactive, to respect ethical and environmental principles and improve the quality of life in the community with the aim of realizing business goals and satisfying the interests of all stakeholders. Management consists of 9 women and 7 men.



**Zorana Burlić**  
CEO,  
Delta Real Estate



**Aleksandra Đurđević**  
CEO,  
Delta Auto



**Lazar Petrović**  
CEO,  
Delta DMD



**Ljubomir Babić**  
CEO,  
Delta Transportation  
System



**Ana Dišić**  
CEO  
Shopping Malls  
Delta Real Estate



**Jasminka Kiselčić**  
Director,  
Plan and Analysis



**Mira Cvijetić**  
Director,  
Finance and Accounting



**Milica Pejnović**  
Financial Director,  
Delta Agrar



**Dragan Miladinović**  
General Manager,  
Yuhor



**Saša Mičić**  
General Manager,  
Mioni



**Stefan Prolović**  
General Manager,  
Fun&Fit Company



**Ivan Kostić**  
General Manager,  
Danubius



**Ivana Mišković Karić**  
Head of  
Delta Foundation



**Ivan Vasić**  
Director,  
IT



**Monika Pejčić**  
Director,  
HR



**Tijana Koprivica**  
Chief Business  
Sustainability Officer



# DEVELOPMENT STRATEGY

Strategic business plans of each member of Delta Holding are adopted with the aim of improving not only financial results, but social and ecological standards as well. All levels of management, together with the employees, participate in their preparation. The Company adopts the Strategy for a period of 5 years. It is revised once a year at strategy workshops, in view of the changes occurring in the external environment and within the company itself. Strategy workshops are organized in all departments of Delta Holding's member companies. The Management defends revised plans with its associates before the Company Board at a Strategy College, where the plans are finally adopted.

In 2019, the following plans were adopted at the level of Groups:

## **Delta Agrar Group**

- To increase the production of club apple varieties on new and the existing orchards;
- To implement new technologies in fruit growing;
- To increase the production of seed maize and sunflower;
- To become a leader in the production of high-quality genetic material in stock farming;
- To expand the network of cooperants by educating individual primary producers;
- To produce high-quality provender for the needs of Delta Agrar and sales purposes;
- To invest in irrigation systems which allow intensive cropping;
- To expand the implementation of the precision agriculture which optimizes the use of resources and reduces adverse effects on the environment.

## **Food Processing**

- Factories of the Food Processing Group are planning significant investments in the production processes, quality of products and brand recognition.

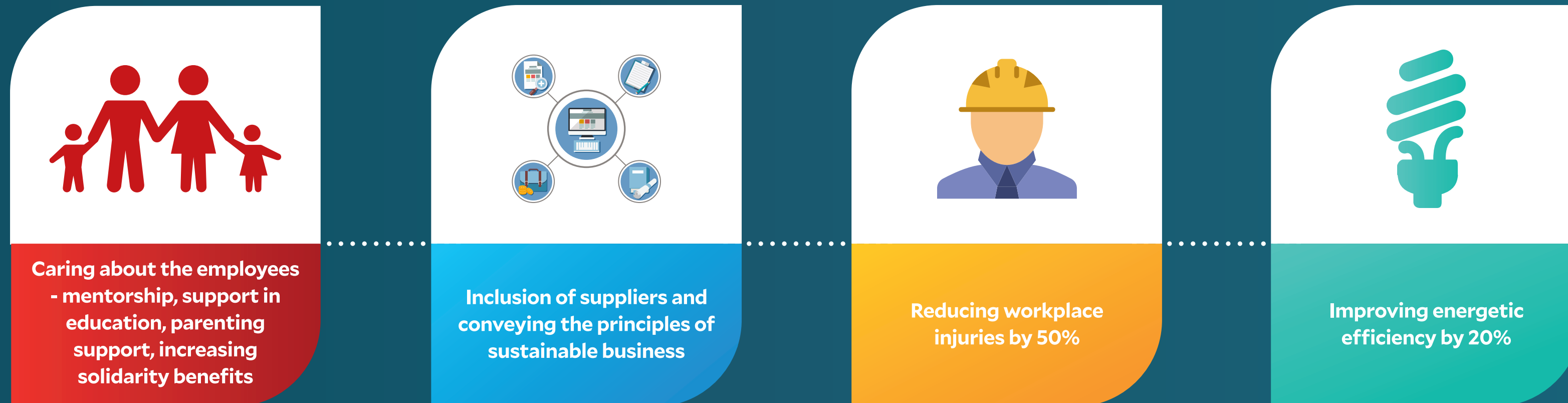
## **Delta Real Estate Group**

- Beginning of the construction of the hotel Holiday Inn in Ljubljana;
- Construction of the shopping mall in Niš;
- To complete the construction of the Indigo Hotel in Belgrade;
- Beginning of the construction of the new Delta Holding's headquarters in Belgrade.

## **Delta Distribution**

- Import and sales of new BMW, MINI and Honda vehicles and increase in market share;
- To distribute new brands and increase market share of the existing ones;
- To increase market share in domestic and international transport;
- To increase the number of clients in the distributive center.





Chief Business Sustainability Officer and experts in the relevant fields at member companies are responsible for the adoption and realization of CSR strategy, environmental protection strategy, improvement of social and ethical standards in the Company and involvement of stakeholders. Parts of this strategy are ingrained in the business strategies of each member company. Chief Business Sustainability Officer informs the Senior Vice President for Strategy and Development about the realization of the said strategies. Delta Foundation creates and realizes plans to tackle recognized social challenges in the community with the support of the Senior Vice President for Strategy and Development, Senior Vice President for Finance and Economy and Chief Business Sustainability Officer.

The goals for the upcoming five-year period are the following:

- To implement LEED standards in the construction of all facilities;
- To switch to alternative energy sources wherever possible (factories, distributive centers, properties);
- To increase the percentage of waste generation and placement from 60% to 100%;
- To reduce gas emission in the transportation sector by selecting optimal routes and using vehicles with reduced CO2 emission;
- Optimal usage of natural resources - primarily water;
- Introduction of SMETA and ISO45000 standards into the operation of all members;
- To educate cooperants on Global Gap Standard with the aim of increasing production sustainability;
- To educate individual agricultural producers on modern production within the project "Our Village", the aim of which is to preserve Serbian villages;
- To organize internships and employ the youth within the project "Young Leaders";
- To organize internships and employ persons with disabilities.

Stakeholders participate in the adoption of strategies: employees, buyers, suppliers, investors and other representatives of the community. All employees participate in the preparation of strategic plans and determining sustainability priorities. To involve external stakeholders in the decision-making process, the Company organizes annual client satisfaction surveys and maintains open communication channels (email addresses, call centers, guest books) through which external stakeholders may express their opinion about the operation of the Company anytime. Their opinion is integrated into strategy and development plans.

The Company routinely informs all interested stakeholders of its development plans and business results at press conferences, as well as through social media, its website and internal portal on a daily basis.



# RISKS

Due to continuous forecast and analysis of market movements, the Company is able to recognize opportunities and define risks. Strategic plans are revised annually in relation to the recognized opportunities and risks. Proactive approach and revision of strategic plans allow us to seize the opportunities and avoid dangers. Constant monitoring of global, macro and micro markets is of paramount importance, as well as monitoring of changes in the internal environment, in terms of satisfying the needs of the employees and other stakeholders. Risks are analyzed according to their significance and probability.



## THE MOST IMPORTANT ENVISAGED RISKS IN 2019

TYPE OF INFLUENCE	DESCRIPTION	SIGNIFICANCE	PROBABILITY
Domestic market	Limited purchasing power and instability of prices	Significant	Highly probable
	Stock exchange products price fluctuations	Significant	Highly probable
	Buyer's non-liquidity	Significant	Highly probable
International market	Instability of currencies	Significant	Possible
	Entry of foreign companies entitled to additional operative benefits	Moderate	Possible
	Stock exchange products price fluctuations	Moderate	Possible
Climatic factors	Increase in the production and consumption of domestic agricultural products	Moderate	Possible
	Yield and quality of certain crops largely depend on climatic factors	Significant	Possible
Financial risk	Potential risk of reduced credit activities of banks	Significant	Possible
Risk of cyber attacks	Potential risk of company's data and information theft	Significant	Possible
Coronavirus pandemic	Risk of spreading the infection among employees	Significant	Possible
	Risk of reduced business activities of certain members (hotels, shopping malls, car sales)	Significant	Highly probable

Risks are also evaluated throughout the year. To monitor business sustainability, the Company organizes quarterly colleges to review results, evaluated risks and anticipated changes in the internal and external surroundings over the past few months.



# BUSINESS ETHICS AND INTEGRITY

From its foundation, Delta Holding has operated in accordance with the law and ethical principles. The Code of Ethics is made available to all employees on the intranet portal and in the form of a printed brochure. Parts of the Code of Ethics are integrated into employment contracts. To become acquainted with all the details of the Code, newly employed personnel may resort to their employment contracts or the introductory email.

The Code of Ethics lays down behavioral norms for the employees and the employer, including employee's entitlement to wage and defined working hours, professional training, healthy working environment, as well as employer's responsibility to respect diversity, prevent abuse at work, enable career development, professional training, and protect whistleblowers. For all the issues with regard to ethics and integrity, employees may address Human Resources Department and expert associate for labor law. In addition to protecting employees' rights, the Code also defines basic responsibilities, i.e. diligent and professional performance of job duties, protection of business secrets and assets of the Company, prevention of conflict of interest, compliance with anticorruption and anti-monopoly policy, protection of personal data, responsible communication with stakeholders, and consideration of their needs and interests in day-to-day business.

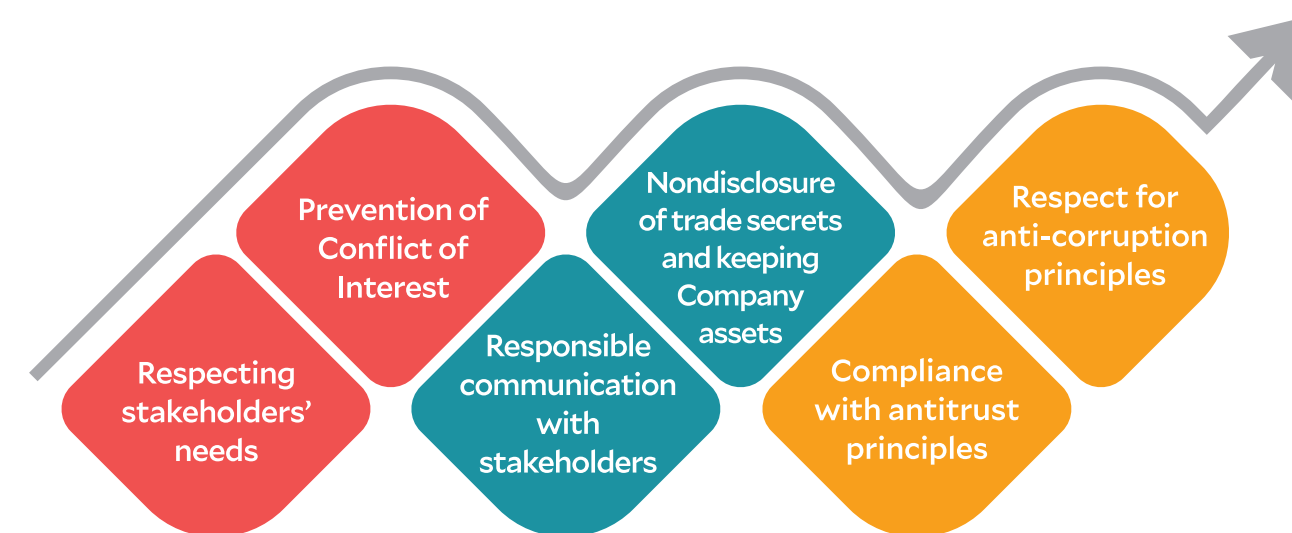
In Delta Holding, business activities are intertwined with care for employees, business partners, community and environment on a voluntary basis, in accordance with the policy of Corporate Social Responsibility. Besides, the Company adheres to the Ten Principles of the UN Global Compact, principles of the Standard ISO 26000, Code of Business Conduct, Pro Bono Policy and Business Etiquette.

In 2019, representatives of the Company participated in numerous events organized by the government, non-governmental and business associations with the aim of promoting the following fields: human and employment rights, gender equality, fight against corruption, environmental protection, energy efficiency, health and safety at work, development of entrepreneurship and the importance of implementing innovations in business. As an active member of the Management Board of the two most influential non-governmental organizations in Serbia which promote sustainable and socially responsible business practices, representatives of the Company participated in the education of our fellow citizens about the goals of sustainable development and 2030 Agenda.

## RIGHTS OF EMPLOYEES



## OBLIGATIONS OF EMPLOYEES





# 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 business leaders 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 CSR pillars: 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.



Serbian Association of Managers is a manager association established in 2006, which continuously improves the managerial profession by developing it according to the values of economic security, friendship, continuous transformation and responsible leadership in order to achieve goals in areas of professional development improvement and connecting managers, as well as when it comes to dialogues with economic policy makers and international cooperation. As a full member of European Management Association (EMA) and associate member of Confederation Europeenne des Cadres (CEC), SAM focuses on promoting the best business practices, companies and responsible business, launching socially responsible initiatives, affirmation of young people, professional development of managers and promotion of the managerial profession. Delta Holding has been a member of SAM and its Managing Board since 2017. Company representatives have actively promoted sustainable business and leadership, life-long learning, inclusive digitalization and participated in the work of the gender equality group Voice of European Managers in EU.

## CEO Alliance on Gender Equality



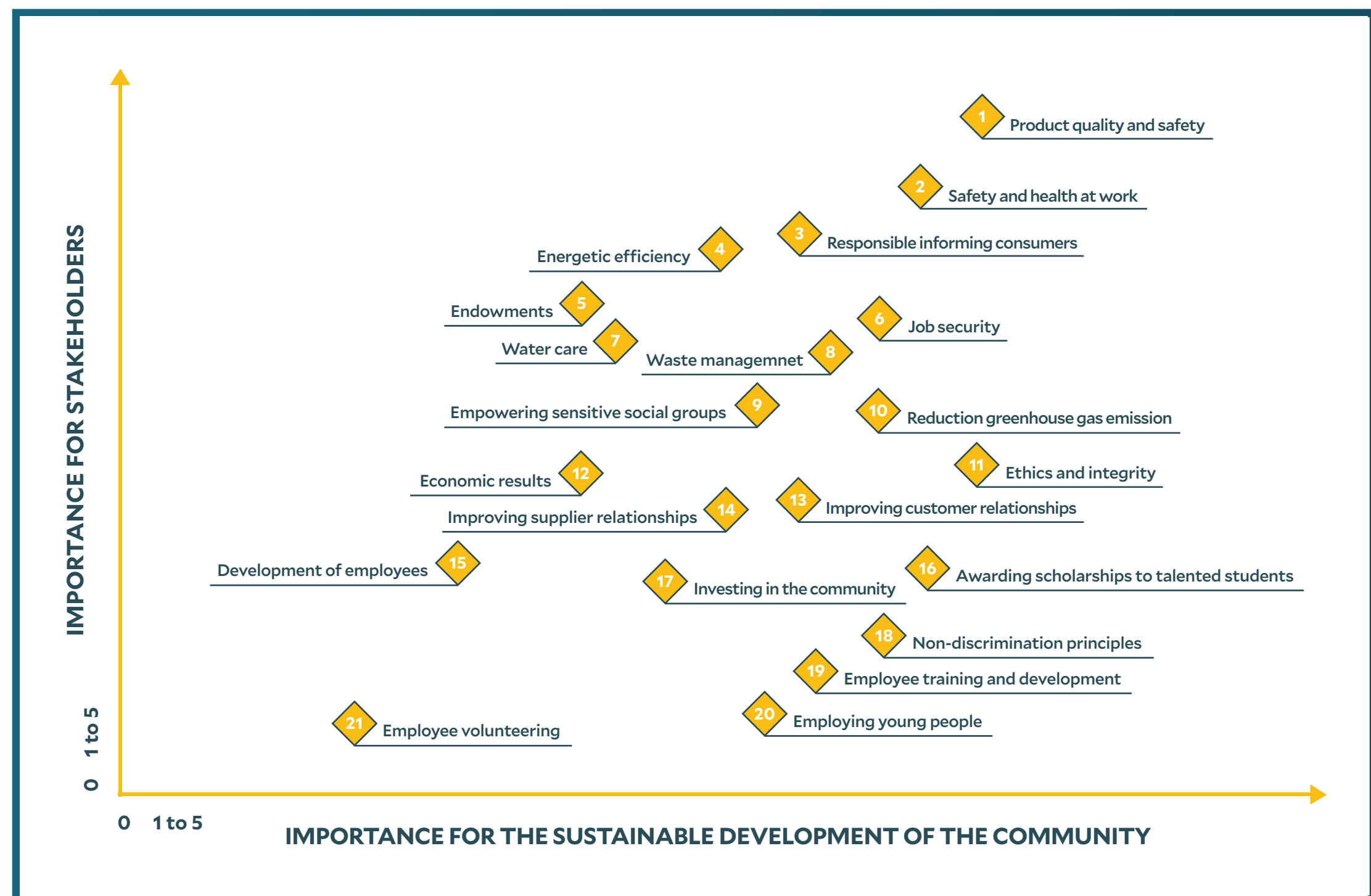
The Gender Equality Alliance promotes the idea of an inclusive culture in which both women and men are appreciated due to their unique contributions at work, in society and in family. Delta Holding is one of the first companies that joined the Alliance and signed the Charter on Gender Equality. The signatory companies obliged to create and promote equal opportunities for career development of men and women, to promote equal representation at all levels and positions and to ensure equal wages for the same jobs in companies. Delta Holding, as a good business practice example in the area of gender equality, has been actively participating in creating strategic goals of the Alliance for achieving greater results by promoting all the benefits of the well-balanced gender structure and by strengthening the local community in this area.

Serbian Philanthropic Forum is the umbrella organization of foundations and donors in Serbia and a platform for different companies, organizations and individuals who are leaders of investment in a better society in Serbia. With its business it inspires strategic approaches to investing in the society, it creates an environment which stimulates giving and it promotes philanthropy as a social value. Since January 2018 Serbian Philanthropic Forum has been a full member of the Donors and Foundations Network in Europe (DAFNE) which bring together over 10,000 foundations from 26 countries around Europe. Delta Foundation has been a member since 2018.



# PRIORITY SUBJECTS OF SUSTAINABLE BUSINESS IN 2019

Sustainability issues identified in the materiality matrix emerged as the matters of prime importance according to the opinion of the management, employees and external stakeholders on their significance in relation to: economic results, laws and regulations, internal procedures, code of conduct, business strategy, employees' health and safety, environment, and the Company's reputation. The assessment of their importance is outlined in the diagram. The company's stakeholders include the management, employees, buyers, suppliers, contractors, office area tenants, banks, civil associations, non-governmental organizations, business associations, educational institutions, and media.





### MATERIALITY MATRIX

NUMBER	SUSTAINABLE BUSINESS TOPIC	GRI INDICATORS	SUSTAINABLE DEVELOPMENT GOALS	DESCRIPTION OF ACTIVITY
1	Product quality and safety	416	12	Responsibility for product/service
2	Safety and health at work	403	8, 3	Responsibility towards employees
3	Responsible informing of consumers	417	12	Responsibility for product/service
4	Energetic efficiency	302	7, 9, 13	Environment protection
5	Endowments	413	10, 11	Support to the community
6	Job Security	402	8	Responsibility towards employees
7	Water care	303	6, 9, 12	Environment protection
8	Waste management	306	12, 15	Environment protection
9	Empowering sensitive social groups (through financial support and transmission of knowledge)	413	4, 10	Support to the community
10	Reduction greenhouse gas emission	305	13	Environment protection
11	Ethics and integrity	102-16, 102-17	8, 16	Responsibility towards employees
12	Economic results	201	8	Responsibility for product/service
13	Improving customer relationships	416-418	12	Responsibility for product/service
14	Improving supplier relationships	414	12	Responsibility for product/service
15	Development of employees	401,2	4, 5, 8	Responsibility towards employees
16	Awarding scholarships to talented students	413	4	Responsibility towards employees
17	Investing in the community	413	9, 11	Support to the community
18	Non-discrimination principles	405, 406	5, 16	Responsibility towards employees
19	Employee training and development	404	4, 8, 10	Responsibility towards employees
20	Employing young people	404	4, 8, 9	Responsibility towards employees
21	Employee volunteering	413	12	Support to the community

Stakeholder surveys were carried out in 2018 with the aim of identifying priority areas of sustainable development to be further elaborated in 2019. The activities and results achieved in these areas will be presented in the chapters Responsibility for products and services, Environmental protection, Development of employees, and Supporting the community. Throughout the year, the Company carried out numerous opinion polls and satisfaction surveys for customers, suppliers, and employees. In addition to participating in specific surveys, stakeholders have the opportunity to contact the call center or send an email to express their opinion on any matter. All Delta Holding members have email addresses displayed on their official websites. The rule of the Company is to answer all messages within 48h.



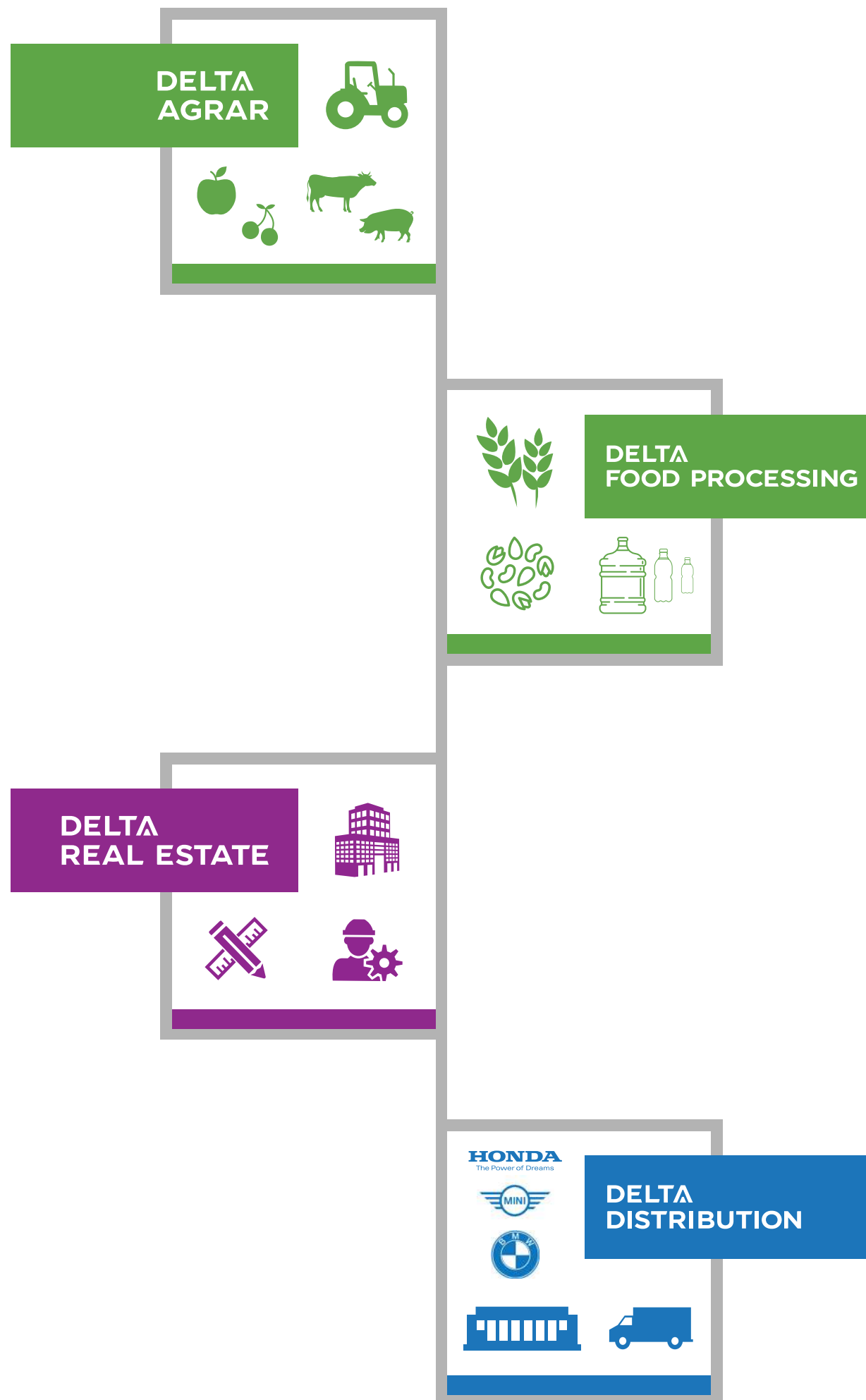
## AWARDS IN 2019

AWARD TITLE	WINNER (MEMBER)	AWARDING BODY	DESCRIPTION OF THE AWARD
CSR Company of the Year	Delta Holding	Serbian Association of Managers	For the project "Our Village"
Special award for social utility "Aurea"	Delta Holding	eKapija	For the project "Our Village"
Great Champion Cup	Delta Agrar	Novi Sad Fair	For the best industrial design
Golden medal	Delta Agrar	Novi Sad Fair	For the best graphic design of advertising material
Golden medal	Delta Agrar	Novi Sad Fair	For the visual appearance of the fish farm layout
Golden medal	Delta Agrar	Novi Sad Fair	For the sheep farm - company's contribution to the harmonization of tradition and modernity
Silver medal	Delta Agrar	Novi Sad Fair	For the creative setup of "Ambar" stand
Great golden medal	Delta Agrar	Novi Sad Fair	For "Ambar" fodder packaging design
Golden medal	Delta Agrar	Novi Sad Fair	For the corporate identity of "Delta Agrar" Company
Best 3 <sup>rd</sup> Space/Event/Festival execution award	Delta DMD	Diageo	The prize was awarded for the festival activation of Smirnoff at the tenth Diageo global award ceremony "Moment of Choice Award"
Excellence in premium core	Delta DMD	Diageo	For the activities undertaken in relation to brands Johnnie Walker, Smirnoff and Baileys
Net Revenue Management Award	Delta DMD	Diageo	For the activities undertaken with the aim of boosting Johnnie Walker sales without the correction of prices
Market Excellence	Delta DMD	SC Johnson	For the appearance and position of sales units in large facilities
BMW Certificate of Excellency	Delta Motors	BMW AG	Certificate for excellent business results
Recognition for Business Vision and New Standards in Car Industry	Delta Auto Group	"Media Event" Novi Sad, Chamber of Commerce of Vojvodina, the University of Novi Sad and the University of Belgrade	Recognition is awarded for business vision and new standards in car industry
Appreciation for participation in campaign	Delta Automoto	Red Cross of Serbia	For the participation in campaign and aid in providing blood reserves in summer of 2019
Torchbearer Award	Holiday Inn	InterContinental Hotels Group - IHG	For the outstanding results in 2018
The best housekeeper and the Ambassador of Good Service for 2019	Holiday Inn	Association "Ambassadors of Good Service" and "Turistički Svet" d.o.o.	The recognition was awarded to our housekeeping lady, Anita Rac, within Hotel Housekeeping Workshop 2019, which included award ceremony and various household management workshops
Loyalty Recognition - „Top Performer“ Q2 2019	Holiday Inn	InterContinental Hotels Group - IHG	Award for the best results in the second quarter of 2019 when it comes to guest recognition, i.e. recognition of the members of IHG Rewards Club loyalty program
Letter of Appreciation	Holiday Inn	Emergency Room of the Clinical Center of Serbia	For the donation of bedding

# AWARDS



# RESPONSIBILITY FOR PRODUCTS AND SERVICES



Delta Holding companies are committed to continual improvement of products and services:

- Improving the quality of products;
- Recognizing buyers' needs;
- Educating suppliers and controlling the quality of their processes and products.

Year after year, they expand their portfolio of products and services. At the same time, they are working on the creation of new and the improvement of the existing ones, with the aim of adapting them to buyers' needs. The Company continually controls quality and wholesomeness of products and services, from the moment of supply to their delivery to end consumers.

All Delta Holding companies rely on established procedures for the selection of suppliers and verification of the quality of their products. To ensure the quality of control over raw and processed materials, each supplier is evaluated according to the following: quality and wholesomeness of their products, level of implementation of a quality management system, reliability and quality of delivery. Suppliers of all members undertake contractual obligation to respect the principles of human rights and employment rights, which, among other things, oblige them to prohibit child labor, forced labor and abuse at work. Environmental protection principles are also defined, as well as compliance with anticorruption, anti-monopoly principles and business ethics.

In 2019, no lawsuit was filed with regard to the effect of products and services of member companies on consumers' health and safety. Products of all members of Delta Holding are appropriately labeled and contain all the information about the origin and quantity of components in their composition, as well as recommendations for their safe usage and packaging disposal. In 2019, there were no complaints about the accuracy and the precision of the information presented in marketing campaigns or buyers' data privacy breach. Buyers have the option to address possible complaints orally, via telephone, or via email, upon which the complaints are resolved within 8 days or sooner. The staff analyzes complaints in detail to verify whether they are justified. Justification of complaints is determined by the analysis of anti-sample and relevant production records. In the event that these data are insufficient, a team is organized to resolve the non-conformities. If a complaint is found justified, buyer is provided with detailed reasoning and a package of new products. A valid explanation is addressed to the consumer even if a complaint is found unjustified. The Company does not sell illicit and disputed products.



## INTERNATIONAL QUALITY STANDARDS

STANDARD	DESCRIPTION	MEMBER
ISO9001	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), Food Processing (Yuhor), Delta Distribution (Delta DMD, DTS, Delta Auto, Delta Motors)
ISO14001	ISO 14001 is an international standard for the development of effective environmental management systems (EMS) applicable to all industry types.	Food Processing (Yuhor)
ISO 22000	Food safety management - Requirements for systems of any organization in the food chain.	Food Processing (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.	Food Processing (Danubius)
IFS	Standard that guarantees safe and high quality products.	Food Processing (Yuhor, Mioni), Delta Agrar Group (Cold Storage Čelarevo)
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, Delta Agrar d.o.o.)
ISCC	Standard that defines use of biomass, produced under sustainable conditions of production and manufacturing process of the same biomass.	Delta Agrar Group (Delta Agrar, Kozara, Jedinstvo, Napredak, Topola, Podunavlje)
SMETA	A Standard that confirms the implementation of business principles that ensure respect of human and labor rights, safety at work and environmental protection.	Delta Agrar d.o.o. (Cold Storage Čelarevo)
IFS logistic	IFC Logistic is a standard for auditing all logistics activities for food and non-food products.	DTS
HACCP	HACCP is a management system in which food safety is addressed through the analysis and control of biological, chemical, and physical hazards from raw material production, procurement and handling, to manufacturing, distribution and consumption of the finished product.	Delta Agrar Group (Kozara, Jedinstvo, Napredak, Topola, Podunavlje), Food Processing (Fun&Fit, Mioni, Danubius, Yuhor), Delta DMD i DTS
HALAL	Halal Certification is the recognition that the products are permissible under Islamic law.	Food Processing (Yuhor)
Donau Soya	The Donau Soja Label stands for sustainable, regional and non-GMO soya.	Delta Agrar d.o.o.

# STANDARDS



# FINANCIAL RESULTS

Delta continued to achieve outstanding business results, which is evident from the fact that the overall revenue in 2019 amounted to 559.85 million euros. These numbers show that Delta marked a 5.2% increase in comparison with the year 2018. EBITDA in the amount of 42.67 million EUR grew by 3.9% in comparison with the year 2018.

In 2019, the operation of the Company was financed from the operating profit and the loans granted by banks and other financial institutions. Day-to-day activities were also financed from subsidies granted to all business entities in accordance with domestic laws.

In 2019, Delta paid 97 million euros in taxes to the budget of the Republic of Serbia. Through Delta Foundation's humanitarian projects and other corporate social activities EUR 593,765 have been invested in corporate social activities in 2019, helping 3,284 people.



**CONSOLIDATED RESULTS  
IN MILLIONS OF EUROS**

MEMBERS	2019	
	REVENUE	EBITDA
Delta Agrar Group	226.44	11.32
Delta Food Processing	76.8	4.21
Delta Real Estate Group	46.91	16.42
Delta Distribution	200.43	8.62
Other	9.27	2.1
<b>TOTAL</b>	<b>559.85</b>	<b>42.67</b>



**EXPORT OF FOOD AND AGRICULTURAL PRODUCTS IN MILLIONS OF EUR**

PRODUCT GROUPS	2019	2018
Fruit and vegetables	10.69	10.80
Cereals	46.02	35.78
Oil plants	10.15	10.66
Seed goods	0.48	0.51
Flour and pasta	2.44	2.57
Meat and meat products	3.01	3.30
Appetizing snacks and cereals	1.00	0.99
Water	0.15	0.13
Other	0.22	0.29
<b>TOTAL</b>	<b>74.17</b>	<b>65.02</b>

In comparison with 2018, the export of food and agricultural products grew in 2019, with the highest increase in the export of cereals.

**In 2019, the overall value of export amounted to 96.93 million euros, which is an increase of 16% in comparison with 2018.** With the export worth 74.16 million euros, Delta Agrar Group and Food Processing stood out as the largest exporters among all members of the Company.

**EXPORT IN MILLIONS OF EUR**

GROUP	2019
<b>Delta Holding</b>	<b>96.93</b>
<b>Delta Agrar Group</b>	<b>67.39</b>
<b>Delta Food Processing</b>	<b>6.77</b>





# DELTA AGRAR GROUP

As a member of Delta Holding, Delta Agrar d.o.o. Company has been a part of agribusiness since 1993. Today, it is one of the leading companies in all aspects of agriculture. With the intensive implementation of global technologies in agriculture, education of staff, and continual acquisition of knowledge, the company successfully keeps pace with global trends.

Growth and development result from the implementation of the latest techniques in the production of cereals, fruit, vegetables, industrial plants and animal farming. The Company is also specialized in trading stock exchange products, machinery, pesticides, fruit and vegetables.

In terms of organization, jobs within the Company are divided in 4 departments:

- primary agricultural production,
- cooperation and purchase,
- agro-trade and distribution,
- food production.

The headquarters of Delta Agrar are situated in New Belgrade. At the moment, the Company is present on the regional markets, in the EU, Russia, and Switzerland.

Delta Agrar's partners are world's leading companies in all areas of agribusiness: Syngenta, Corteva Company, Bayer CropScience, BASF, Nufarm, Biesterfeld, DanBred, Deutz-Fahr, Amazone, Kuhn, Summit Agro International, etc.



## DISTRIBUTION OF AGRICULTURAL PRODUCTS

Delta Agrar specializes in the production and distribution of seed products and fodder, and the representation of world-renowned companies in the domestic market in the domain of plant protection products and agricultural machinery.

The Company successfully represents and distributes seed maize and sunflower produced by renowned companies Corteva, KWS and Syngenta. In addition, it distributes seed wheat and barley produced by the companies KWS (Solehio, Modern i Lazulli), Saatzucht Donau (Amicus, Balaton, Gaudio, barley varieties Carmina and Finola) and Axereal (Basilio). In its processing center, the largest of its kind in Serbia, Delta Agrar performs exclusive production and processing of seed maize and sunflower for Corteva Company.

The Company continually develops domestic soybeans and its own brand SELSEM, which has been present on the market for over 30 years. At the moment, the brand has reached a market share of 25% and its varieties are sold in 11 countries across the globe.

In cooperation with its partners and seed companies, Delta Agrar complies with the principles of sustainable development, respects human rights, employment rights and ethical principles, and controls its impact on the environment.

The most prominent results in 2019 include the following:

- the sale of seed wheat and barley has reached historical results and marked a 20% increase in comparison with the previous year;
- registration of a new variety in Serbia and three varieties in the EU;
- expansion of cooperation with Nufarm GMBH, Biesterfeld GMBH, Summit Agro, Arysta Lifescience, and Rallis India through representation agreements for 14 different products;
- extension of cooperation with companies S.A.S (Spain) and Goemar (France) in terms of distribution of high-quality liquid foliar fertilizers and biostimulators - registration and distribution of 9 products from the assortment of these two companies;
- the sale of Rivulus drop-by-drop watering system grew by 25%;
- Delta Agrar was recognized as the Golden Dealer of Valmont watering equipment in this part of Europe;
- the Company continued with the construction of the watering system in the cherry orchard, the largest system of its kind in this part of Europe.



The 2020 plans include:

- growth in sales of all products;
- expansion of the network of foreign distributors;
- expansion of the areas planted for seed production;
- new partnership with Sygenta Company in the domain of seed wheat through exclusive production and distribution of a new variety Pibrac, and the expansion of the partnership in 2021 with another variety;
- in the domain of sales of rape seed, the Company plans to expand its cooperation with BASF Company by becoming the exclusive seller of Silver hybrid, and Euralis Company through exclusive import and distribution of the Momento hybrid;
- a 12% growth in the sales of pesticides in comparison with the year 2019;
- establishment and development of cooperation with UPL, Sharda and FMC through distribution agreements for 13 different products;
- the Company continues to monitor domestic needs for appropriate packaging of products;
- expansion of the watering system in the cherry orchard;
- introduction of VRI watering system;
- growth in sales of Landini tractors and accessory equipment and the expansion of dealership network;
- establishment of partnership with “Nobili” Italy, “ROMSAN” Turkey, “ID David” Spain and the sale of products from the portfolio of accessory equipment



## FRUIT GROWING

The Company is the largest producer of traditional and club apple varieties in the region. Apart from apples, in its orchards, Delta Agrar grows Dutch cherry, table grapes, flat peaches, and plums.

One of the most sophisticated apple plantations in Serbia and the region is situated on the property of Podunavlje in Čelarevo. The orchard's area is 516ha. The apple varieties grown on this property are the following: Gala, Braeburn Mariri Red, Golden Delicious Reinders, Red Delicious, Granny Smith, and club varieties: Modi, Kiku, Pink Lady, Evelina, Red Moon, Red Sun. In 2019, the Company started to produce three new apple club varieties: Rubens, Isaaq and Sweetango.

The orchard is equipped with a modern Ultra Low Oxygen Cold Store with the capacity of 20,000 t. Due to the dynamic atmosphere inside the store, the entire apple yield may be kept in chambers up to 300 days without any chemical treatment. The cold store is furnished with a Maf Roda line for sorting and calibration (according to color, diameter and weight), with the capacity of 10 t/h.

The other three Delta Agrar's orchards are situated near Zajecar, in the vicinity of the villages of Vražogrnici, Veliki Jasenovac and Jame. Their overall surface is 200ha.

The orchard in the vicinity of Vražogrnici, established in 2016/2017, covers the area of 108ha. Apple club varieties grown in this orchard are the following: Evelina, Pink Lady, Rubens, Mineska, Isaaq, Red Moon, and Red Sun. Within the orchard, there are also 30 hectares of cherry plantations, 3ha of flat peaches and 1 ha of the Italian plum variety Angelino. This variety may be kept in cold stores up to 3-4 months. Seedless table grape varieties are planted on 7.5ha.

The 72-hectare orchard in the vicinity of Mali and Veliki Jasenovac has been established at the altitude of 400m. Apple club varieties grown in this orchard are the following: Evelina, Pink Lady, Rubens, Mineska, Isaaq, Red Moon, and Red Sun. In 2019, the third location was planted with 22ha of Pink Lady, 7ha of Isaaq apple variety and 6ha of Rubens variety. The Company plans to expand the orchard in 2020.

High-quality planting material, protection against adverse weather conditions, appropriate irrigation and fertilization are merely some of the factors that lead to top-notch results. Orchards are equipped with moisture sensors and other soil quality indicators that use GPRS to connect with the irrigation system and meteorological station, allowing remote control and parameter monitoring.

Apple trees are densely planted, in accordance with the Italian South Tyrolean technology. There are 3,900 trees per hectare, which results in high and stable yield.

The entire apple production process is carried out in accordance with the GlobalGAP system, which ensures premium quality of products and work processes.

In addition to the abovementioned apple varieties produced by Delta Agrar, the following varieties are obtained in cooperation with individual producers: Idared, Granny Smith, Golden Delicious, Red Delicious, Jonagold, Cadel, Mucu.







In 2019:

- 24,145 t of apples were produced:
  - in the Čelarevo orchard 19,136 t,
  - in the orchards near Zaječar 3,517 t,
  - in cooperation with individual producers 1,492 t;
- The turnover of imported goods increased by 10% and the turnover of purchased goods increased by 74%, which positioned Delta Agrar as one of the leading suppliers in Serbia;
- By introducing new branded apples, Delta Agrar expanded its range of products and launched new modern packages which made the Company stand out among its competitors;
- The position of the Company in the Russian Federation was strengthened through the agency of Delta Frukt Moscow, which almost tripled its revenues in 2019 in comparison with the previous year;
- The production process was innovated through the introduction of the following:
  - cage system,
  - mechanical pruning as a preparation for mechanical harvesting,
  - light reflection foils,
  - ridging.

Plans for 2020 include:

- Establishment of new apple plantation
- Increase in the turnover of 7%.



## VEGETABLE GROWING

In its vegetable gardens, which spread across the area of 771ha, Delta Agrar grows: pea, green bean, potato, onion, pepper, tomato, cherry tomato, sweet potato, garlic, and cauliflower.

The entire area is under the irrigation system. Production and storage processes comply with the GlobalGAP Standard. The capacity of onion and potato storages exceeds 2,800 t. Storages are equipped with pack centers for sorting, calibration, cleaning and packaging of onion and potato.

Plans for 2020:

- To recertify the existing suppliers and cooperants, the holders of GlobalGAP certificates;
- To introduce new suppliers to GlobalGAP certification;
- To implement software that monitors the process of certification and timely supply planning;
- To open a distributive center and expand the existing network of cooperants and suppliers with the aim of increasing vegetable distribution.

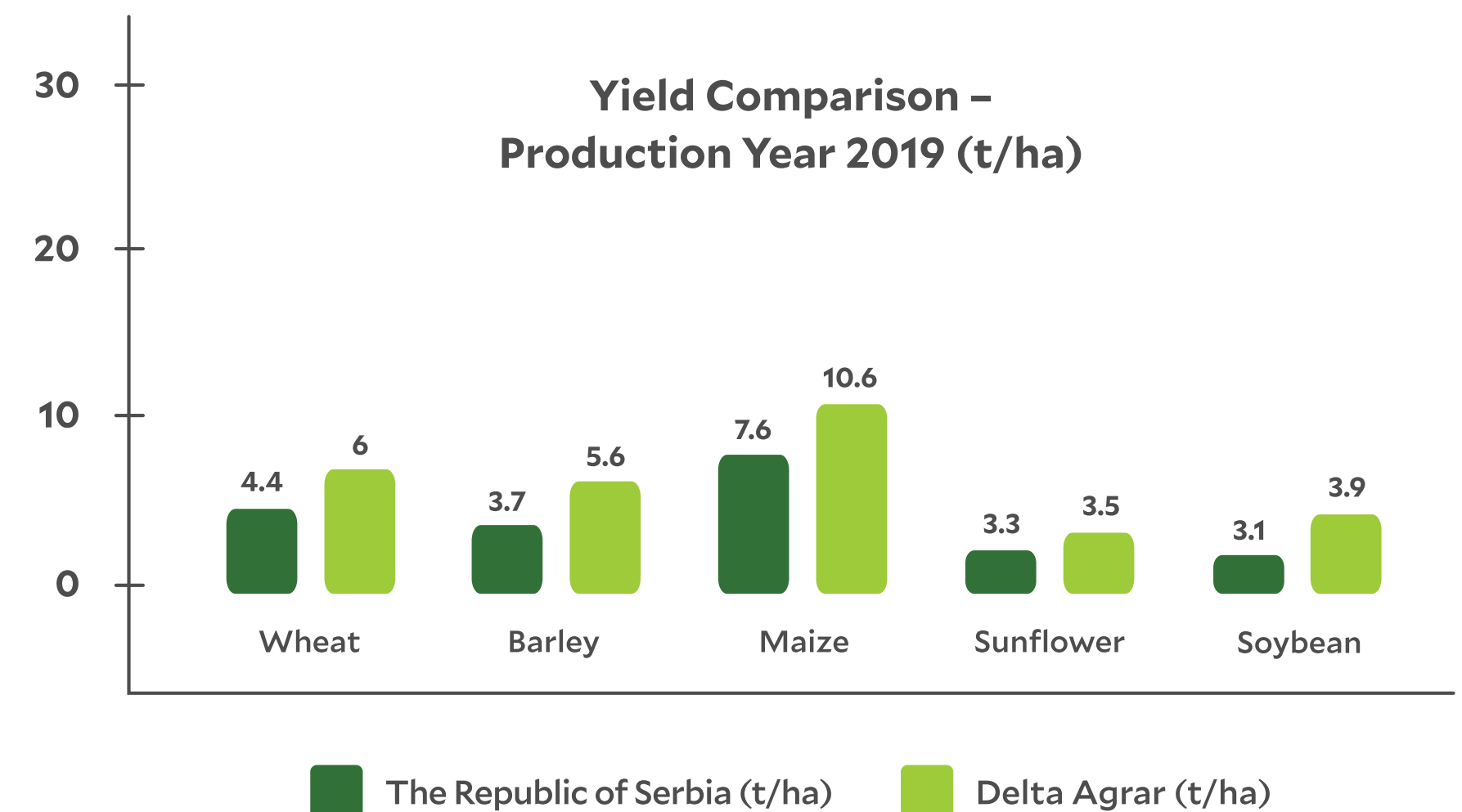


## CROP FARMING

On its fields, Delta Agrar grows cereal grains and millet-like grains, grain legumes, industrial plants, various fodders and hay mixtures for animal farms.

The most common crops are: wheat, maize, soybean, sunflower, rape, and sugar beet. High and stable yield is the result of long-term investments in machinery, modernization of production processes and acquisition of knowledge about the implementation of new technologies.

There is a tendency to expand the irrigated surfaces. Until 2024, over 50% of arable surfaces are expected to be under the irrigation system. Irrigated surfaces allow more stable production and two harvests per year, i.e. after the regular crops are harvested, it is possible to carry out another sowing.







## PRECISION AGRICULTURE

Since 2010, Delta Agrar has been introducing the latest technology for precision agriculture. So far, the Company has introduced autopilot planting, GIS, GPS system, automatic navigation, and variable rate application of fertilizers and pesticides. Autopilot navigation completely replaces tractor operators. Delta Agrar is currently using 31 tractors with navigation and 122 GPS units.

Precision agriculture systems enable the following:

- Precise scanning of the soil;
- Ploughing outside the furrow - Delta Agrar was the first one to introduce this kind of soil treatment in Serbia. Implementation of this system leads to reduced fuel consumption, better results, and reduced soil compaction;
- Variable rate fertilization in accordance with plant needs and the concentration of elements in the soil;
- Satellite detection and monitoring of crops;
- GPS vehicle monitoring.

Precision agriculture practices:

- Improve the control of the production process and reduce the possibility of error;
- Improve the conditions for plant growth and increase the yield;
- Reduce the use of nitrogen fertilizers which may cause ecological issues in underground waters;
- Improve work efficiency, which ultimately leads to decrease in fuel consumption, labor, and reduced application of plant protection products and fertilizers.



## STOCK FARMING

Delta Agrar specializes in pig farming, dairy farming, and sheep farming.

## PIG FARMING

Delta Agrar has 5 pig farms: Nukleus, Napredak, Kozara, Vladimirovac and Halovo.

In terms of the achieved results, Delta's farms rank with the best farms in Denmark, which has been the leading pig-breeding country for decades.

At the Nukleus farm in Stara Pazova, in addition to the production of breeding gilts, there is a Center for Artificial Insemination which supplies all the farms with quality seeds. The entire production is modeled after the system implemented by Danish breeders, who use DanBred genetics. This model implies that it is necessary to comply with the standards applicable to keeping, selection, preservation of health and welfare of the animals, employees' safety, and environmental protection. In accordance with the European regulations, animals have the freedom to move under controlled weather conditions that are maintained at an optimal level.

To minimize the use of medications and preserve the health of all animals on the farm, the Company performs strict hygiene and biosafety measures both internally and externally. In order to enter the facility, employees have to take a prior shower and put on the clothes and footwear used exclusively on the farm. The employees who work on the farm are not allowed to have contact with pigs outside the farm. Due to the internal biosafety measures, movement of animals is organized in accordance with the system All-In/All-Out, which means that groups of animals go into a production phase at the same time and leave the phase simultaneously. Sections are routinely washed and disinfected. Deratization and disinsection are regularly performed. It is mandatory to wash the footwear when moving through different sections. The entries are equipped with disinfection barriers.

In 2019, the farms produced and placed on the market 105,141 fatlings and 53,745 piglets. In view of the market needs, upon the realization of the planned investments, in the years to come, Delta Agrar will redirect its production and produce 92,100 piglets for further fattening and 78,800 fatlings per year.





## DAIRY FARMING

The production of milk on the farms Napredak in Stara Pazova and Topola in Banatska Topola grew from 9.1 million liters of milk produced in 2018 to 13.8 million liters in 2019.



Optimal environment, biotechnology of cattle housing combined with high-quality feed are merely some of the factors that led to these outstanding results. In 2019, the total number of dairy cows amounted to 1,705, out of which 1536 cows were milked.

Upon the completion of the investment cycle, dairy farms will have the capacity to milk 1,856 cows: 1,280 cows on Napredak farm and 576 cows on Topola farm. The production of milk will reach minimum 10,950 liters per cow a year.

Napredak farm is equipped with the latest stables that can house 700 dairy cows and two facilities for 150 heifers. For the production of milk, the farm uses state-of-the-art De Laval milking system in compliance with the EU standards. The equipment includes a computer system for control and monitoring of animals' health. The facility has 64 places for milking, which lasts 8 minutes per cow.

## SHEEP FARMING

Sheep farming takes place on Delta Agrar's farm Alapin in Zaječar.

The production started in 2017 on the farm Vražogrnac, when 2,000 sheep and 80 rams were imported from France. Their breed Il de Frans is very adaptable and suitable for modern farming in closed areas.





## COOPERATION WITH INDIVIDUAL AGRICULTURAL PRODUCERS

In addition to having its own production, Delta Agrar cooperates with other agricultural producers in terms of cattle breeding, crop farming, and fruit farming.

This cooperation includes:

- support in the financing of production (supply of animals, fertilizers, seeds, pesticides, and advance purchase of commercial goods),
- expert monitoring of crop farming technology,
- guaranteed placement of manufactured agricultural products,
- buyout of all surplus crops,
- service storage.

UTechnical and advisory support are defined by contracts, as well as monitoring and control of the entire production process, to ensure the highest quality of production in compliance with the procedures required by the GlobalGAP Standard and HACCP System.

Delta Agrar guarantees to its clients and partners the best quality control service upon acceptance and the highest standards for packaging, storage, and transport.

In cooperation with USAID, Delta Agrar initiated a project with the purpose to improve the production of small agricultural producers and sales of the following fruit and vegetables: celery, radish, pepper, cabbage, carrot, cauliflower, lettuce, tomato, potato, and pear. Cooperative business model consists of the following:

1. introduction of GlobalGAP Standard,
2. analysis of macro and microelements in the soil, pH, soil humus and EC performed by a state-of-the-art laboratory,
3. analysis of water for vegetable irrigation, with the aim of avoiding microbiological contamination,
4. pathogen and pest analysis in plant samples (viruses, bacteria, fungi) with the aim of reducing pesticide application and targeting the real dangers in individual farms,
5. the analysis of finished products.

Sales model is based on the market principle which requires conclusion of a purchase agreement. Producers pack the products for retail chains or export. Products are placed through sales channels only if commercial conditions are acceptable to both parties. In view of the market movements, producers are directed to maintain or change their range of products to make them suitable for retail chains or export.

## PRODUCTION OF FODDER

In 2019, a new fodder production plant was constructed in Stara Pazova. This investment almost doubled the annual production capacity from 40,000 t to 70,000 t.

In August 2019, the Company initiated the external sales of fodder. New production plant was modeled after world-class fodder factories. It has the capacity to produce high-quality pellet feed for the most sensitive animal categories. Feed is produced in accordance with the highest Danish nutritive standards, from high-quality raw materials from our own fields and factories Dunavka and Danubius.





# FOOD PROCESSING

## YUHOR

Yuhor is one of the leading companies in the Serbian meat industry whose tradition dates back to 1902. As of 2004, the company operates as a part of Delta Holding. All Yuhor's production capacities are situated in Jagodina, at the foot of the Juhor Mountain. Yuhor sells its products in Serbia and the countries of the region: Bosnia and Herzegovina, Montenegro, North Macedonia, as well as in the Russian Federation and the EU. In addition to producing meat products, Yuhor owns a retail chain Yuhor Dućan which, in 2019, consisted of 52 stores in 32 cities across Serbia. Yuhor is a synonym for tradition, safety, quality, innovativity and creativity. These are the qualities that represent the basic business postulates of this meat industry.

The 2019 results include:

- Increase in sales volume in comparison with the previous year;
- Increase in market share in the category of pâtés;
- The leading position in the subcategory of cooked products;
- Redesign of packaging;
- Extension of cooperation with the largest European retail chain Lidl;
- Opening of another Yuhor Dućan;
- Launching of Yuhor Dućan application which allows customers to obtain information about the offer, locations, assortment, and to use online ordering services.

Yuhor's rich portfolio includes a range of high-quality products which suit the tastes and needs of the most demanding consumers. To achieve this goal, the Company implements quality management systems ISO 9000:2015, ISO 14001:2015, environmental protection system and the international food safety standard ISO 22000:2007. Yuhor is a holder of HALAL certificate, which allows it to export its products to Muslim-majority countries.







In 2019, the portfolio was expanded with new articles in the category of processed products and pâtés:

- Cooked sausages: chicken sausage with cheese and pepper,
- Pâtés: fish and vegetable pâté,
- Fermented products: Mediterranean salami.

In 2019, Yuhor successfully completed the audit procedure for food safety standard IFS, which standardizes control over food safety and producer's quality. To those producers which meet demanding requirements of this standard, the introduction of IFS provides the opportunity to gain consumers' trust and ensure their protection by producing safe products of the highest quality. In addition, the implementation of this standard improves cost efficiency in the production chain and the turnover of food products.

During the same year, meat industry Yuhor expanded its production plant in Jagodina, doubling the capacities for the production of fermented sausages. After the construction of a new facility and adaptation of the existing one, another 3,000 square meters were added to the production plant. Due to this expansion, the capacity for the production of fermented sausages increased by 65%, and, as the new equipment accelerated production processes, the capacity increased by another 35%.

All the equipment in the new facility was produced by leading German and English manufacturers. New maturation smoking chambers were installed, as well as the lines for vacuum and slice packaging. This investment, worth 3.6 million euros, has not only increased the capacities, but contributed to the expansion of the assortment and improved the control over the entire production process at the same time.

New lines for vacuum packaging and packaging under modified conditions keep pace with the increased production volumes, ensure timely packaging and control over the percentage of product weight loss, which is the key parameter of cost control in the production of fermented sausages.

New equipment, based on the latest production technology available in the meat industry, meets the highest standards in terms of energy efficiency and environmental protection.

In 2019, 98 commercial customers participated in a satisfaction survey conducted by the Company.

#### ISPITIVANJE ZADOVOLJSTVA POSLOVNIH KUPACA

KARAKTERISTIKE	PROJEČNA OCENA
Kvalitet	4,45
Odnos kvaliteta i cene	4,27
Prodaja i distribucija	4,78
Lojalnost kupaca	4,60
Kvalitet u poređenju sa drugim preduzećima iz mesne industrije	4,37
<b>Ukupna prosečna ocena</b>	<b>4,49</b>



## DANUBIUS

Danubius factory became a part of Delta Holding in 2006, after which its production was modernized through the reconstruction of equipment in the silo, replacement of all the equipment in the mill, and the introduction of a state-of-the-art pasta production line.

With its headquarters in Novi Sad, the factory has operated successfully for more than 100 years. The factory also specializes in the production and distribution of cereals, flour, and pasta. Danubius is an impressive company with long tradition, recognizable for the premium quality of its pasta and grain mill products.



There are three entities operating within the factory:

- Silo of the capacity of 65,000 t with a continuous dryer Schmidt-Seeger with the capacity of 50-70 t/ha,
- A modern mill with computerized management, made by the Swiss manufacturer Bühler, which produces 300 t of flour of the highest quality per day,
- Pasta factory with the annual capacity of 14,350 t.

To guarantee the safety of its food products, the company introduced international standards HACCP and FSSC 22000, in accordance with the principles of the Global Food Safety Initiative, which are thoroughly and consistently implemented.

The assortment of Danubius 1 kg flour consists of three basic types and five alternative types. In 2019, the factory produced 73,876 t of grain mill products in total. As for grain mill products (package 1/1), the production amounted to 21,523 t, which is an increase in comparison with 19,241 t produced in 2018.

The factory produced 1,227 t of durum pasta, and 6,489 t of vitaminized pasta. As for the pasta produced for the domestic market, the amount reached 7,087 t, which is an increase of 7% in comparison with the year 2018. In 2019, Danubius exported 2,965 t of flour (1/1 package) and 652 t of pasta. In 2019, Danubius reached EUR 22,935,424 in revenue. The analysis of data from research conducted by the company Retail Zoom shows that Danubius is the leader on the market (with 37.8% market share) in the category of vitaminized pasta in the Republic of Serbia. In the category of durum pasta, the market share of Danubius Company amounted to 22.5% and keeps growing.

The entire team of Danubius Company is committed to the realization of the set goals and brand strengthening. The Company is aware that trust is difficult to gain and easy to lose. For this reason, Danubius believes that an impeccable product should be made of impeccable ingredients, that are processed in a way that leaves no doubt in their quality.

However, quality is not the only concern. Danubius cares about quantities, acceptable prices, and the availability of high-quality ingredients that are necessary to fulfil ever-growing market demand. In order to realize the goals and leave enough flour and pasta for export, the capacities need to be substantial and well-managed. With its resources, activities and services, Danubius contributes to the protection of the work environment in its immediate surroundings.





In 2019, a customer satisfaction survey was conducted in the facilities of the retail chains Delhaize, Mercator and Univerexport in Belgrade, Novi Sad, Niš, and Čačak. Out of 240 participants in the survey, 30% were men, 70% women, and 79% of participants were aged 20-60.

The following features were graded in the survey: quality/safety, price, packaging, positioning, and the range of products. Product characteristics were graded from 1 to 5, whereby 1 was the lowest grade, and 5 the best grade. The target grade for 2019 was 4.50. As for client satisfaction with flour and pasta, the grades exceeded expectations - 4.64 for flour and 4.58 for pasta.

In addition to the above said, participants were also asked to comment on Danubius's products. The most frequent customers' comments with regard to flour were praises for the rich assortment and quality (especially for the T-400 baking flour) and requests for 5-kg flour packages. The Company fulfilled the last request and launched T850 flour in a 4.5 kg package and T400 and T500 flours in a 5 kg package.

CUSTOMER SATISFACTION WITH DANUBIUS FLOUR	
CHARACTERISTICS	AVERAGE GRADE
Quality/safety	4.70
Price	4.61
Packaging	4.67
Positioning	4.63
Range of products	4.61
<b>Average grade</b>	<b>4.64</b>

Customer satisfaction survey with Danubius pasta indicates a high level of customer satisfaction. Buyers praised the quality of pasta and the organization of promotional sales in retail facilities, and suggestions were largely related to possible redesign of packaging. Taking into consideration the opinion of customers, the Company decided to redesign the existing portfolio in the category of pasta.

CUSTOMER SATISFACTION WITH DANUBIUS PASTA	
CHARACTERISTICS	AVERAGE GRADE
Quality/safety	4.61
Price	4.51
Packaging	4.52
Positioning	4.67
Range of products	4.57
<b>Average grade</b>	<b>4.58</b>

Along with the care for customers, the care for employees and their constant development remains one of the main strategic goals of Danubius, because team spirit, cooperation and motivation of the employees are a guarantee of the quality of production and services, and ultimately, of business sustainability and success.



## FUN&FIT

The Fun&Fit Company specializes in the production and packaging of cereals, food staples, dried fruits, and apatisans. Its commercial portfolio consists of three brands: Fun&Fit, Jumbo and ABC with over 200 products made of 70 different raw materials and ingredients from all over the world.

Preventive fumigation of cereals, laser control of nuts and seeds, metal detector and X-rays are merely a part of the system for the control quality and wholesomeness of products in the production process. Other control mechanisms that are integrated into the operation of the Company include internal control of product conformity, monitoring of moisture and salt content in final products, and regular analyses of compliance with legal regulations in accredited laboratories. Since 2004, the operation of the Fun&Fit Company has been enhanced with the introduction of food safety and quality system - IFS FOOD. The present compliance score is 97.98%.

In 2019, the following activities were undertaken with the aim of improving the overall quality: expansion of assortment, modification of recipes of the existing products, redesign and modernization of brands. To reach these goals, in 2019, Fun&Fit realized the following projects:

- introduction of new technologies and ZIP packaging for the products of all three brands;
- premiumization of Limited Edition muesli into Finest Line through redesign and introduction of a new product - protein muesli;
- expansion of the Fun&Fit range of products with a Gluten Free meal - Coco&Chia meal;
- expansion of the Jumbo assortment with two mixed products - Choco&Caramel Mix and Unpeeled Peanuts;
- expansion of the ABC assortment with Semolina and two kinds of rice;
- premiumization of the ABC brand through redesign;
- redesign of JUMBO brand - introduction of a new logo;
- expansion of SMART distribution;
- placement of products on two new markets - Croatia and Slovenia;
- expansion of the production volume in the domain of private labels and cooperation with new factories and retail chains.

The 2020 plans include:

- expansion of the Fun&Fit portfolio - Mix 5 flakes + 5 seeds, Steel-Cut Oats;
- expansion of the Jumbo portfolio - “Bibiriki”;
- expansion of the ABC portfolio - Beans, White Maize Flour;
- improvement of recipes in all categories;
- further production and expansion in the domain of PL and industry.







## MIONI

Natural mineral spring water bottling factory, Mioni, was built in 2007 in the village of Ključ, at the foot of the Maljen Mountain. The factory operates with five production lines for bottling of still and sparkling water and carbonated soft drinks. Mioni's business activities are divided into the brand segment, namely Aqua Gala brand, and the segment of service filling for private labels.

As the produced quantities keep growing in line with market demand, 2019 was a year of great investments. The purpose of these investments was to accelerate and facilitate production processes.

In 2019, Mioni accomplished the following:

- Expanded service production of articles for the retail chain Lidl with soft drinks;
- Expanded the portfolio of products with articles from service production for a DTL retail chain;
- Installed a new line for 6l water bottle filling;
- Separated production lines for carbonated and non-carbonated beverages to increase efficiency.



To ensure the quality and wholesomeness of its products, Mioni recertified the IFS Standard. In the course of certification, it was found that the factory meets Higher Level IFS requirements, with a 98.34% score.

Mioni Company is about to take over a new share on the still water market. At the moment, Mioni is ranked third in terms of production volume. As for the quantity sold, in 2019, Mioni's market share amounted to 10.2%.

In 2019, the Mioni factory achieved outstanding results. Realized revenue grew by 63% and EBITDA grew by 58% in comparison with the year 2018.

2020 Plans include:

- Additional expansion of the assortment with new articles for the Lidl supermarket chain;
- Establishing of new partnerships in the area of natural mineral water and soft drinks service filling;
- Introduction of new articles in the portfolio of Aqua Gala brand;
- Envisaged investments worth EUR 1.5 million for the procurement of a new line for carbonated beverages, automatization and optimization of processes and the relevant infrastructure.





## DUNAVKA

Oil factory Dunavka was founded in 1999. As of 2018, it has operated as a part of Delta Agrar. In 2019, the factory was completely renovated and a new floor warehouse was constructed for grit storage. The production process began in April and, until the end of the year, the factory processed 36,500 tons of raw materials. The emphasis was placed on the improvement of business processes - the acceptance and transport of raw materials were significantly improved.

The 2020 plans include:

- expansion of the capacities for the acceptance of raw materials,
- expansion of storage capacities,
- expansion of soybean and sunflower production capacities,
- construction of a new, larger dryer,
- increase in revenue,
- strengthening of the position on the market and consumer's trust.





# DELTA REAL ESTATE GROUP

Delta Real Estate Group is one of the leading regional companies in the real estate business. Its business activities span across the wider region, mainly focusing on Serbia, Montenegro and Slovenia. The activities include the following:

- strategic planning and development of projects,
- project and construction management,
- real estate management, control and market placement of the built facilities.

Delta Real Estate engages international experts in the area of strategic and conceptual planning who pass on their knowledge and experience to the young members of staff employed by the company. Real estate management complies with international standards and requirements and the construction is carried out with the latest equipment and materials. Construction focuses on creating a healthy and modern space in compliance with environmental protection principles, needs of persons with disabilities and FIDIC rules (International Federation of Consulting Engineers).

In 2019, Delta Real Estate:

- built two shopping malls in the region and opened them to visitors: Delta Planet Varna and Delta Planet Banjaluka;
- started the construction of a modern office center Delta House, the future headquarters of the Delta Holding Company;
- continued the construction of the Indigo Hotel in Belgrade.





**Delta Planet in Banjaluka**, which was opened on 21 March 2019, stretches across the area of 64,000 m<sup>2</sup>. With its 103 shops, it offers a wide range of renowned global brands to the residents of Banjaluka. Access and movement throughout the facility are entirely adapted to persons with disabilities, who have 52 parking spaces at their disposal. In addition, the mall is equipped with 9 electric vehicle chargers. The building has an energy passport. In the course of its construction, special emphasis was placed on the energy efficiency. Lighting was designed as a combination of natural and artificial light - natural light comes through the continuous glass lantern, whereas artificial lighting stems from LED lights. The latest materials were used for the construction of the façade and hydro-insulation and climate chambers with highly efficient rotary heat exchangers ensure that 87% of the waste heat is used for fresh air processing. In the transitional periods (spring, autumn), the facility is heated with heat recovery pumps and the energy of the sun that comes through vast glass surfaces. The value of the investment is EUR 70 million.

In 2019, Delta Planet welcomed 3,5 million visitors and realized income of EUR 7,5 million.

So far, Delta Planet Banjaluka has organized a number of CSR activities:

- In cooperation with Kliker IT Center, a workshop for children with Down syndrome was sponsored, with gift packages for all participants;
- Within the European Mobility Week, organized by the city of Banjaluka, Delta Planet donated gifts for pupils of two elementary schools;
- Delta Planet hosted a socially disadvantaged boy Jovan Gajić and his family and provided them with the necessary school supplies, school books and clothes;
- A humanitarian action was organized within the annual event “Movember” - a month dedicated to prostate cancer prevention - Serbian celebrity chef “Lepi Brka” was preparing and selling meals in Delta Planet and the collected funds were donated for the treatment of men diagnosed with prostate cancer.
- Within the initiative “Send a holiday greeting and donate” realized in cooperation with the Post of the Republic of Srpska, visitors had the opportunity to send a greeting card to their loved ones at a symbolic, optional price. The collected funds were donated to the soup kitchen “Mosaic of Friendship” in Banjaluka. In cooperation with the supermarket, a charity box was placed inside Delta Planet, with the aim of collecting supplies for the soup kitchen;
- Delta Planet bought greeting cards made by persons with disabilities and developmental disorders and sent them as holiday greetings to business partners.





**Shopping mall Delta Planet Varna in Bulgaria** is a joint project realized by Delta Real Estate Group and the Bulgarian company AP Investments. Delta Planet Varna opened its doors to visitors on 28 May 2019. The shopping mall gross area of 110,000 m<sup>2</sup> features 120 shops. The mall has three levels above ground and three underground levels. It is fully adapted to persons with disabilities and equipped with ramps. An electric ramp which overcomes 7 stairs is installed at the cinema entrance. Inside the cinema, there are twenty-two places intended for persons with disabilities.

Out of 1,200 parking spaces, 60 of them are intended for persons with disabilities. Shopping mall promotes and raises visitors' environmental awareness. It is the only building in Varna furnished with "Strawberry" solar benches. The structure of the building is unique. In the course of construction, special emphasis was placed on the area intended for children. The Magic Tree and Galaxy Center are some of the attractions children greatly enjoy while their parents are busy shopping. The value of Delta Real Estate Group investment is EUR 120 million. In 2019, the mall welcomed 3 million visitors.



The portfolio of Delta Real Estate Group also includes a functional retail park – **Delta Park in Kragujevac**, opened in 2010. This center has a gross area of 16,000 m<sup>2</sup> and 10 tenants.



**Office space Mala kula**, renovated in 2014, offers modern and flexible working environment where tenants can enjoy peace and privacy, with a lounge area for relaxation and exchange of information at their disposal. The office space spreads across 9,890 m<sup>2</sup>, out of which 7,500 m<sup>2</sup> is intended for lease. The building has 40 parking places. One tenant uses the office building Mala kula and its capacities are 100% occupied.



**NBGP Properties** have 170 parking spaces and the area of 31,800 m<sup>2</sup>, out of which 15,272 m<sup>2</sup> are intended for lease. The capacities are 100% occupied. In addition to the office space, both office buildings have other amenities which allow their tenants to spend quality time during the break and use their workday in the best possible manner. These office buildings have a restaurant, a store and a gym. In 2017, a bicycle parking was built, allowing the employees to use a healthy means of transport to get to work. The collective garage includes a car wash and dry cleaning.





The hotels owned by Delta Holding, InterContinental Ljubljana, Crowne Plaza Belgrade and Holiday Inn Belgrade, operate in accordance with IHG standards which, among other things, regulate respect for human and employment rights, as well as compliance with the principles of environmental protection and community development. These standards correspond to the high business sustainability standards Delta Holding adheres to.

**Hotel InterContinental in Ljubljana** is the only 5-star hotel in this city. It was built in 2017 in the city core, and it is one of the tallest and most attractive buildings in Ljubljana. The hotel has 165 rooms, two of which are adapted to persons with disabilities. The restaurant is situated on the 20<sup>th</sup> floor. The offer of this hotel includes a panoramic spa center on the 18<sup>th</sup> floor. There are 119 employees in the hotel.

In 2019, InterContinental Ljubljana was voted one of the top 10 IHG hotels in Southern Europe. The hotel fulfilled 10 out of 10 requirements which refer to loyalty, customer satisfaction with their stay and service in the hotel, employee satisfaction, and financial indicators. These parameters are monitored on a monthly basis throughout the year. In 2019, hotel occupancy reached 76%.

Due to its attractiveness and pleasant ambience for stay and organization of exclusive events, the hotel was admitted to the associations of luxury hotels “Virtuoso” and “Fine Hotels & Resorts” and received a number of awards:

- Tourist Prism Award - for new quality in tourism,
- SEEBTM - award for the best newly-opened hotel in the SE region,
- Booking.com Award - for the best ranking hotel among competitors,
- Certificate of Excellence 2019 - Congress Star (Congress Magazine) - score 4.82,
- BIG SEE TOURISM AWARD 2019 - Best project (Grand Prix) in the category of Architecture and design as experience.

In addition to its appealing appearance and the fact that it attracts tourists from all over the world, the hotel participates in CSR activities which contribute to the quality of life of the local population. Thanks to the established partnerships with hotel management schools, the young have the opportunity to gain experience in hotel management and learn about high business standards fostered by IHG. The hotel cooperates with numerous charities and regularly participates in humanitarian events: Friends of Youth (the hotel supported the association by donating clothes), voluntary blood donation initiative, and the “Red Nose” initiative (the aim of which is to entertain children in hospitals). The hotel has also established cooperation with the association which supports children with special needs.

The hotel was constructed with the latest eco-friendly building materials. To minimize the adverse effects of the artificial creation in the environment, the entire area of the Bloom lounge cafeteria on the ground floor underwent soft landscaping. Facade lighting was designed not to have adverse effects on the birds in the surrounding area.

The responsibility towards the environment and the society is evident from the fact the hotel separates and recycles all the waste that can be recycled (glass, carton, paper, light bulbs, batteries, etc.). Wood and plastic packaging waste is collected and returned to suppliers for reuse.





**Hotel Crowne Plaza Belgrade** is the first hotel of this renowned brand in Serbia and the region. It was opened in December 2013 after complete reconstruction of the hotel Continental Belgrade. The hotel operates in accordance with the standards of the IHG Group (InterContinental Hotels Group) which regulate all the guest-related procedures and support activities. The hotel has 416 rooms, 14 conference rooms, three restaurants, a spa center, and a pool.

Restaurants offer conventional, vegan, and gluten-free meals, as well as the meals prepared in accordance with HACCP standard. The Center for Food Analysis controls the food prepared in the hotel once a month, whereas IHG examines the quality of food on an annual basis. In 2019, the hotel continued to grow herbs for the needs of its own kitchen.

The hotel is entirely adapted to persons with disabilities and has 4 specially designed rooms, whereas the restaurant has menus in Braille Alphabet. In the category of luxury hotels, Crowne Plaza continues to hold the ELITE status for the sixth year in a row.

In 2019, the hotel received numerous awards and recognitions:

- “Kapetan Miša Anastasijević” Award for the best hotel,
- “The best company”, awarded by the Independent European Agency for the selection and promotion of the best managers,
- “Euro-Manager of the Year”, awarded to Živorad Vasić by the Independent European Agency for the selection and promotion of the best managers,
- Award for the best partner of the film industry, by Serbia Film Commission
- Good Service Ambassadors for the best Sales&Marketing Team, awarded by TOB, TOS, University of Singidunum and magazine “Turistički svet”.



In 2019, the hotel also received the award for the best employer - AON Best Employer, a proof that it has been recognized as an extraordinary employer on a global scale. This award is the result of the employee satisfaction survey. The employees in the hotel gave the highest grades to their employer and once again confirmed that they are extremely satisfied with their work, especially in the segments that are of paramount importance for the success of any organization, such as commitment and agility in task realization, focus on talent development, and management commitment.

The focus of the employees is on the recognition of habits, needs, and wishes of their guests. Restaurant guests have various benefits at their disposal: IHG program "Children Eat Free", Barista Coffee Breakfast Station, Fresh Juice Station, menu innovation twice a year in the Prime Restaurant, free Food Tasting program for the organization of private events, dinner at Prime Restaurant for the first wedding anniversary, specialized service packages for holidays and seasonal events (Valentine's Day, New Year, Easter) which, in addition to an overnight stay, include dinner, massage, transport, etc.



Works standards are constantly enhanced throughout the year and harmonized with the new requirements of IHG Standards which are revised quarterly. In 2019, the hotel audited the implementation of the cash management standard within the program Cash Audit. In addition, a Mystery Guest was sent to inspect the implementation of guest and employee safety measures, the quality of service, compliance with IHG quality standards, cleanliness and the overall appearance and condition of the hotel. The Mystery Guest gave Crowne Plaza Belgrade the highest grade among all IHG hotels in Europe - 98.5%. Throughout the year, the guests who stayed at the hotel or used the banquet area participated in surveys, evaluating the quality of service. Customer satisfaction is also monitored on the platform Medallia, where guests have the opportunity to express their opinion about all service segments. The score of the 2019 survey is 90.97%.

Complaints and negative comments are resolved within 72 hours. All relevant departments receive complain records in order to avoid re-occurrence of the disputable event in the future. Justified complaints are always adopted, and the guests receive additional reward points, services or benefits for their next stay in the hotel.

In 2019, the hotel recorded 107,766 overnight stays, average occupancy of 70.60%, and income of EUR 13.9 million.

Among the European hotels of the same brand, Crowne Plaza Belgrade was voted: the best ranking hotel in terms of employee satisfaction, the second-best hotel in terms of loyalty with a score of 92.11% and the 4<sup>th</sup> in customer satisfaction with the score of 90.97%.

One of the most significant awards was presented to the Director Živorad Vasić, as he was voted the most successful regional general manager in the category of luxury hotels.

Sales&Marketing Department routinely sends greeting cards for national holidays, anniversaries, traditional holidays, and other occasions to foster loyalty and show respect for clients. The hotel offers additional value to its regular guests through two IHG Loyalty programs: IHG Rewards Club and Meeting Rewards Club. Both programs guarantee additional benefits when booking a room or a conference hall. The guests who book their rooms on the IHG website are also entitled to special benefits.

To promote healthy lifestyle, the hotel provides bicycles and maps with running routes, as well as a special RUN STATION, with fruit, water, and hygiene tools.

The hotel implements Green Engage Program which mitigates adverse effects of its operation on the environment and boosts energy efficiency. To enhance the service, the hotel constantly introduces technical improvements and expands the offer in all sectors.



**Hotel Holiday Inn Belgrade** is a part of the IHG chain and its owner is Delta Holding. This 4-star hotel has 139 rooms, 2 of which are fully adapted to persons with disabilities. Executive rooms are situated on a separate floor.

The hotel was renovated in 2019 - the hotel lobby, bar, and the restaurant were restored and designed to reflect Open Lobby Concept, a new Holiday Inn lobby concept. Together with the latest concept, the hotel introduced new services and attractions such as To Go Café and board games which are available to all guests. In 2019, hotel occupancy reached 73%.

Within the hotel, there is a Singidunum restaurant which offers gastronomic specialties of the international and Balkan cuisine. Numerous conferences, meetings, fairs, promotions, celebrations, weddings, and other events take place in 7 conference rooms and the multifunctional 2,500 m<sup>2</sup> Belexpocentar hall, the hotel is directly linked to. In 2019, 60 different events with over 42,000 visitors were organized in this hall.

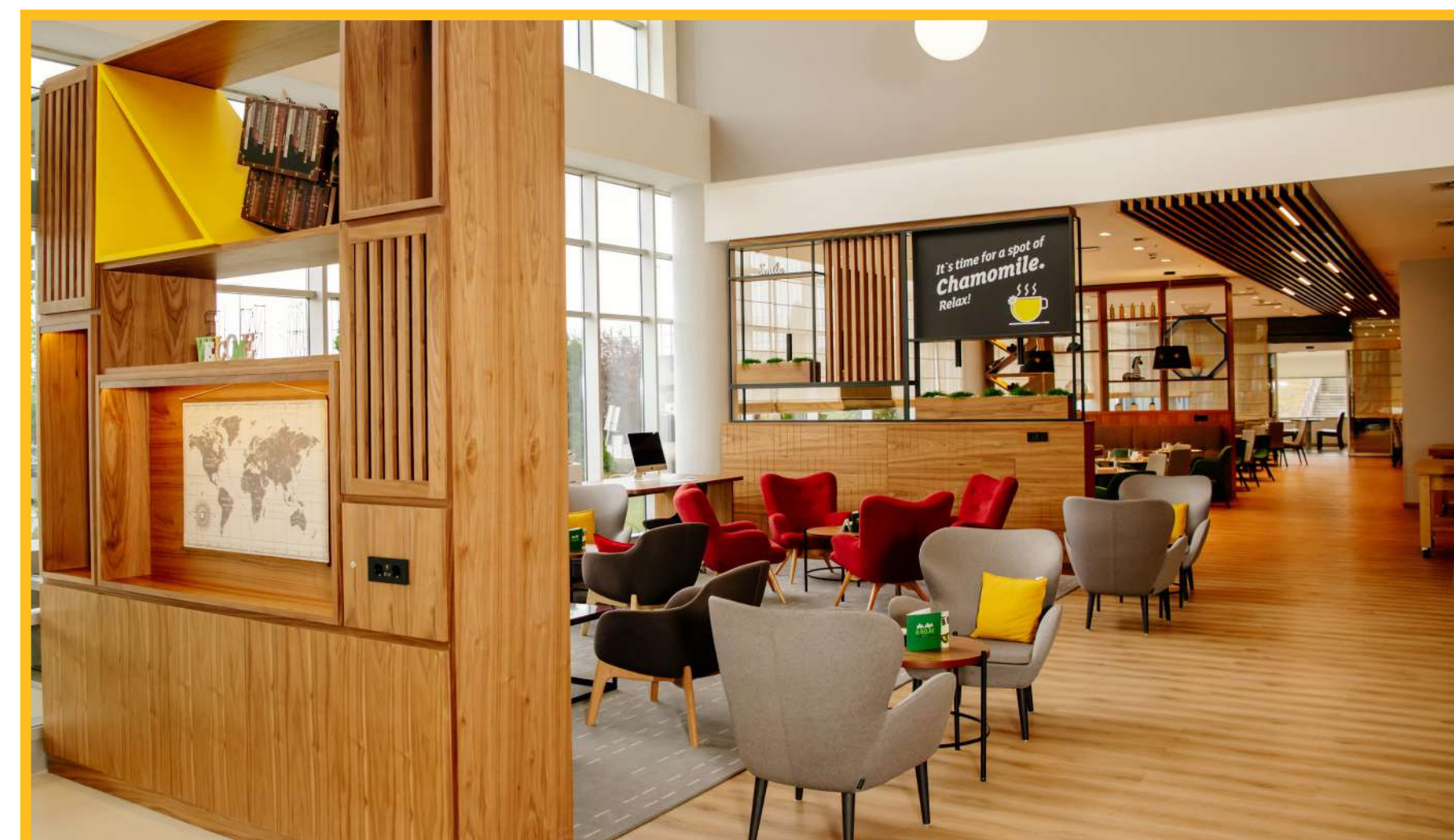
Guests of the hotel may enjoy a fully furnished gym and a spa center or use bicycles to exercise or tour the city, free of charge. With the aim of raising environmental awareness, in addition to implementing the environmental protection program of the IHG “Green Engage”, the hotel installed electric vehicle charges in the garage.

In 2019, within the initiative “IHG Giving for Good Month”, employees took part in humanitarian activities and the activities that promote healthy living and environmental protection.

The score of customer satisfaction is obtained from the HeartBeat questionnaire, the official questionnaire of the IHG Group. Questionnaires are sent systematically and randomly to the guests who leave their email addresses upon check-in. Based on the obtained grades, the hotel’s ranking changes on a monthly and annual basis. In 2019, customer satisfaction with their overall experience in the hotel reached 90.68%. With this result, the hotel achieved the goal IHG had set for the previous year.

In the second quarter of 2019, Holiday Inn Belgrade received an award from the IHG Group for its results in HeartBeat questionnaires and recognition of IHG loyalty program members. The hotel fulfilled 5 out of 6 goals IHG had set for 2019. These goals, the fulfilment of which is monitored through Winning Metrics System, refer to the loyalty and satisfaction of guests with their stay and service in the hotel, member recognition, income, reduction of Co<sub>2</sub> emission, and the fulfilment of standards implemented in Holiday Inn hotels. Throughout the year, the hotel implements IHG programs which promote CSR principles.

In 2019, the focus was on the empowerment and education of the employees. Over 15 different training courses were implemented more than 140 times. New work standards were introduced at the training courses and workshops. These standards and procedures under the name “Making Guest Smile” improved the relationship with guests, as the staff began to leave notes in guests’ rooms, restaurant, and the bar to enhance communication and make them smile more often.





**PROJECTS PLANNED IN 2020:**



The opening of the Indigo Hotel is planned in 2020, in the core of Belgrade, at the corner of Knez Mihajlova and Čika Ljubina Street. The hotel is a part of the IHG chain. Out of 47 rooms, one is envisaged for persons with disabilities. The latest eco-friendly materials are used for the construction, as well as climate chambers with highly efficient rotary heat exchangers. As the project also envisages installation of solar panels, this Hotel is going to comply with the highest IHG Green Engage Standards.



Construction of a new Delta Holding office building started in December 2019, and its completion is expected in the second quarter of 2021. The building will have the area of 22,314 m<sup>2</sup> and 11 floors above ground with modern office space, a restaurant, café and a gym. The project envisages 188 parking spaces with specially marked positions for electric vehicles, persons with disabilities and bicycles. The building was designed in accordance with the latest international standards. It is going to have an A class LEED certificate, which is a proof of its full conformity with the principles of environmental protection in terms of construction and maintenance.

The estimated value of the investment is EUR 40 million.



Construction of the shopping mall **Delta Planet in Niš** started in December 2019, and the completion of works is expected in the second quarter of 2021. The value of the investment is EUR 70 million. Delta Planet Niš will cover the area of 40,000 m<sup>2</sup> at an ideal location, in the vicinity of the main city zones, at the corner of the streets Blagoja Parovića and Bulevar Nemanjića.



In addition, future projects include the construction of **Delta Planet shopping mall in Autokomanda** on the area of 200,000 m<sup>2</sup>. The value of the investment is EUR 200 million. According to the project, this Delta Planet will offer its visitors a range of 250 different shops. At least 50 brands are expected to appear in the Serbian market for the first time. This mall will have the largest number of big department stores (anchor stores). Shops, service stores, restaurants and cafés will spread across two levels of the mall, with simple communication throughout the facility. A hypermarket will be situated beneath the two levels and the entertainment area above: cinema, wellness and spa, sports amenities and similar attractions for the visitors devoted to healthy lifestyle. The roof of the facility is envisaged as a green oasis with the area of 6,500 m<sup>2</sup>.

This Delta Planet will host the first cinema in Serbia equipped with the latest IMAX technology, which provides video and audio quality that has never been seen in the Serbian market. The underground garage and outer parking area will provide 2,300 parking spaces with designated positions for electric vehicles and persons with disabilities.

With its dynamic structure and visual effects, a 5,000 m<sup>2</sup> LED façade oriented towards the highway will give a unique appearance to the entire mall. The façade oriented towards Tabanovačka street will be made of natural materials, with vertical landscaping elements, which will make the access to the shopping mall truly distinctive. The project envisages that the main entrance intended for visitors should be accessible from Autokomanda Roundabout. Cafés with outdoor seating areas and a large square will be situated at the entrance, which will give a brand-new appearance to this part of the city and expand its offer at the same time.





# DELTA DISTRIBUTION

**Delta Auto Group** consists of:

1. Delta Motors - exclusive importer, distributor and servicer of BMW and MINI vehicles for Serbia and Montenegro and BMW Motorrad motorcycles for Serbia, Montenegro, and North Macedonia;
2. Delta Automoto - general representative of Honda automobiles and motorcycles for Serbia and Montenegro.

Two more entities operate within the company Delta Automoto:

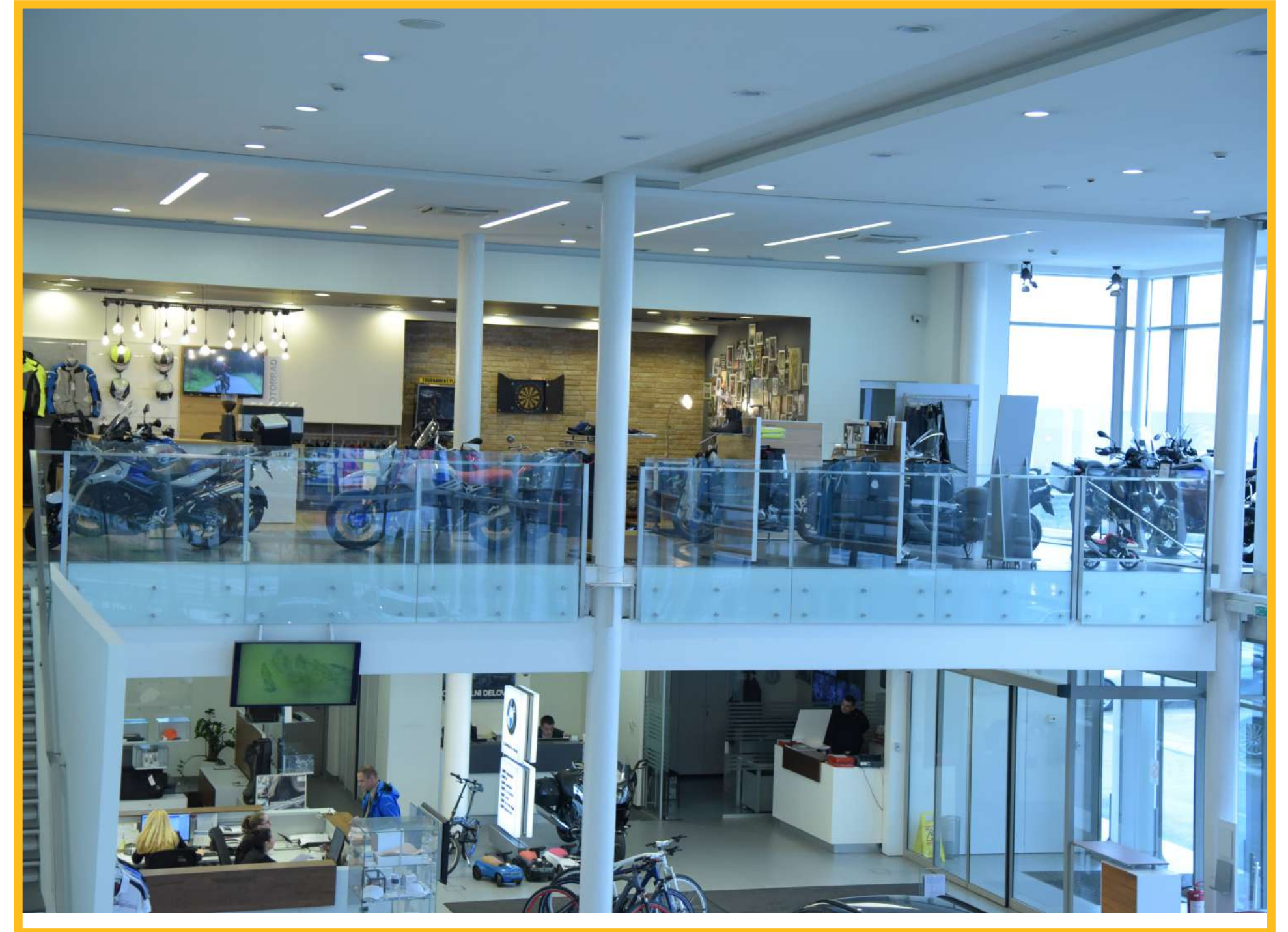
- Delta Polovni Automobili - specialized in sale of certified used vehicles;
  - Delta Auto Service - authorized maintenance center for BMW and MINI vehicles or over;
3. Delta Rent-a-Car.

Delta Auto Group operates in accordance with the principles of a quality management system which is based on the standard ISO 9001/2008. Recertification audit of the quality management system in Delta Motors was carried out in 2018, when Delta Motors was granted a new certificate with a three-year period of validity in accordance with the higher level of ISO 9001/2015, which was successfully extended in 2019 after the audit performed by a certified inspection company SGS. The inspection company did not find a single non-conformity.



As for the results achieved in 2019, the companies marked increase in revenue:

- sale grew by 26%
- EBITDA by 25%
- sale of new Delta Motors vehicles by 30%
- sale of used vehicles of BMW Premium Selection by 26%
- sale of BMW motorcycles by 8%
- Delta Motors maintenance center turnover by 17%
- sale of new Delta Automoto vehicles by 24%
- sale of used cars from the Car Market by 73%
- sale of Honda motorcycles by 10%
- Delta Automoto maintenance center turnover by 6%



Delta Motors continued to invest in the expansion of maintenance capacities in order to enhance the efficiency of the center and minimize vehicle delivery time. With the aim of improving communication with the clients of the maintenance center, the company introduced new digital channels for service booking.

Another step was taken with the aim of accelerating the exchange of information, improving the quality of service and business transparency - the implementation of CitNow application. This application allows clients to receive photos of their vehicles while they are in the maintenance center. At the same time, the staff may give recommendation and ask for permission to carry out works. This system improves transparency and efficiency of the maintenance center.

Since employees are the key element for growth and development of any company, in 2019, Delta Motors continued to invest in the education of its employees. The company established a training center for technical and non-technical training courses, with an intensive training plan, in order to upgrade knowledge of the staff and techniques of communication with clients.

In 2019, the Company continued with successful implementation of the client satisfaction survey “Voice of the Customer”, which was designed and proposed by BMW Group in 2017. Maintenance clients and buyers of new vehicles are invited via email or text message to fill in an online questionnaire a week after their visit to the showroom or maintenance center. Clients’ answers are not limited with formed questionnaires and pre-defined questions - they have the opportunity to express their observations, satisfaction or dissatisfaction with open comments. The clients that seek additional clarifications or have requests of any kind are contacted by responsible persons within 24 hours. Clients’ comments are coded in accordance with different criteria set by BMW on its online platform, where each comment is recorded, together with client’s grade and the steps taken. The percentage of client satisfaction is measured by the NPS result which represents the difference between positive and negative grades in relation to the overall number of surveyed clients. Clients’ coded comments, in accordance with the defined topics that need to be discussed, are analyzed at the meetings attended by directors of all sectors of the company who make up “Customer Board”. Pursuant to the conclusions from the meetings (that are organized quarterly), the Company drafts an action plan with measures for the improvement of client satisfaction. The Company successfully realizes the adopted action plans to prevent the causes of possible dissatisfaction in the future.



In 2019, Delta Motors implemented the project “Mystery Shopping”. The results were the best in the region: 100% of requirements were fulfilled for Process Excellence and 97% for Customer Treatment. This score brought Delta Motors the title of Best in Class Market in the regional BMW community.

The project “Voice of the Customer” was also successfully implemented. In accordance with the model introduced by Delta Motors, Delta Automoto implemented this project as an internal solution. The company monitors the satisfaction of its customers with HONDA vehicles and Delta Auto Service, with the aim of improving communication with them. In Delta Automoto, the project is continually upgraded and advanced.

As a permanent member of the Foreign Investors Council, in cooperation with other car companies, Delta Auto Group seeks support and implementation of different measures by state authorities. Three most important issues are the following:

- prevention of illegal import of non-original parts, the use of which presents a threat to traffic safety,
- fabrication of EUR 1 certificate for imported used cars, which makes trade in used cars non-transparent and off-market, and
- introduction of a larger number of electric vehicle chargers with the aim of supporting the owners of these vehicles.



In 2019, after the renovation of MINI, BMW GKL+ and BMW Motorrad showroom, Delta Motors continued to enhance clients' premium experience through the use of digital tools for vehicle presentation, one of which turned out to be very popular - Virtual Reality Presenter. Delta Motors is one of the first companies in the world which introduced the presentation of the latest models in virtual reality immediately before or after their global premieres.

In 2019, Delta Motors was the first company in Serbia to introduce “One Stop Point” in cooperation with “Generali Insurance”. This service facilitates and simplifies post-accident vehicle check, minimizes the respond period and the number of steps that need to be taken for the assessment of damage by an insurance company and prompt repair of the damaged vehicle. This service has improved the efficiency of the process and increased customer satisfaction. Clients directly benefit from the minimized waiting period and the efficiency of the process.

In 2019, the Company recognized the potential of the used car business. To this purpose, it began with the preparations in terms of HR, organization, provision of technical and investment basis, rebranding of the existing Car Market, and digitalization of the offer. In order to make an impact on the market with this premium service as soon as possible, a new center “Delta Polovni Automobili” was established within Delta Automoto Company. All the offered vehicles undergo strict and thorough inspection, the so-called “360 degrees”, before they are granted the certificate “Delta Used Car”. This certificate is a proof that the vehicle complies with the highest standards in term of visual and technical characteristics.

Delta Motors takes pride in the fact that it was one of the first car companies in Serbia to launch an online shop in 2019, in which clients can buy their favorite accessories, clothes or items from the passenger program of the latest BMW, MINI and Motorrad collections.

With the support of the partners from BMW AG, Delta Motors organized a multi-day event “Best of BMW” at the NAVAK track, where clients had the chance to see the best selection of BMW, MINI and BMW Motorrad vehicles and try out the most powerful models on the track.

MINI celebrated its 60<sup>th</sup> birthday and HONDA used a chance at the press promotion of its hybrid CR-V model to announce the arrival of the hybrid Jazz model and the electric HONDAe model.

BMW Motorrad Serbia is the sponsor of the Motorcycle Safety Foundation, with which it fosters multi-annual cooperation. This year, they jointly organized the opening of the motor season and Motorcycle Safety Foundation media day on Ada Huja track.





HONDA Serbia was supporting partner in the campaign for voluntary blood donations organized by Red Cross of Serbia “Red cross - Red carpet”. The campaign aimed at raising awareness in increased needs and the lack of blood which is higher in the summer months. Delta Automoto recognized the importance and supported the final event of the campaign. Numerous celebrities joined the campaign by driving Honda’s top selling models: CRV-V, HR-V and Civic, onto the red carpet. Red Cross thanked all which have donated voluntary and anonymously saving someone’s life.

HONDA Serbia and Delta Automoto will continue to support socially responsible campaigns in the future as well.





**Delta DMD and Delta Transportni Sistem - DTS** combine the services of distribution, warehousing and logistics. Delta DMD offers its clients the services of sale, brand management, logistics, and merchandising. The distribution centers in Belgrade, Novi Sad, Čačak, Niš and Podgorica offer additional processing services: sorting, packaging, co-packaging, labelling, reparation, etc. The portfolio of Delta DMD Company includes regional brands such as Tikveš, Violeta and Fun&Fit, as well as renowned global brands such as Ferrero, Diageo, SC Johnson, Beiersdorf, and Glaxo Smith Kline. These brands achieve extraordinary sales results on the Serbian and Montenegrin markets, as Delta DMD cooperates with over 6,000 buyers and supplies over 10,000 retail and wholesale facilities, sole trade businesses, specialized wholesale units and HoReCa channels.

In October 2018, Delta DMD introduced SAP system in all business modules. By doing so, Delta DMD ensured the transparency of introduced changes in day-to-day operation in 2019. In addition to using the benefits of SAP system, the Company also introduced upgrades that ensured complete automatization and control of the processes. These improvements allowed the following:

- Credit control of buyers
- Control of the pricing conditions (invoices are issued automatically based on the inserted terms of agreement for each individual buyer)
- Discount agreements (the program automatically calculates corresponding expenses or income deductions according to the terms defined in the agreement)
- Control of the market return

Delta DMD also uses SAP BI for the preparation of various reports such as “Report on the inventory status” and similar.

At the beginning of the year, the Company opened a multifunctional area for its employees, the so-called “Tangram na Kvantašu”, with a furnished kitchenette, lounge and dining area. The purpose of the Tangram center is to provide an area which encourages employees’ creativity, motivation and satisfaction. Employees may use the area whenever they like. Apart from the kitchenette and the dining area, the center also includes a room for presentations, a game room with darts, table football, and a lounge area with lazy bags for relaxation.



**Delta Transportni Sistem - DTS** offers its clients the services of warehousing, domestic and international transport (by road, air, groupage, container, mercantile goods transport), freight forwarding and customs clearance and 4PL (Fourth Party Logistics Provider).

As a 4PL Provider, the Company offers its clients integrated management of product stocks and the status in warehouses, as well as tracking of deliveries in real time.

DTS manages the entire supply chain with the latest IT resources - Warehouse Management System (WMS), Satellite Fleet Tracking System, Transport Management System (TMS), as well as SAP ERP software (modules MM, SD, FI, CO).

DTS's warehouse has 26,000 pallet spaces for products that need to be stored under different temperature regimes (5 temperature regimes from -20 to +25°C). The company delivers 160,000 kg of cargo, i.e. 140,000 labeled products on a daily basis. DTS has Cross Dock stations in Vrbas, Čačak and Niš which allow the goods to be taken over without keeping them in warehouses.



## ROAD TRANSPORT

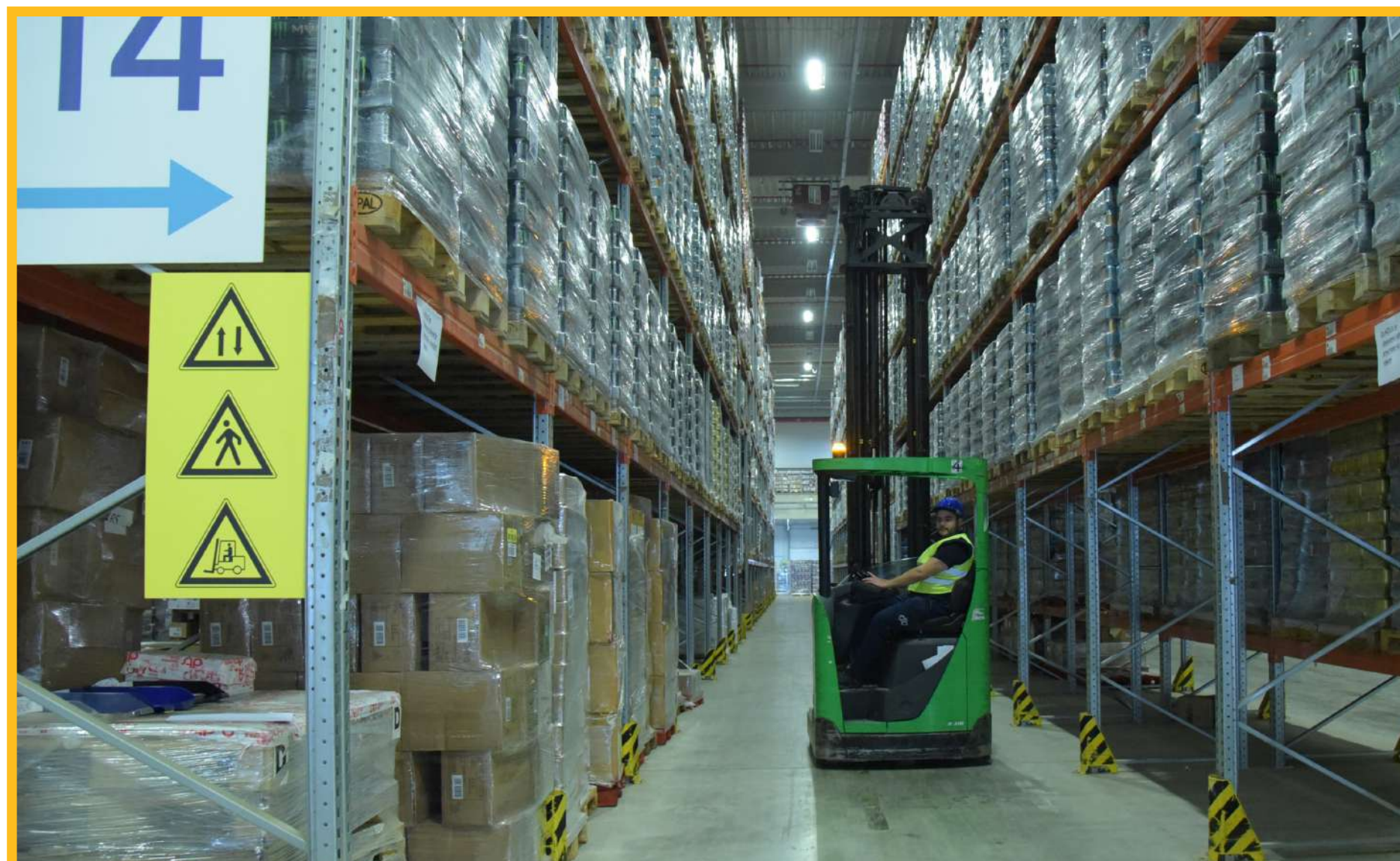
DTS fleet transports over 1,000 pallets and travels 12,000 kilometers per day. Products are transported in vehicles with different temperature regimes with the capacity of 2 to 25 t.

To track the quantities of products, vehicles and the temperature of the cargo area, DTS uses Track & Trace System which allows its clients to receive information about their shipment anytime, as well as the automatic confirmation of delivery. LCL transport services are carried out from central warehouses in Europe where goods are consolidated. Clients may take over their shipments in any part of Europe within 24 hours.

DTS transports commercial and seed products, and provides the service of organized collection and transportation of dangerous ADR cargo.

## AIR TRANSPORT

DTS offers its clients the possibility to transport goods from an airport to an airport, or from door to door, anywhere across the globe. It operates as a direct agent of all airlines which fly from Belgrade, and as a partner of other logistic companies at the airports across the world. DTS specializes in the transport of goods which require special treatment and holds all the necessary air transport licenses.





## CONTAINER TRANSPORT

As a direct agent of world's shipping companies, DTS provides services of import and export to all European harbors. The Company also performs container transport of FLC and LCL shipments from the countries of the Far East: China, India, Japan, Korea, and other parts of the world and specializes in the transport of products that require special temperature regimes (FRIGO containers). To optimize costs, clients may have their transportation organized in the Mediterranean countries as well.

## FREIGHT FORWARDING AND CUSTOMS CLEARANCE SERVICES

DTS provides services in the domain of import and export customs brokerage, temporary importation, active and passive processing, and storage.

As an authorized consigner and consignee of the goods in the transit procedure, DTS provides its clients direct dispatch of goods, without waiting, from DTS premises to customs post, and the possibility of delivering the goods for import customs clearance directly to our premises without any waiting.

Clients also have the possibility to label their goods through IT resources, with the obligation to deliver the documents subsequently.

In 2019, new certification audits were carried out in Delta DMD and DTS for standards IFS Logistic 2.2, ISO 9001:2015, and HACCP System. The audit performed for the Higher Level of the IFS Logistic Standard found that the compliance with requirements was 97.74%. This extremely high score is a proof of the quality of the company's business and the overall service it provides.

Throughout the year, principals and clients inspected business operation and the implementation of environmental protection principles, health and safety at work and fire protection. All the inspections were realized successfully and to clients' satisfactions.

Results in 2019:

- business results of Delta DMD grew by 14%,
- the number of distributed brands increased.

Delta DMD regularly conducts customer satisfaction surveys. In 2019, the Company was graded as follows:

SATISFACTION SURVEY - KEY ACCOUNTS	
CHARACTERISTICS	GRADE
Range of products	4.14
Promotional activities	3.67
Communication and professionalism of the sales staff	4.78
Communication and professionalism of the merchandising team	4.06
Delivery of goods	4.22
Documents	4.38
Complaints	4.47
<b>Average grade</b>	<b>4.25</b>

In 2019, no complaints were filed with regard to the effect of products and services of member companies on consumers' health and safety. All products of Delta Holding members are appropriately labelled and contain all the necessary information about the origin and the quantity of ingredients, as well as recommendations for their safe usage and disposal of packaging. No complaints were filed in 2019 with regard to the accuracy of information in marketing campaigns or customer data privacy breach.

Possible complaints are analyzed in detail to verify their justification. To verify the justification of a complaints, the staff analyzes counter samples and relevant production records. If a decision cannot be brought independently, the company establishes a team for resolution of non-conformities which further analyzes the complaint. In the event that a complaint is justified, customer is provided with a valid explanation. Complaints are submitted via telephone, orally, or via email and resolved within 8 days or sooner. The company does not sell illicit or disputable products.





# EMPLOYEE DEVELOPMENT

As a responsible employer, the Company has recognized that its strength primarily lies in high-quality human resources. For this reason, care for people is one of the fundamental values Delta Holding upholds. The priority of the Company is to establish and maintain high standards in its relationship with the employees in terms of their career development and balance between professional and private life.

The purpose of a motivating work environment, based on respect for employees' rights, in which they have the opportunity for personal and professional growth, is to allow the employees to find fulfilment at work and actively promote and follow the values and principles of the Company.

The Company constantly invests in improving work conditions and takes into account employees' ideas and suggestions relating to changes in the work environment, working hours and corporate culture. This helps in creating the image of a modern employer who readily awaits modern age changes.



In terms of responsibility towards the employees, the activities of the Company are directed to the following:

- compliance with ethical and non-discrimination principles in business,
- secure, safe and healthy work environment,
- continuous education,
- supporting education and employment of youth through internship programs for students and pupils.

In 2019, the total number of employees amounted to 3,531, which is an increase in comparison with the previous year. During the year additional 1,183 people are engaged through various types of contracts.

THE NUMBER OF EMPLOYEES ON 31/12/2019				
MEMBER	EMPLOYEES IN SERBIA IN 2019	EMPLOYEES IN THE REGION 2019	TOTAL NO. IN 2019	TOTAL NO. IN 2018
Delta Agrar Group	977	8	985	974
Delta Food Processing	912	1	913	916
Delta Real Estate Group	381	133	514	519
Delta Distribution	776	111	887	851
Collective Functions	204	0	204	200
Delta MC	28	0	28	28
<b>TOTAL</b>	<b>3,278</b>	<b>253</b>	<b>3,531</b>	<b>3,488</b>



## OPPORTUNITY FOR ALL

### WORKFORCE GENDER STRUCTURE

MEMBER	EMPLOYEES IN SERBIA		EMPLOYEES IN THE REGION		TOTAL	
	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN
Delta Agrar Group	272	705	2	6	274	711
Delta Food Processing	428	484	0	1	428	485
Delta Real Estate Group	201	180	67	66	268	246
Delta Distribution	264	512	33	78	297	590
Collective Functions	96	108	0	0	96	108
Delta MC	7	21	0	0	7	21
<b>TOTAL</b>	<b>1,268</b>	<b>2,010</b>	<b>102</b>	<b>151</b>	<b>1,370</b>	<b>2,161</b>

### AGE STRUCTURE OF THE WORKFORCE

MEMBER	SERBIA			REGION		
	18-29 YEARS	30-50 YEARS	OVER 50 YEARS	18-29 YEARS	30-50 YEARS	OVER 50 YEARS
Delta Agrar Group	144	464	369	1	7	0
Delta Food Processing	128	603	181	0	1	0
Delta Real Estate Group	109	218	54	64	62	7
Delta Distribution	210	492	74	18	84	9
Collective Functions	29	140	35	0	0	0
Delta MC	1	20	7	0	0	0
<b>TOTAL</b>	<b>621</b>	<b>1,937</b>	<b>720</b>	<b>83</b>	<b>154</b>	<b>16</b>

### WORKFORCE QUALIFICATION STRUCTURE

MEMBER	PHD	MGR	MA	UNIVERSITY DEGREE	COLLEGE DEGREE	HIGHLY-SKILLED	HIGH-SCHOOL DEGREE	SKILLED	SEMI-SKILLED	UNSKILLED
Delta Agrar Group	3	3	20	264	42	2	287	184	15	165
Delta Food Processing	0	1	7	119	46	6	319	308	5	102
Delta Real Estate Group	0	2	14	134	65	7	206	54	5	27
Delta Distribution	1	2	42	202	79	42	364	132	4	19
Collective Functions	1	3	9	96	16	1	61	9	8	0
Delta MC	0	0	0	7	3	0	18	0	0	0
<b>TOTAL</b>	<b>5</b>	<b>11</b>	<b>92</b>	<b>822</b>	<b>251</b>	<b>58</b>	<b>1,255</b>	<b>687</b>	<b>37</b>	<b>313</b>



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As one of the leaders in business sustainability, Delta Holding strictly respects both employment and human rights and promotes positive business practices throughout the entire chain of the values it upholds. In addition to strictly complying with the applicable regulations in this area, the Company has built a strong corporate culture which regulates important issues such as: safety and human rights, health and safety at work, and equality of the employees at work.

From the day the Company was founded, gender equality has been recognized as an important factor for the realization of goals and excellent business results. The number of employees keeps increasing - at the end of 2019, the Company had over 3,500 employees. Due to the nature of its business, which also includes work in factories, there are more men than women among the employees (61.2% of men and 38.8% of women). However, in managerial positions, women prevail. Women's empowerment and support is an important part of the agenda for sustainable development of the Company. Its aim is to encourage women's ambitions and self-confidence, and raise awareness of the society about the importance of women in business.

The policy of equality implies that all employees must have equal opportunities for professional growth and strictly prohibits any kind of discrimination.

Delta Holding employs 63 persons with disabilities. On its intranet portal, the Company has posted Etiquette and guidelines for interacting with persons with disabilities, to help the employees create a welcoming and supporting atmosphere for their colleagues with disabilities.

One of the key elements of the Company's success is a balanced age structure, which ensures synergy between the enthusiasm and creativity of the young and knowledge and experience of older colleagues.

In 2019, there were no complaints about the violation of human rights and non-discrimination principles.

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The salary of an employee is defined solely in accordance with the requirements of a specific job and employee's qualifications. The types of work that require the same qualifications, responsibility, intellectual, physical and working abilities are equally valued, regardless of gender, or any other personal quality of the employee. The salaries of all employees, including the Board of Directors, consist of the base salary, performance-related pay, and increased salary.

Basic earnings are determined by company's Rules of Procedures. Based on an employment contract, the base salary of managers and executives may be higher than the one determined in accordance with the General Act, depending on their qualifications, complexity of their work, responsibilities, and work conditions. Base salary is defined in the employment contract, in gross nominal value, for full working hours and standard performance.

RATIO - EARNINGS IN DELTA HOLDING AND LARGE CITIES WHERE THE COMPANY OPERATES				
EARNINGS ON 30/11/2019	MINIMUM GROSS EARNING I		AVERAGE GROSS EARNING I	
DH MEMBER	IN DH MEMBER	OFFICIAL STATISTICS FOR THE RS	IN DH MEMBER	OFFICIAL STATISTICS FOR THE RS
Belgrade	44,656.26	35,036.23	117,395.95	96,194.00
Novi Sad	45,415.83	35,036.23	86,295.10	86,050.00
Čačak	54,282.08	35,036.23	80,962.27	66,277.00
Jagodina	46,757.27	35,036.23	68,922.61	62,806.00
Stara Pazova	46,402.10	35,036.23	75,742.56	70,184.00
Apatin	48,836.60	35,036.23	83,489.65	65,201.00
Kikinda	46,995.98	35,036.23	84,226.06	73,088.00
Zaječar	47,010.46	35,036.23	72,268.82	64,783.00

There are organized trade unions in Danubius and Yuhor factories and the properties of Topola, Jedinstvo, Kozara, and Napredak, which counted 615 members on 31/12/2019. Delta Holding fosters collective negotiation practices and supports the activities of trade unions. The provisions of collective agreements concluded between the Company and trade unions regulate the rights and obligations of 232 employees.



## CARE FOR PEOPLE

Since care for people represents one of Delta Holding's fundamental values, in 2019, the Company once again improved the existing procedures and introduced new ones with the aim of enhancing employee satisfaction.

The amount of solidarity allowance for the first, second and third child was doubled, and the allowance in the event of the death of a family member was increased by five times. More employees earned the right to private health insurance. A support procedure was introduced at the level of the company to aid the employees and their family members in the event of a severe illness.

All employees are entitled to the number of days off work as defined by the law. In addition, they are entitled to paid leave in the event of: illness (1 day off), change of residence, education/professional training in their own arrangement.

Delta Holding introduced the following benefits to support parenthood:

- annual financial aid for single parents with minor children (in accordance with the number of children)
- gift package for a newborn
- flexible working hours for mothers with preschool children
- a day off for parents on the child's first day of school (at the beginning of a new school year)
- gift packages with school utensils for first graders

For employees' children under the age of 8, the Company organizes distribution of New Year and Christmas packages. The listed procedures and benefits are communicated by superiors and made available to all employees. Documents that define these procedures are available on Delta Holding's intranet portal.

In 2019, the Company introduced:

- flexible working hours for all employees
- remote work two days a month
- longer annual leave depending on professional qualification and years of service in the Company
- scholarships for children of deceased employees were extended by another 6 years (from the age of 18 to the age of 24).

## WE'RE STRENGTHENING SPORTING SPIRIT

In accordance with the values of the Company, the employees always strive for top results, be it at work or on a sports field. In 2019, Delta Running Team took part in 20 races. They finished 2<sup>nd</sup> in relay race in Sombor, 3<sup>rd</sup> at Belgrade Business Run, and once again 3<sup>rd</sup> at Niš Business Run. Colleagues Danijela Filipović and Dragiša Filipović were placed 2<sup>nd</sup> in the individual race at the Niš Marathon and 3<sup>rd</sup> in their age group at the Jagodina Marathon. Our colleague Bojan Karanović finished 1<sup>st</sup> in the 10 km race in Novi Sad and 2<sup>nd</sup> at Belgrade Business Run.

In addition to the races in Serbia and the region, our team participated in Lisbon Half Marathon and Valencia Half Marathon, for which the Company financed flight tickets and registration fees.





## WE INVEST IN KNOWLEDGE

All Delta Holding members invested in the development of their employees. The emphasis was placed on talent programs, namely “Young Leaders” and “The Future of Delta”. Introductory trainings were organized for new employees with the aim of introducing them to the company.

In 2019, Delta Agrar Group focused on the improvement of managerial and leadership skills and organized professional training courses for its employees in the country and abroad. Directors in charge of stock farming, crop farming and fruit farming attended trainings in accordance with their needs: coaching, advanced negotiation skills, etc. They also had the opportunity to use consulting services of eminent experts from Italy, Germany and Denmark who worked on the Delta Agrar’s properties, orchards and farms.

In 2020, the Company will focus on the creation of a succession plan, performance development, and employee motivation. It plans to introduce recognitions for loyalty to the Company, organize team buildings and collective activities, employee of the month selection, awards quizzes, etc. We continue to invest in knowledge of our employees and encourage their personal growth and development. Food Processing Group also organized professional and development trainings for its employees. The emphasis was on the strengthening of communication and leadership skills and professional training of employees at all levels.

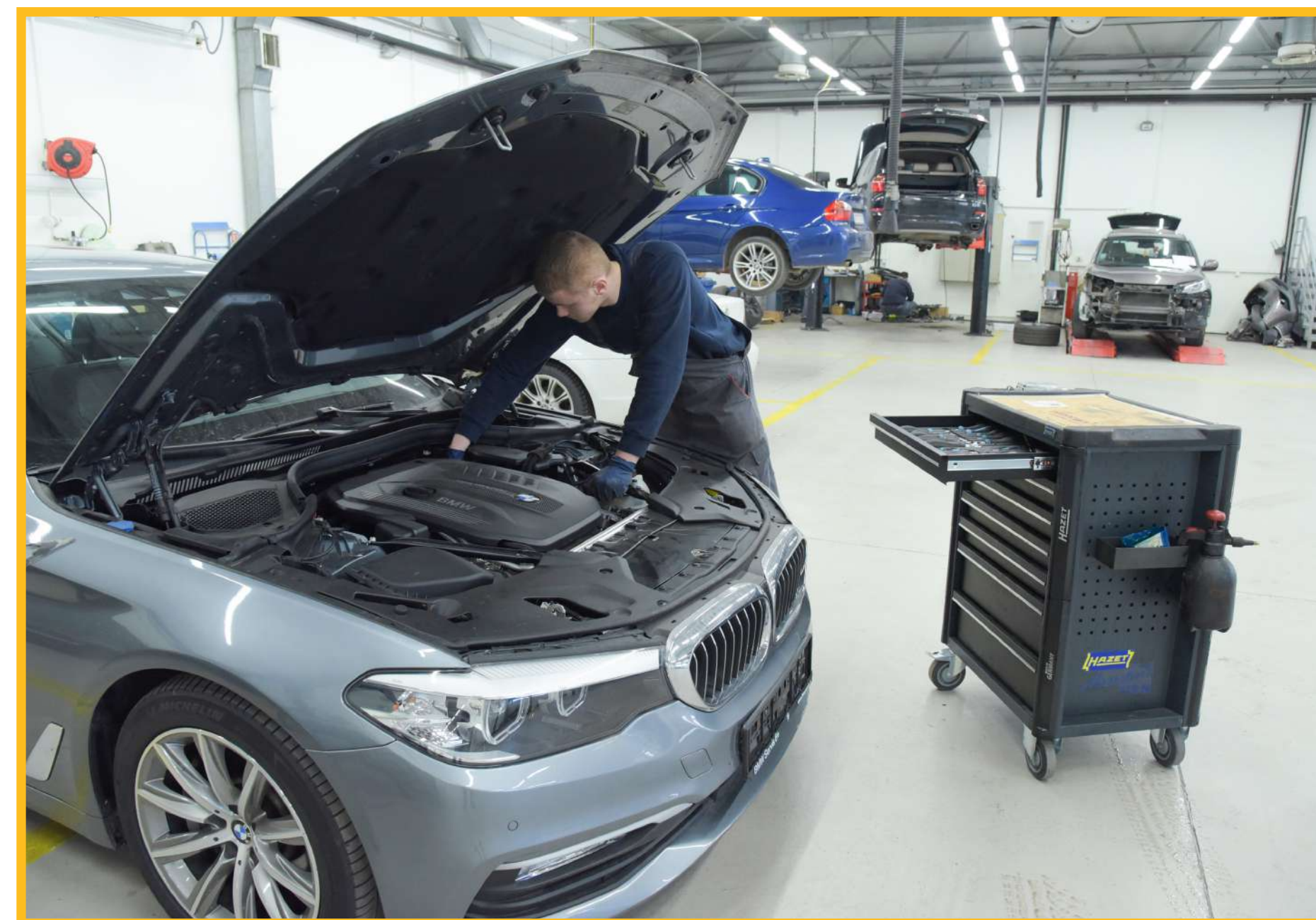
In 2019, Yuhor organized 1,130 hours of external training courses, which were largely intended for production plant managers and retail operations managers. The focus was on communication skills, advanced communication and development, team work, leadership, and, above all, education aimed at improving the competence of all managers and expert associates. All the employees in retail attended the course “With excellent service to top results”. This way the Company standardizes service in the network of stores Yuhor Dućan and enhances their operation. In addition to external lectures, the Company organized 2,000 hours of internal expert education, and the lectures on Negotiation Skills and HR Management. In 2019, in Delta Auto Group, 13 managers attended performance management courses, and in 2020, this course will be extended to the second line of management.

In accordance with the goals set for 2019, the Company established development directions, defined training plans and, in accordance with employees’ needs, organized three comprehensive inhouse trainings on the advanced use of Excel, negotiation skills and basics of finance for the persons without formal financial education. The employees who expressed the need for individual work and training had individual coaching session and a professional business coach at their disposal. Throughout the year, BMW Company conducted certification of sales consultants. Four sales consultants received their “Sales Consultant” certificates from the foreign principal of BMW Company.

In view of the rapid development of technology and innovations in car industry, Delta Auto established a training center within the company. This center allows the employees in post-sales to gain continuous education. To increase efficiency of the intended trainings, a new technical coach will be certified upon the approval of the BMW Company.

Professional competences of employees were evaluated externally (through theoretical, oral, and practical tests), upon which the minimum of the necessary technical knowledge was defined. In accordance with the foregoing, the organizers divided technical trainings into the 1<sup>st</sup>, 2<sup>nd</sup> and advanced level, established development plans and the plans for professional training of employees in post-sales.

Trainings were carried out in accordance with a defined plan. In Delta Motors, 74% of employees underwent various courses, and in Delta Automoto 81%.





In 2019, DTS focused on internal training courses and sharing of knowledge and experience among its employees. The Company used internal resources to enhance business processes. DTS organized a number of courses on warehouse management, including: Training for safe transport of dangerous goods, Safety and working conditions, Acceptance and storage of goods, the Return of buyers' goods, Transport preparation and realization, Vehicle cleaning and maintenance, Labelling and co-packaging of goods, ISM basics and goals, Documentation management, etc.

The Department of Finance underwent a one-day training to become acquainted with recent amendments in tax legislation. Mid-level and higher management underwent 300 hours of external courses, which, besides the professional training, included development of personal skills: stress management, emotional intelligence, business negotiation and presentation skills.

Numerous lectures were held with the aim of promoting business processes in the HR department, including HR controlling, performance management organization, 360 ° evaluation, etc.

In 2019, Delta DMD introduced the position of Capability Manager. In cooperation with other managers in the same department, the person in this position will introduce business standards for the lower level management and sales personnel and support their development in order to improve employees' competence and help them reach their full potential.

The Company invested in internal and external trainings for other colleagues as well. The average number of training hours per person amounted to 6h, with 1,570h of training in total. Development directions included negotiation and presentation skills, leadership and emotional intelligence. On-boarding process was redesigned. The Company continued to rely on mentorship as one of the best ways to share knowledge and experience, defined successors for managerial positions and identified key positions for the operation of the entire company. The process of performance management was established and realized, together with individual development plans for the 1<sup>st</sup> and 2<sup>nd</sup> line of management.

In addition, the Company continued to develop the culture of open dialogue, i.e. two-way communication between the employees, general manager and HR. This process was realized twice a year through group discussions with all the employees in the same location (Belgrade, Novi Sad, Čačak, Niš) where the Company operates. We introduced one-on-one talks with HR, as well as monitoring of work, motivation, aspirations and satisfaction of individuals, and continued to implement "Open Door" (with the Director and HR). We encouraged, developed and rewarded innovativity, and realized the best ideas and suggestions. One of the examples of this practice is Tangram at Kvantaš.





In 2019, employees in the hotel Crowne Plaza Belgrade attended numerous trainings in the country and abroad. They had the chance to visit hotels of the IHG chain in France, Great Britain, Spain, Germany, and Dubai. The Company spent 2,804 hours (or 116 days) in total on trainings, courses and lectures, 13 hours of individual and group work per employee on average. Educational cycle of each employee consists of 4 equally important segments:

- “Room to Have a Great Start” - the process of adaptation to new environment, introduction to the brand, colleagues, standards and procedures, the importance of duties of each individual position, and the contribution to the achievement of goals at the level of the sector, hotel and the Company.
- “Room to Grow” - a set of universal courses intended for all employees and specific trainings for particular positions. This set also includes specially designed six-month program “Leading Others” which consists of interactive individual or group work with Training Manager. We are particularly proud of the professional internship program “IHG Academy”. Within this program, our employees act as mentors to the vocational high school and university students. Each year, over 250 students apply for the IHG Academy, which makes us one of the leaders in the implementation of this program at the level of the entire IHG Group.
- “Room to Be Involved” - integration of employees in CSR activities - environmental protection, cleaning of the surrounding area, planting of greenery in the hotel surroundings, water and electricity saving, waste recycling courses, and community support.
- “Room for You” provides each employee with the possibility to express their interests and personal qualities through a series of different projects - innovations, enhancement of technological work processes, organization of field trips, team building, collective activities, competitions, award quizzes, etc.

Two times a year, employees participate in employee satisfaction surveys, the so-called “Colleague HeartBeat” which are organized in all hotels of the IHG Group worldwide. In Crowne Plaza Belgrade, the 97% November score ranked the hotel at the very top of the list of the best European IHG hotels to work for, according to the opinion of the employees.



Once a month, the Company selects employees of the month, and four times a year, managers of the quarter. Winners receive financial awards. Gratitude for the effort invested by the colleagues is also expressed by personalized notes given to each extraordinary individual - “Thank you for delivering True Hospitality”.

All employees actively participate in Green Engage Program of the IHG Group and adhere to the values promoted by the program under the slogan “Act responsible, preserve the nature”. In the following year, we expect to fulfill all tasks of the second level of the Green Engage Program.

PROFESSIONAL TRAININGS IN 2019	TOTAL	WOMEN	MEN	MANAGEMENT	OPERATIVE POSITIONS
Training hours	165.732	79.602	86.131	19.908	145.825
No. of employees who attended trainings	1,918	734	1,184	172	1,746



## THE FUTURE OF DELTA

The Future of Delta is a talent program which aims to prepare Delta Holding's young and talented employees with distinguished achievements for managerial positions in the Company. The purpose of this program is to keep the outstanding employees who stand out among others in terms of their potential, energy, results, knowledge, self-development, and development of the colleagues they cooperate with. In the course of this two-year program, colleagues attend trainings, workshops and receive coaching in order to upgrade their knowledge and skills and prepare themselves for managerial positions.

In 2019, nineteen young colleagues completed the program "The Power of Positive Leadership", which gave them a chance to develop themselves through different trainings - Self-management, Emotion Management, Vision, Mission and Values, Effective Relationship Building, and Assertive Communication.

Experienced colleagues from the departments of marketing and finance held lectures in these two fields of study with the aim of clarifying basic concepts and presenting specificities from their line of business.

In March 2019, colleagues from The Future of Delta attended a four-day development program in Mokra Gora - Negotiation and Presentation Skills. Colleagues had the opportunity to present themselves under the topic "My values, mission and vision". The program helped them to adopt the following concepts:

- in-depth understanding of technical, interpersonal and conceptual managerial skills,
- from personal values to corporate strategy,
- in-depth understanding of the concept: values - mission - vision,
- principled and positional negotiation,
- negotiation styles, strategies and tactics,
- stages of the negotiation process,
- communicative approach to conducting an efficient negotiation meeting,
- model of communication with tough negotiators,
- arguments and counterarguments,
- the sources of power and influence in negotiations,
- the structure of an efficient presentation.

In the last quarter of 2019, colleagues started an English course and individual coaching sessions, which are planned to end in 2020.

From May to October, colleagues were divided in teams and given project tasks to resolve. In November, they presented their project ideas before the President of the Company, Board of Directors and mentors. The best two projects will be realized in 2020 under the mentorship of the President Miroslav Mišković.







## THE POWER OF POSITIVE LEADERSHIP

This program allows young leaders to learn the techniques of self-management and apply their full capacity. First, they need to get to know themselves in order to be able to understand and lead others. The Program includes a series of workshops that are based on the latest studies in the field of positive psychology and neurosciences. The aim of the program is to develop 6 basic skills of a positive leader:

1. focus and self-management,
2. vision creation,
3. planning and self-discipline,
4. relationship building,
5. motivation and people development,
6. creation of team synergy.



## FIRST-TIME MANAGER

Three-day training course “First-Time Manager” is intended for the employees who are about to take positions in which they will have the opportunity to manage people for the first time. Training course is designed to teach managers about the significance of the Company’s vision, mission and values for effective management. In addition, managers learn how to set goals and measure the results of their own team, how to delegate tasks, organize time, motivate and develop employees and give feedback. In 2019, twenty-four colleagues underwent this two-day training course.

## INTERNSHIP FOR STUDENTS AND PUPILS

In 2019, the Company continued with successful organization of internships for students and pupils. The internship in Delta Holding member companies was pursued by 400 students and high school pupils. In the course of their traineeship, they had the chance to implement their school knowledge and acquire new skills and experience that will help them find employment or set up their own business in the future.

A number of interns participated in the program “IHG Academy” held in Crowne Plaza, exactly 265 of them. This program allows them to learn about all sectors and operations in the hotel, and improve their organizational and leadership skills at the same time.

Students and pupils of various educational profiles underwent internship courses and learned about the responsibilities in the hotel Holiday Inn and other members of the system: Delta Motors, Delta Auto, DTS, Delta DMD, Delta Agrar, Podunavlje, Danubius, Yuhor.





## YOUNG LEADERS

In order to motivate young and talented people, in 2012, the Company launched the first Young Leaders Program, as an innovative project in the area of employment. The purpose of the program is to provide young and talented individuals with the opportunity to gain work experience.

For 8 years in a row, Delta has been offering a chance for young people to become a part of the Company, thus supporting the retention of talents in Serbia. This one-year program includes 3 rotations, each of which lasts for 4 months. In this period, young leaders are given the chance to work in different Delta Holding's sectors and member companies in order for them to gain insight into the operation of the Company. Rotations allow them to become acquainted with the jobs and processes within different sectors which suit their interests, education, and the needs of the Company. Throughout the program, mentors are monitoring their work and trying to pass their knowledge and experience in the best possible manner. Upon the completion of a one-year program, the best participants have the opportunity to get permanent employment. In January 2019, the Company welcomed the seventh generation of Young Leaders, with 38 new colleagues starting their work. Two thousand candidates applied for the 7<sup>th</sup> generation contest. After the official reception, during the first, introducing week, participants had the chance to learn about the business activities of the Company through visits and colleagues' presentations. In 2019, they underwent external two-day training course "Emotional Intelligence".

As of 2017, Young Leaders have been a part of the Company's digital transformation. In 2019, with their ideas and projects, they contributed to the innovation of business processes. In order to be able to realize their ideas in the best possible manner, they attended Microsoft Office 365 training course. The projects they had worked on were presented at the end of the year and the winning team was awarded for their idea.

At the end of 2019, after several rounds of selection, the best 46 Young Leaders of the 8<sup>th</sup> generation were selected. This generation is the most numerous so far. Exactly 2,934 candidates applied for the contest launched in September 2019, which is an increase of 30% in comparison with the year 2018.

Over 20,000 candidates applied for this program so far and 235 of them were granted the opportunity to be a part of it.

The following information speak in favor of the project's effectiveness:

- 49 colleagues hold leadership, managerial, and expert positions in the Company
- 5 colleagues participate in the talent program The Future of Delta

This program has multiple benefits - creativity and new energy revitalize corporate culture and encourage business development, and on the other hand, the program is beneficial for the community, as it offers practical education and contributes to the retention of young people in Serbia.







## COMPASS

Educational program Compass was made in cooperation between our Company and the Association of Students of the Faculty of Economics, University of Belgrade. Its purpose is to give students a chance to step into the world of business and gain first-hand insight into the operation of our Company.

From April to October 2019, 50 third-year and fourth-year students from seven different faculties had the chance to learn from Delta's experts through interactive lectures and workshops.

In a six-month period, students attended various lectures where they learned about negotiation skills, the importance of team work, communication and social media, employee motivation, leadership, and asked questions. One of the lectures about business and entrepreneurship was held by the President of the Company, Miroslav Mišković.

During the program, students visited Danubius and Fun&Fit factories, the orchard in Čelarevo, BMW showroom and attended various workshops (speed dating, interview conduct and rhetoric).



## INNOVATIONS

Innovation is defined as implementation of a new, improved idea, procedure, service, or a process which brings new benefits or qualities in practice. In other words, an innovation represents a solution which has not been implemented in the practices of the company so far, but which facilitates and improves the performance of duties and tasks, and in the corporate world, brings increase in profit or optimizes resources. These solutions may apply to internal processes, or new products and services oriented towards the market. Among the innovations that are seldom seen are the ones that change the market - the so-called disruptive innovations. Even though the Company has demonstrated its innovativity and capacity to create absolute novelties on the market from the first day of its establishment, in December 2017, the Committee for Innovation and Digital Transformation was founded to improve the operation of the Company through the implementation of digital transformation and innovations. The members of the Committee hold managerial positions in the Company and the members of subcommittees are the employees from their departments, i.e. work units.



The Committee organizes meetings 4 times a year (every three months) in order to:

- present innovative ideas,
- consider the possibility of their realization,
- consider the status of the adopted ideas (whether they are realized or not) and
- consider the ideas presented by the employees through intranet portal.

In 2019, 16 members with 121 subcommittee members participated in the work of the Innovations Committee. They discussed 198 ideas, out of which 38 have been realized, 148 are in the implementation stage, and 12 have been discarded as there are no conditions for their practical realization.

In order to educate the employees about the innovation processes and provide them with the necessary tools and instructions, the Company posted an Innovation Guidebook on the intranet portal, where it is accessible to all employees. The portal also features a section where employees may submit their ideas. In addition, the Company organized two internal email campaigns titled “Inspired by Innovations”, conducted a survey among the employees about the innovation processes in the company and organized Open Door for discussion on the said topic.

The Company introduced innovativity awards, the so-called DNK awards, for the most successful projects realized in the course of the year. Members of the Committee for Innovations nominate the employees in two categories: the category of development projects which enhance internal operation - The Mission Possible Award and the category of radical projects which enhance business activities oriented towards the market - The Game Changer Award. The award consists of the participation in the Web Summit Conference on Innovations which takes place in Lisbon, Portugal. Due to a large number of nominations, the Company introduced yet another award called “The Spotlight Award” in both categories, for those colleagues whose projects also contributed to the improvement of the company’s business. The following projects received awards: introduction of digital pay slips, BIM methodology in project management, creation of API advertising base and the introduction of hand cameras for product control.

In addition to the projects proposed through the Innovations Committee, the Company received proposals from Young Leaders of the 7<sup>th</sup> generation and the teams from The Future of Delta. At the Young Leaders’ project contest, the first prize was awarded to the SAP transactions project, aimed at improving SAP system through processes which expedite its work and update information inside the program. At the contest organized for the participants of the Future of Delta, the jury selected business ideas of two teams. The first one suggested the entry into a pharma distribution channel, and the other entry into honey business, namely purchase and export.





## DELTA BUSINESS INCUBATOR

Delta Business Incubator Program was launched in 2018 with the aim of supporting entrepreneurship in Serbia and the development and preparation of startup ideas for the market. The purpose of the program is to develop ideas in the area of logistics, distribution, agriculture, and real estate, namely the lines of business of Delta Holding's member companies. This way, the Company is able to offer not only financial support, which is important to set up a new business, but also mentors, knowledge, and the opportunity to test ideas and create business contacts.

At the 2019 contest, 74 ideas were submitted, 9 of which met the basic contest requirements for entry into the incubator. The ideas were presented to the members of the commission in charge of evaluating development capacities of teams and their ideas. The members selected five teams which entered the incubation program. In the course of a three-month program, the Company designed individual work plans for different teams in accordance with their needs, selected mentors to monitor their work and provide the necessary support for idea testing, and contacts for market research. The teams also underwent a business training course and interactive online lectures on various business-related topics: what are the qualities of a successful startup/successful team, how to conduct effective market research, how to create a solid business plan, the importance of strategic planning and marketing, protection of intellectual property and five-minute presentation skills. Lectures were held by Delta Holding's employees, external associates, and startup representatives.

After the completion of the incubation period, teams pitched their business ideas to a ten-member jury consisting of leaders in the world of audit, IT and marketing, and two members from Delta Holding's top management. The winning team of the contest for investment was "Orlandus d.o.o." from Novi Sad, with its online platform "Otkupljivac" ([www.otkupljivac.rs](http://www.otkupljivac.rs)) which offers a solution for quick and easy sale of agricultural products. The platform connects producers with the nearest buyers by displaying an updated list of registered buyers.

In cooperation with the Propulsion Fund, a partner for relations with local communities, Delta Business Incubator team promoted the program in 5 cities of Serbia.

For more information on Delta Business Incubator, visit: [www.deltabiznisinkubator.rs](http://www.deltabiznisinkubator.rs)



## HEALTH AND SAFETY AT WORK (HSW)

Care for people represents one of the Company's values, whereas safe and healthy working environment is one of the basic prerequisites for employees' security and satisfaction. For this reason, strategic plans are always devised to include investments in new technologies, training courses and lectures aimed at minimizing the number of occupational injuries and diseases.

This area is an important part of business sustainability, which is why the Company appointed chief business sustainability officer as a person in charge of strategic improvement and monitoring of HSW and Fire Protection activities. Delta Holding's manager for Health and Safety at Work and Fire Protection is directly responsible for the implementation of the strategy. The manager provides consulting services, directs and controls the work of the appointed experts in each member of the system. In 2019, the duties related to Health and Safety at Work and Fire Protection were integrated in the company's SAP system, which allowed HSW and FP experts to have constant access to the information regarding the status of equipment, personal protective equipment, necessary inspections of the equipment, health condition and needs for employees' medical checks in due time.

All members of the system worked on the improvement of working conditions. Throughout the year, the Company made investments in the factories and the properties to upgrade equipment, fire protection systems and procure personal protective equipment. Activities and operations were monitored with the aim of defining critical points. The Company also focused on organizing additional trainings, which significantly reduced the number of occupational accidents in relation to the year 2018. In addition to regular HSW and FP trainings, in 2019, the Company organized trainings on the use of SAP application.

The largest number of occupational accidents was recorded in Yuhor, 25 minor and 5 severe injuries. The most common causes of injuries were slips and sharp objects used in work processes.



### OCCUPATIONAL INJURIES IN 2019

MEMBER	NUMBER OF MINOR INJURIES	NUMBER OF SEVERE INJURIES	TOTAL NUMBER OF INJURIES	NO. OF LOST WORKING DAYS
Delta Agrar Group	25	6	31	2,909
Delta Food Processing	35	7	42	1,528
Delta Real Estate Group	7	0	7	90
Delta Distribution	5	2	7	249
Common Functions	0	0	0	0
Delta MC	0	0	0	0
<b>TOTAL</b>	<b>72</b>	<b>15</b>	<b>87</b>	<b>4,776</b>

#### HSW AND FP TRAINING IN 2019

#### TOTAL

Training hours	10,466
Number of employees who attended trainings	3,963

#### NO. OF WORKING HOURS IN 2019

#### 2,088

Fatal occupational injuries ratio	0
Severe occupational injuries ratio	7,183.91
Ratio of all the recorded occupational injuries	41,666.67





# ENVIRONMENTAL CARE

The management and employees of Delta Holding Company recognize the importance of environmental protection for human health and survival of our planet. For this reason, the strategy of the company includes goals which aim to generate business without pollution and degradation, with balanced use of natural resources.

Internal and external stakeholders recognized the following key action areas: energy efficiency, protection of air, water, soil, and other natural resources. To achieve the abovementioned, the Company implements innovative solutions and pure technology to avoid or reduce adverse effects on the environment. Non-renewable resources, including energy sources, are preserved by being replaced with renewable resources. In addition, the Company invests all its efforts in the protection of water resources. Sustainable waste management is the result of reduced generation of hazardous waste and other kinds of waste, and the result of implemented alternatives for their reuse. Preservation of biodiversity and the protection of natural and cultural values of the protected areas are also integrated in the business principles of the Company.

The Company regularly educates its employees about the importance of environmental protection to foster their sense of responsibility. Notices on the intranet portal and regular lectures serve to educate the employees about possible threats to the environment and the importance of adhering to ecological principles in everyday business. A general environmental protection policy was adopted at company level, to include monitoring, measuring, reduction and prevention of pollutant release into the environment, namely water, soil, and air. Energy saving instructions and guidelines on proper waste selection and disposal are displayed in all offices.

This part of the Report presents the most important activities undertaken by Delta Holding members with the aim of promoting key areas in 2019, and the targets set for the following period.



## ENERGY EFFICIENCY

The undertaken energy efficiency measures optimized the use of energy products at all locations.

### ENERGY CONSUMPTION IN 2019

MEMBERS	ELECTRIC ENERGY GJ	COAL CONSUMPTION GJ	NATURAL GAS CONSUMPTION GJ	FUEL CONSUMPTION GJ	BIOMASS GJ
Delta Agrar Group	68,248	314,89	16,677	46,499	59,131
Delta Food Processing	74,826	0	65,395	10,157	0
Delta Real Estate Group	42,131	0	22,344	1,147	0
Delta Distribution	15,649	0	3,669	21,289	0
Total Consumption	200,855	314,89	108,085	79,093	59,131

### ENERGY INTENSITY

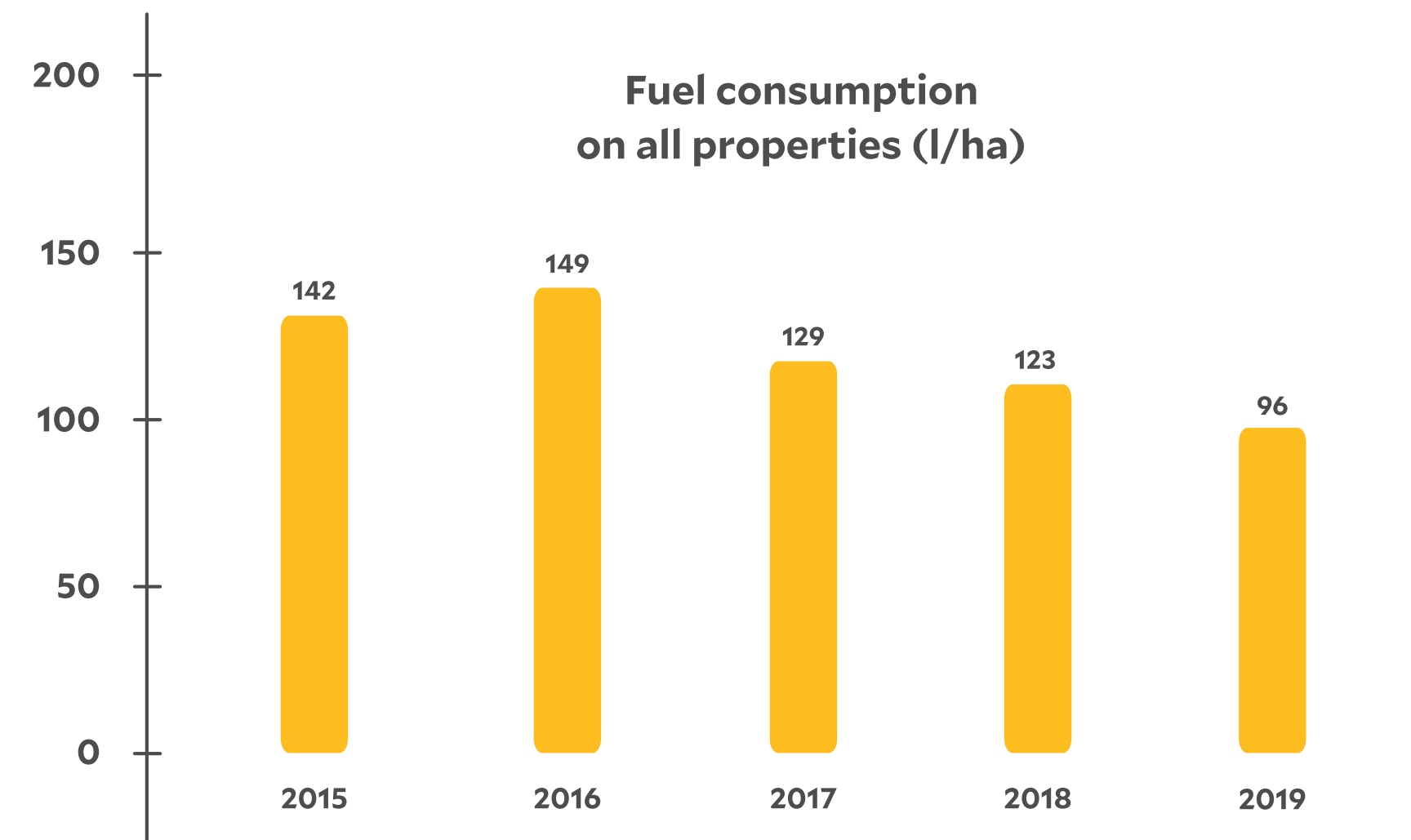
YEAR 2019	OVERALL ENERGY CONSUMPTION IN GJ	OVERALL INCOME IN MILLION OF EUROS	CONSUMED ENERGY PER SALES UNIT (GJ/€)
Amount	22,440	559,85	0.000004

## ENERGY EFFICIENCY MEASURES

Delta Agrar Group maintains records on the consumption of energy products on all its farms and properties in order to determine critical points and reduction options. Every renovation is carried out with the latest, technologically cleaner solutions which contribute to the reduction of overall consumption and emission.

In 2019, Delta Agrar optimized the energy efficiency of primary production in the following manner:

- by implementing precision agriculture practices, which improve the organization of work processes, reduce fuel consumption, and enhance work results;
- by reducing the number of operations and repetitions in basic processing and pre-planting preparations on the properties, thus enhancing work results.





On its properties, Delta Agrar introduced planting with autopilot navigation, GIS, GPS, automatic navigation, and variable application of fertilizers, seeds, and pesticides. Delta Agrar uses 31 tractors with navigation and 111 units with Global Positioning System. The autopilot navigation entirely replaces a tractor operator.

The introduction of the latest machinery, heavy tractors, universal harvesters, and autopilot navigation reduced the number of repetitions, which ultimately led to the reduced consumption of energy products.

To further improve energy efficiency in the upcoming period, the Company plans to purchase variable seed drills and dispersers, which will directly reduce the consumption of energy products and processed materials.

After it was reconstructed in 2018, the pig farm in Vladimirovac started operating in full production capacity in 2019. As all the installed equipment is based on electricity-saving technology, the consumption of energy is significantly reduced in comparison with the previous period. The farm was equipped with engines with frequency regulation for reduced consumption and automatized heating and ventilation systems.

Future plans include the installation of thermal sensors for the activation of IR heat lamps used in swine farrowing units, which reduce day/night temperature differences, especially in the period from April to September. In addition, the Company plans to install photo-sensors for outdoor and indoor lighting in the corridors between farrowing units.

CO <sub>2</sub> EMISSIONS				
MEMBERS	DIRECT EMISSIONS CO <sub>2</sub>			INDIRECT EMISSIONS
	NATURAL GAS tCO <sub>2</sub>	COAL tCO <sub>2</sub>	FUEL tCO <sub>2</sub>	ELECTRICITY tCO <sub>2</sub>
Delta Agrar Group	882.84	314.89	1,794.17	4,436.12
Delta Food Processing	3,461.84	0	395.51	4,863.70
Delta Real Estate Group	1,182.82	0	49.52	2,738.52
Delta Distribution	194.21	0	831.61	1,017.21
<b>Overall consumption</b>		<b>9,384.64</b>		<b>13,055.54</b>



All the factories of the Food Processing Group monitor energy consumption and implement energy-saving equipment and processes.

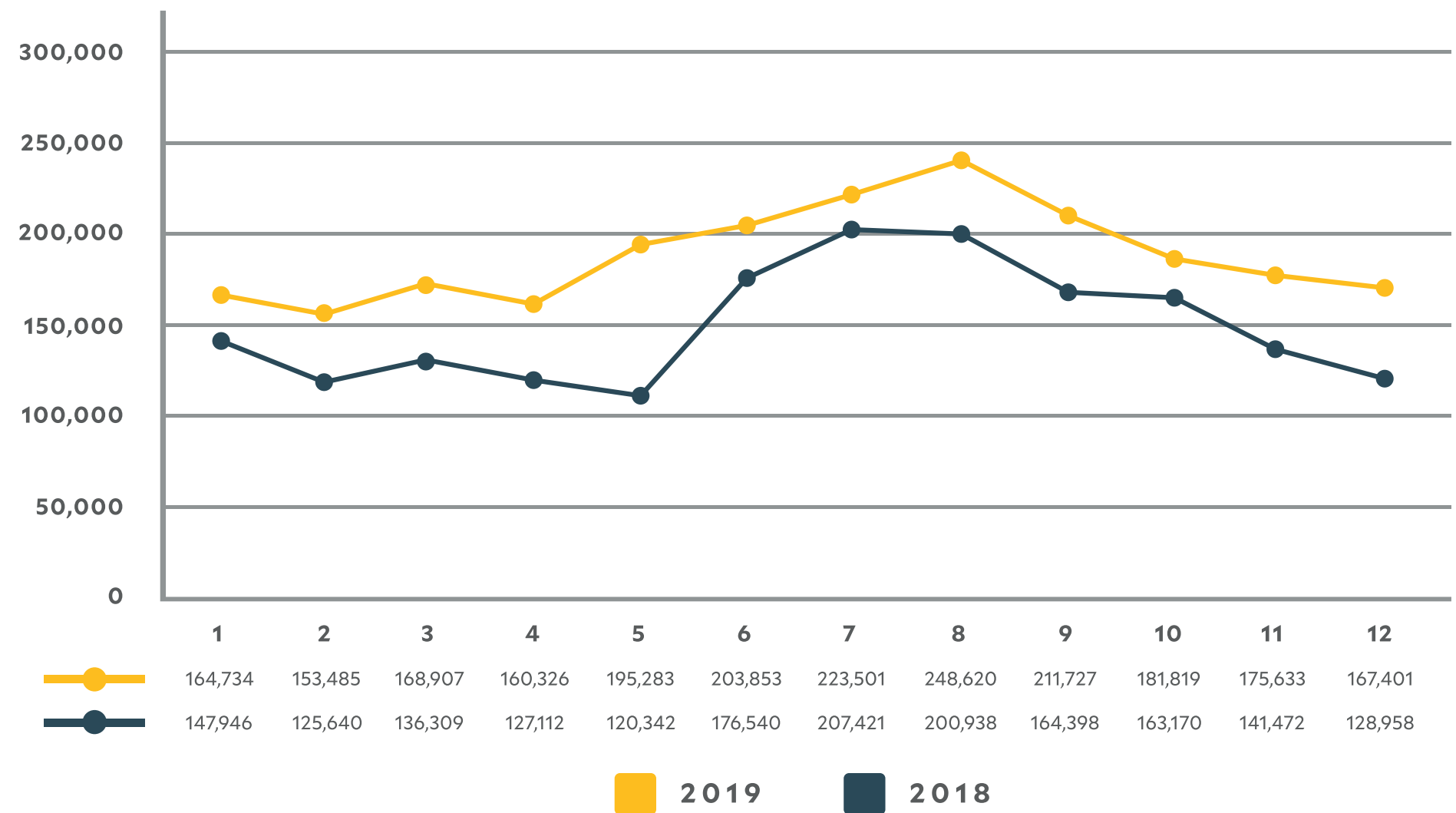
In 2019, despite the increase in production of 2%, Yuhor factory managed to reduce the consumption of energy products: electricity by 6.50%, natural gas by 1.60%, and water by 1.50%.

These reductions are a result of improved organization, regular controls and maintenance of the equipment, and the adherence to energy efficiency recommendations.

## DTS

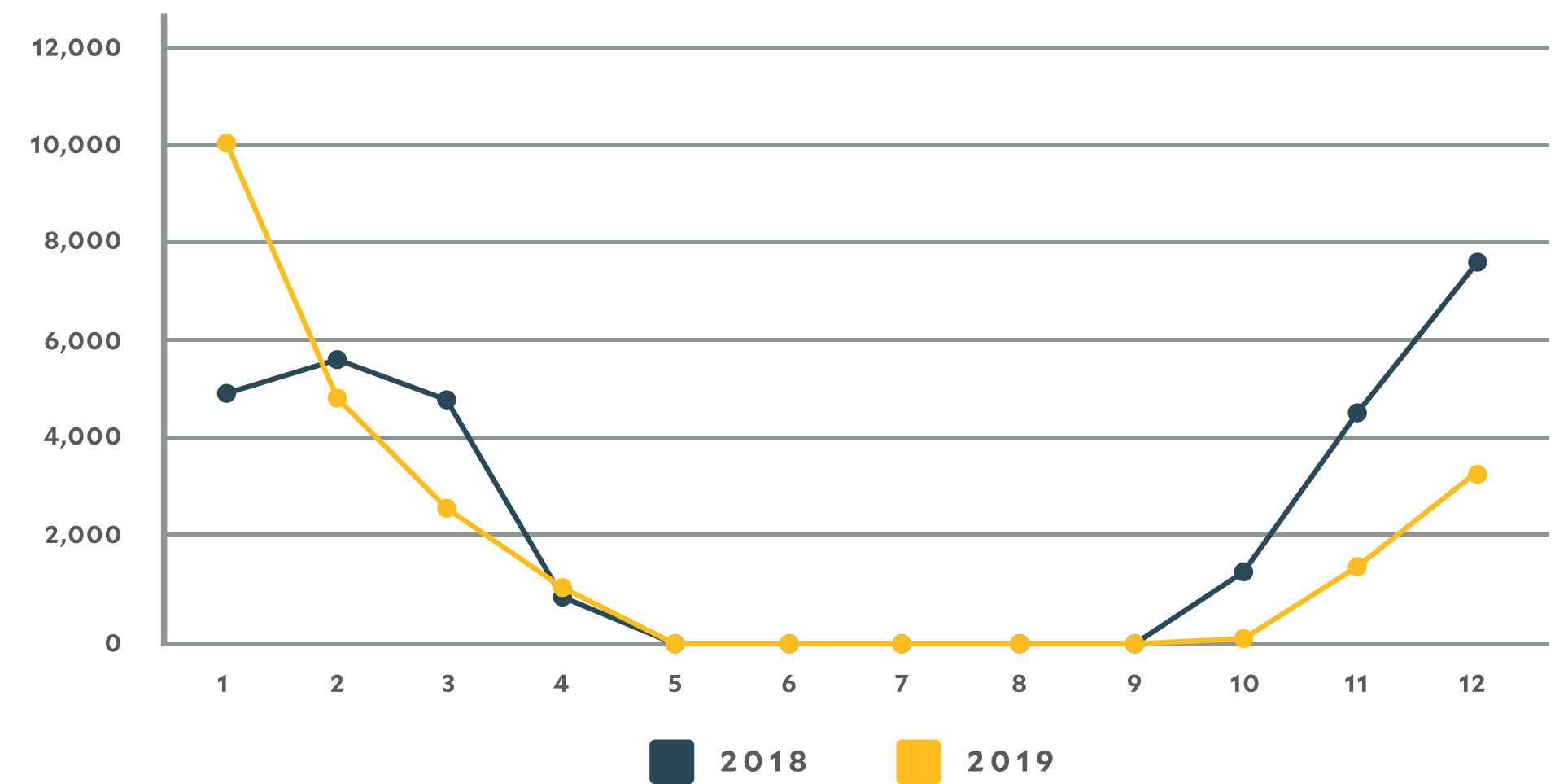
In its warehouses, DTS continued to implement activities that had successfully reduced the consumption of electricity in the previous years. Apart from harmonized activation and deactivation of illumination and controlled operation of the ventilation system, DTS also adapted cooling devices in the periods when there was no need for the use of compressor systems. In addition, DTS introduced controlled use of ventilation systems in the periods when charging stations are not active. The annual electricity consumption was reduced by 415,042 kWh. Due to these savings, costs dropped by 19% in comparison with the previous year, as well as the emission of CO<sub>2</sub>.

**ELECTRIC POWER CONSUMPTION (kWh)**



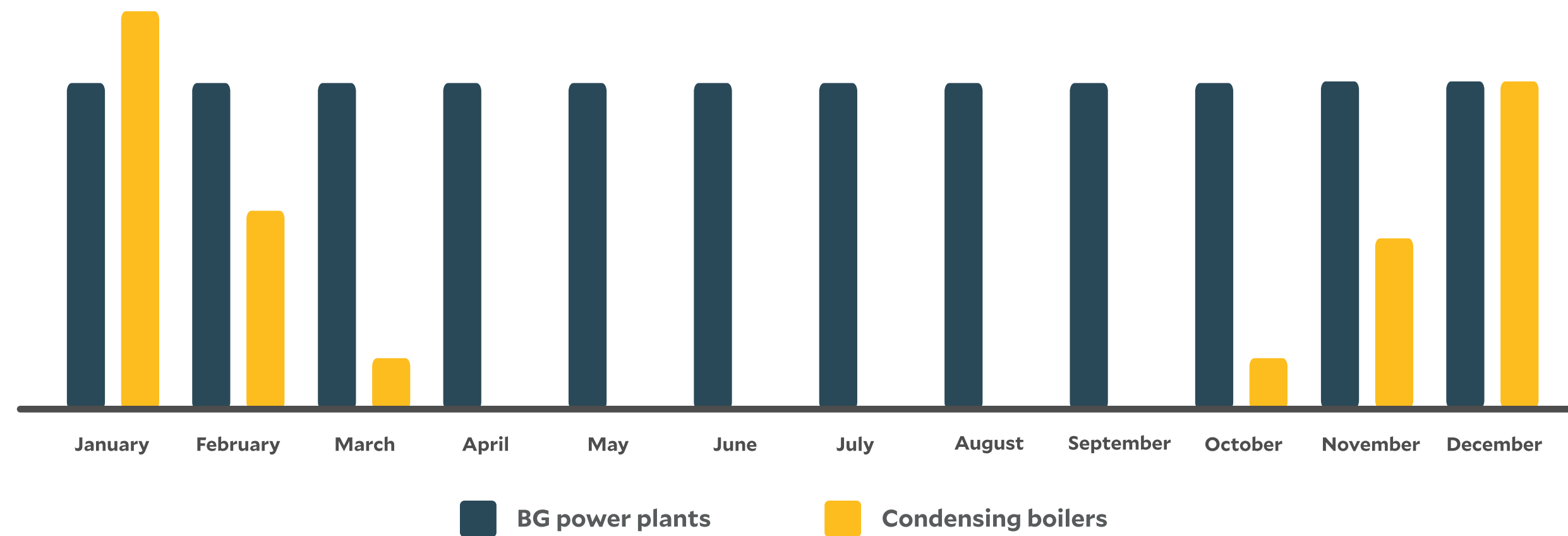
Gas consumption dropped by 21.4% in the periods when this energy product was used. The consumption of energy slightly increased in January due to detailed inventory taking which required the staff to spend more time in heated premises than usual.

**GAS CONSUMPTION (m<sup>3</sup>)**

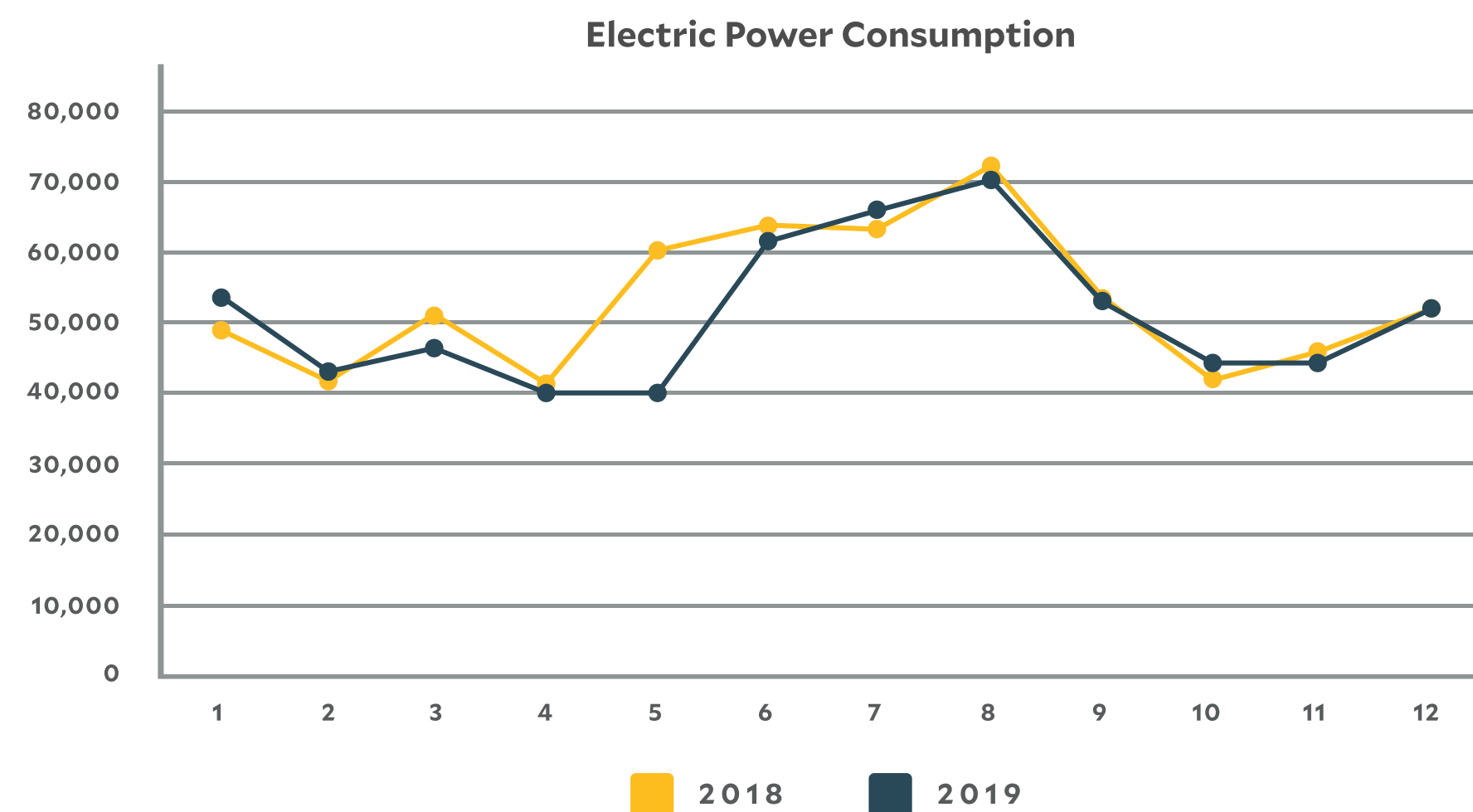




The process of gasification was completed in three facilities of Delta Automoto Company. This process significantly reduced the consumption of energy products, which, in addition to having positive effect on the environment, led to the reduction of operative costs at the same time. Instead of expected 18 million RSD, the overall costs amounted to 5.5 million RSD.



In the facilities of Delta Motors Company, the consumption of electricity was reduced by 24,808 kWh, which is a 4% decrease in relation to the previous year, whereas gas consumption was reduced by 4,182 m<sup>3</sup>, i.e. 6.74%.





In 2018, Crowne Plaza introduced improvements in BMS software, which optimized system operation and daily consumption monitoring in 2019, enhanced analysis and operation of HVAC system.

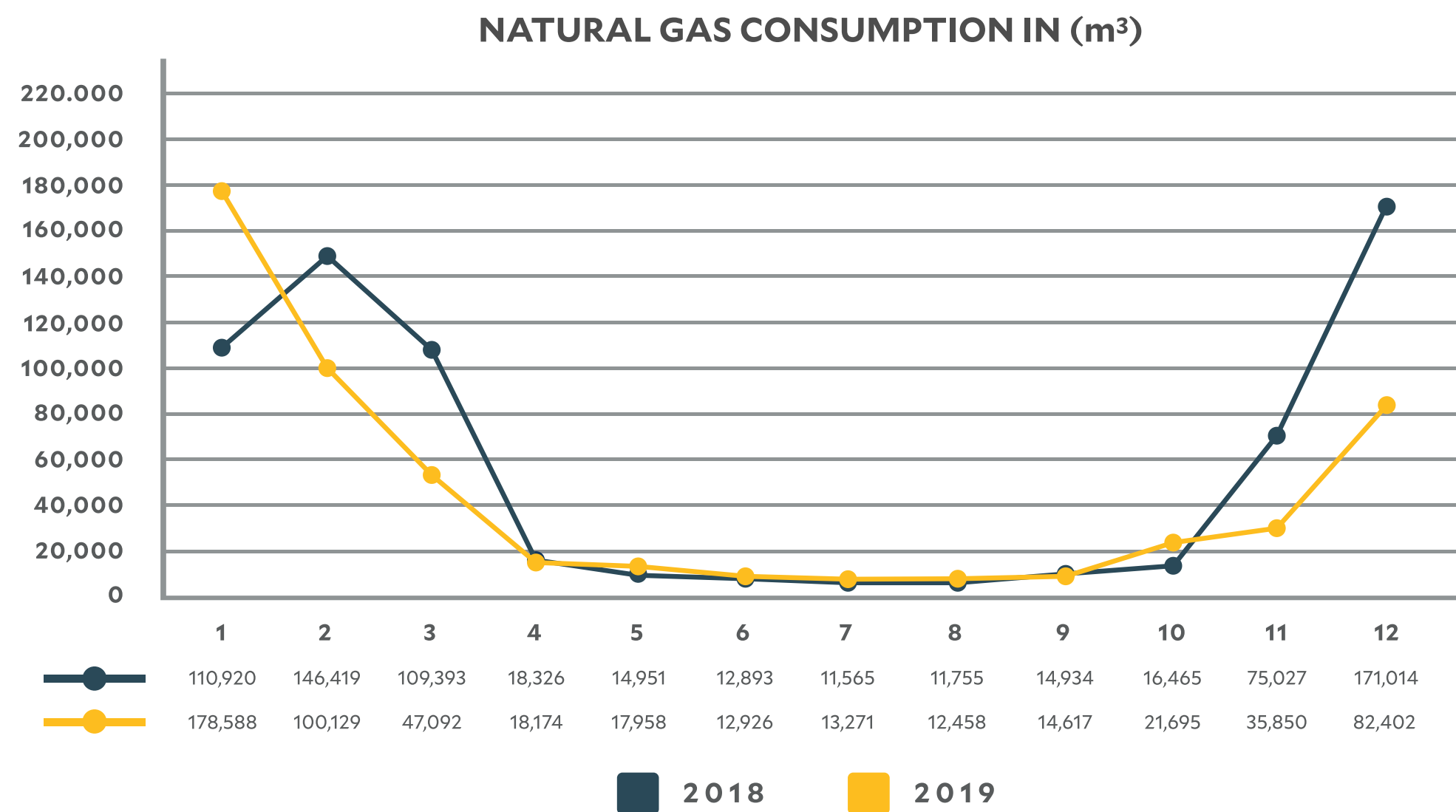
At certain positions, fluorescent lights were replaced with LED lights. The introduction of LED lights resulted in a number of advantages: reduced electricity consumption, reduced investments in the purchase of light bulbs, less time spent in the replacement of light bulbs, etc. As for the unoccupied rooms, the staff closed the windows and pulled the curtains to reduce excess heating or cooling of the rooms.

As the consumption of energy was reduced and the number of booked rooms increased, the emission of CO<sub>2</sub> decreased by 12.3%, even though the goal of the IHG Group was to reduce the emission by 2.5%.

Total savings in 2019 in relation to the previous year:

1. Electricity 8.70%;
2. Heat 13.96%;
3. Water 4.15%.

In its power station, NBGP Properties installed flow meters which measure the consumption of heating and cooling energy and a software which allows measuring of energy consumption from a control room. These investments resulted in the reduction of gas consumption by 22.2% in comparison with the previous year.





## NATURE RESERVE

Delta Agrar looks after a wildlife reserve, a pond in Svilojevo, situated on the property Jedinstvo d.o.o. The pond stretches across the area of 150 ha and it consists of several ponds and minor 50 ha islands with flora and fauna, the impact on which is not allowed without the authorization of the Republic Institute of Environmental Protection. It is strictly prohibited to cut the island reed and bulrush, capture or kill herons, destroy their nests, reproduction areas and habitats. The said prohibition is prescribed by the Law on environmental protection and the Rulebook on protection and declaration of strictly protected species of plants, animals and fungi. The Institute of the Province is in charge of adopting decisions in accordance with the said laws.

## WATER CONSERVATION

All Delta Holding members which have the possibility to participate in water conservation operate in accordance with strict ecological standards.

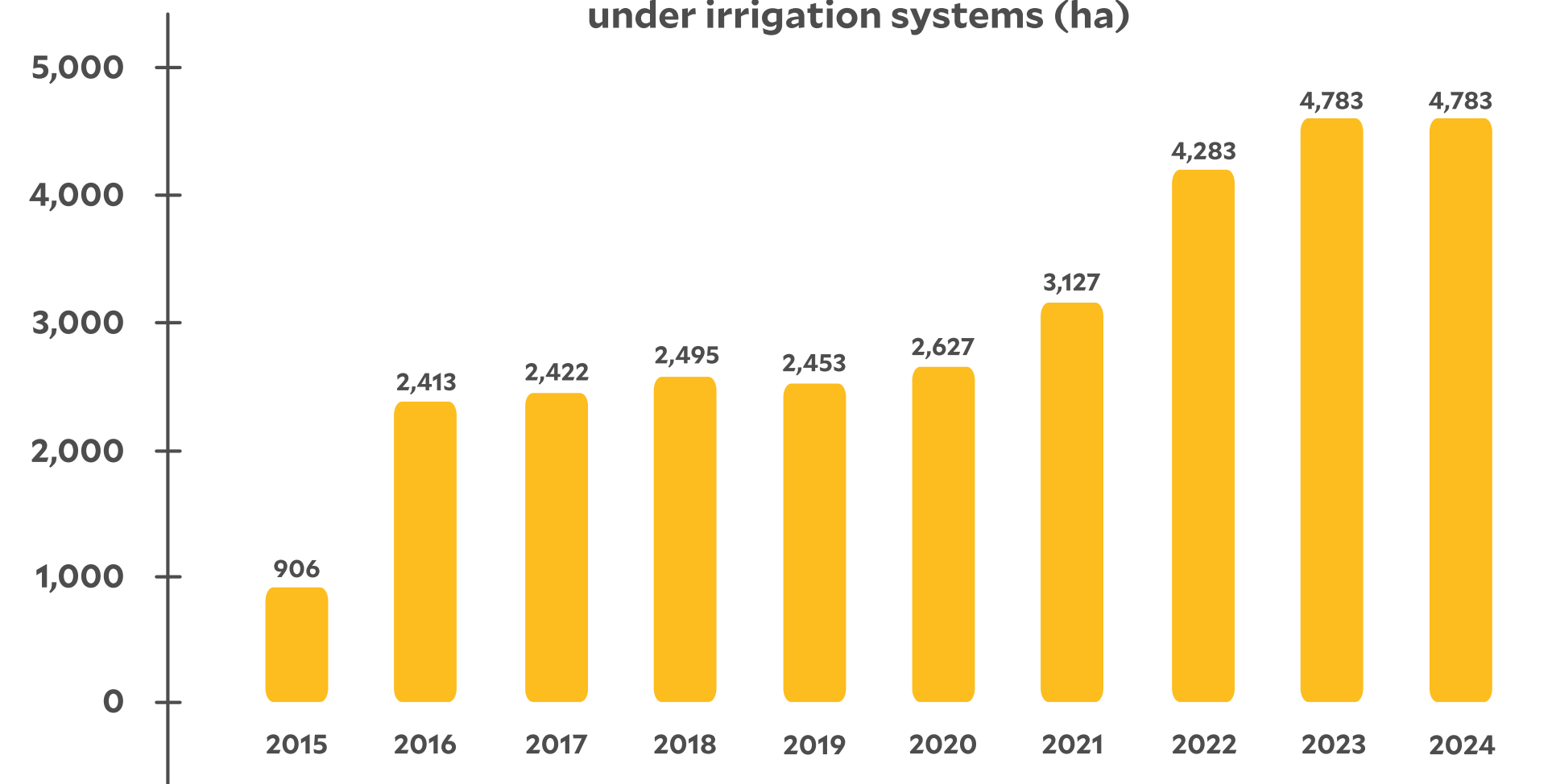
The Company relies on surveys on the yield of water wells and installs water meters with the aim of optimizing water consumption at all locations. The quality of the water in wells is controlled on a monthly basis and the reports on the consumption are regularly submitted to the public water management company "Srbijavode".

In addition, precision agriculture facilitates monitoring and optimization of water consumption for production needs. To irrigate orchards, vegetable gardens, and arable crops, Delta Agrar uses the latest irrigation systems. The drinkers used on farms prevent spilling and excess consumption of drinking water.

Delta Agrar's orchards use drop-by-drop watering systems to regulate and optimize consumption. These watering systems rely on automatic monitoring to adapt to plants' needs. At the moment, 40% of arable crops are under irrigation systems. The goal in 2020 is to reach 60%, as the irrigation needs drop when arable crops are supplied with sufficient amounts of water.

In 2019, due to heavy precipitations, watering needs dropped together with water consumption. In the critical stages of development, plants need to have sufficient amounts of water at their disposal, and water consumption is controlled through the percentage of its utilisation.

Existing and envisaged areas under irrigation systems (ha)



To enhance the utilization of water, the Company ensures that the quantity of distributed water does not exceed the irrigation norm, because the plant absorbs only the amount of water necessary for growth and development of biomass, whereas the rest is lost through evaporation and drainage.

In addition to the norm, irrigation timing is one of the most important factors, as well as the choice of droppers that uniformly distribute water to plants.

After the renovation, the pig farm in Vladimirovac was equipped with pumps for fogging, i.e. cooling of inbound water temperature, which also reduce water consumption:

- fogging systems are equipped with accessories which regulate water quality (hardness of water);
- additional filters with polyphosphate were installed on water pumps;
- the number of replaced sprinklers dropped, as well as water loss caused by breakage of sprinklers.



All the factories of the Food Processing Group are equipped with filters for purification of aqueous effluents. The quality of water is controlled four times a year. Yuhor factory also reduced water consumption by 1.5% despite the increase in production of 2%. The installation of a new unit for chemical preparation of water greatly reduced salt consumption. In terms of finance, savings amount to EUR 5,000, and percentagewise, around 29%.

Through controlled consumption, cost-effective use of water for irrigation of green surfaces, maintenance of technical infrastructure in the facility and a number of regular activities carried out by the technical maintenance department, the facility of DTS Company also realized significant savings. Active implementation of the said measures reduced water consumption by 13% in comparison with the previous year.

To prevent the pollution of recipients which results from the release of aqueous effluents from Delta Motors and Delta Automoto maintenance centers and DTS center for storage and distribution, the aqueous effluents are treated prior to being released into shafts or the city collector. The Institute of Public Health of Belgrade carried out periodical inspections of aqueous effluents and found that the content of hazardous materials was within the prescribed ecological limits in all facilities. The quantity of released aqueous effluent in Delta Automoto is measured on a daily basis, and the reports on released amounts are periodically submitted to competent institutions.

EXTRACTED WATER IN m <sup>3</sup>				
MEMBERS	WELL WATER	POND WATER	SURFACE WATER	TAP WATER
Delta Agrar Group	1,058,355	150,000	24,263,468	17,736
Delta Food Processing	254,253	0	0	42,297
Delta Real Estate Group	0	0	0	80,043
Delta Distribution	0	0	0	14,857



## WASTE MANAGEMENT

Waste management is the activity of general interests in every society. In accordance with the Law on Environmental Protection and the Law on Waste Management, all Delta Holding members carry out organized and systematic disposal of the waste collected in the process of work.

In this manner, they minimize the adverse effects of their activities on the environment. Delta Holding engages an operator for the collection of non-hazardous packaging waste at company level. Collection of hazardous waste is delegated to the operators which have demonstrated their conscientiousness and compliance with applicable legal regulations through their extensive experience in hazardous waste management.

The Company continually strives to raise the awareness of its employees about the importance of waste reduction and its proper treatment. To this purpose, employees' premises are equipped with segregated bins for paper, plastic, and tins. In addition, there are posters which present disposal locations, the instructions on proper selection and the importance of recycling.

**THE AMOUNT OF GENERATED AND TREATED WASTE IN TONS**

MEMBERS	NON-HAZARDOUS WASTE GENERATED IN 2019	QUANTITY OF NON-HAZARDOUS WASTE ON 01/01/2019	QUANTITY OF NON-HAZARDOUS WASTE ON 31/12/2019	HAZARDOUS WASTE GENERATED IN 2019	QUANTITY OF HAZARDOUS WASTE ON 01/01/2019	QUANTITY OF HAZARDOUS WASTE ON 31/12/2019	TREATED QUANTITY OF NON-HAZARDOUS WASTE	TREATED QUANTITY OF HAZARDOUS WASTE
Delta Agrar Group	481.750	54.602	84.394	13.326	15.484	6.655	451.958	22.155
Delta Food Processing	389.136	17.099	18.384	4.296	2.910	4.090	387.851	3.116
Delta Real Estate Group	114.805	0.000	0.000	3.980	0.000	0.000	114.805	3.980
Delta Distribution	137.073	0.300	0.000	42.277	0.600	0.000	137.373	42.877



## DELTA PAK

Delta Pak is a non-profit organization which operates as a part of Delta Holding and shares its values, business ethics, and corporate culture. As a packaging waste management operator, Delta Pak organizes the establishment of an integrated system of packaging waste management in accordance with the environmental protection principles, international standards, and applicable regulations of the Republic of Serbia.

The organization operates in accordance with CSR and sustainable development principles, which it shares with its clients and business partners. Delta Pak fosters continuity in communication and long-term cooperation, which includes on-site inspections, resolving of on-site issues, expert consulting on waste management, keeping of records about waste quantities and submission of reports to the competent national authorities. The aim is to help each client establish a sustainable waste management system in accordance with the applicable laws and regulations.

In 2019, as an operator for packaging waste management and packaging management, Delta Pak had contracts with 119 clients, including all Delta Holding members. The overall packaging quantity Delta Pak's clients placed on the market of the Republic of Serbia amounted to 15,964.94 t.

This year, once again, Delta Pak made sure that all its clients realized national goals. General national goal for the Republic of Serbia for the year 2019 was 60%. The operator Delta Pak reused and recycled 11,012.68 t of packaging waste. Delta Pak reached the national goal for the Republic of Serbia for 2019, as it reused and recycled 67% of packaging waste.

PLACED PACKAGING - DELTA HOLDING		
2019	TOTAL AMOUNT PLACED ON THE MARKET - NON-RETURNABLE (t)	TOTAL AMOUNT PLACED ON THE MARKET - RETURNABLE (t)
Plastic Total	1,421.29	4.63
Glass Total	90.05	0
Metal Total	132.72	0
Carton and Paper -Total	1,607.09	0
Timber Total	553.58	292.14
Other types of packaging	0.14	0
Total	3,804.87	296.77
	4,101.64	
Share in returnable packaging (%)	7.80	



Reports of the Environmental Protection Agency confirm the leading position Delta Pak holds in the realization of national goals for a number of years. According to the latest report for 2018 published on the official website of the Environmental Protection Agency, Delta Pak took over 59.9% of packaging waste, whereas the national goals laid down by the applicable regulation requested 55%. All other waste operators recycled less than Delta Pak.

In 2019, Delta Pak concluded cooperation agreements in the realization of national goals with regard to packaging management and packaging waste management with 8 companies which have the authorization to collect and recycle non-hazardous packaging waste.

In addition to packaging management, Delta Pak provides consulting services in the area of environmental protection, management of hazardous and non-hazardous waste, special procedures with regard to disposal of waste and chemicals and safe transport of dangerous goods. In 2019, Delta Pak advised 36 clients, sharing its expert knowledge from the listed areas.

In 2019, Delta Holding members attended training courses in waste management and environmental protection. The aim of these training courses was to introduce the members to legal regulations and requirements, prescribed documents and the obligations with regard to waste management that need to be carried out on a daily basis.

Delta Pak also posted online Guidelines for the protection of environment and efficient use of energy “Ekokutak”, a document drafted in 2016 with the aim of raising environmental awareness of employees.

With 12 interesting, educative texts, in 2019, Delta Pak informed Company’s employees of new findings in ecology, and gave them a chance to read useful pieces of advice whose implementation on a daily basis may contribute to the conservation of our environment.

To prevent any possible accidents, as a consultant for safe transport of dangerous goods, Delta Pak educates its clients about legal regulations and the risks of handling dangerous goods. In 2019, the operator organized training courses on the safe transport of dangerous on the properties of Delta Agrar.

In 2019, in the city of Zaječar, Delta Pak started campaigning for the reduction of packaging waste on the local village landfills. Representatives of Delta Pak participated in meetings with local authorities and Public Utility and Housing Company “Zaječar” to discuss measures that need to be undertaken. The problem of illegal landfills was also addressed. In the upcoming period, the operator plans to raise awareness of the population on proper treatment and sorting of waste. In addition to organizing lectures, the task of Delta Pak will be to ensure the collection of generated waste which will be included in the recycling process.

In 2019, Delta Pak participated in the preparation of Draft amendments to the law on packaging and packaging waste. The Draft prescribes introduction of a deposit system for beverage packaging. Public discussion was launched and, at the moment, all interested parties have the opportunity to vote for or against the introduction of the deposit system, and offer their arguments. The aim of this amendment is to find a way to collect beverage packaging from the citizens of Serbia and prevent its disposal on landfills. Bylaws are expected to be drafted in the following period, as well as the model of the system which could be applicable in Serbia.





# SUPPORTING LOCAL COMMUNITY

All Delta Holding members support the community through the projects carried out by Delta Foundation.

Delta established the first corporate foundation in our community in 2007, with the aim of restoring the tradition of endowment in Serbia. From its establishment up to present, Delta Foundation has left three endowments to our community:

- Daycare center for persons with disabilities “Sunce”
- Center for sport and recreation of persons with disabilities “Iskra”
- A sculpture “From There to Here”, a piece of art which adorns the pedestrian bridge that connects the Kalemegdan Fortress and Sava Quay in Belgrade

In addition to its endowment projects, Delta Foundation focuses on the following:

- implementation of development projects aimed at supporting our community
- providing aid to the endangered groups of population
- strengthening social entrepreneurship
- supporting education and culture
- providing aid to the community in states of emergency caused by natural disasters and other circumstances

**Since it was established in 2007 up to the end of 2019, Delta Foundation carried out 3,870 humanitarian activities, invested 38.58 million EUR in our community, and provided aid for 752,824 citizens of Serbia.**







## OUR VILLAGE

Delta Holding initiated the project “Our Village” at the end of 2018 with the aim of supporting and promoting the development of agriculture in underdeveloped areas of Serbia. With this project, Delta wishes to revitalize Serbian villages and demonstrate that they can keep pace with the villages in the developed parts of Europe. The project was launched in the villages of Mala Jasikova and Dubočane near Zaječar, due to a large number of young people who wish to stay in these villages and work in agriculture. Residents of Mala Jasikova primarily specialize in fruit growing, and residents of Dubočane in stock farming. Forty households applied for the project in the year when it was launched. Delta’s employees spent over 500 hours on field in the attempt to help the locals maximize their results.

Having in mind that knowledge is the most valuable resource for the development of modern agriculture, Delta Agrar’s employees and external associates held 46 expert lectures to the local population and organized 4 visits to Delta’s properties, as well as a visit to the Agricultural Fair of Novi Sad. Individual development plans and sets of measures were designed for each household. Delta’s teams paid weekly visits to local properties and advised locals on the protection of fruit, selection of animal breeds, their proper growing, and all other processes which lead to successful production. As the placement of products presents one of the largest problems for the agricultural producers, Delta guarantees the purchase of products made by local producers and their placement to large retail chains. In this way, the Company helps local producers establish sustainable production.





In cooperation with Erste Bank, local residents were granted loans for the modernization of agricultural production. The interest on the said loans will be paid by Delta Agrar. In 2019, the value of withdrawn loans amounted to 120,000 euros. The funds were used for the procurement of seedlings, animals and equipment, renovation of facilities, introduction of irrigation systems, orchard fencing, etc.

However, as the improvement of financial results is not sufficient to prevent the emigration of population to large cities, Delta Holding decided to invest in the development of cultural and social life in rural areas. In 2019, the school and the schoolyard in Mala Jasikova were completely renovated and furnished. Lecture rooms in cultural centers of both villages were also renovated, as well as the outpatient clinic in Dubočane. Three theatre plays were organized for children and one for adults. Delta's employees once again dressed as Santa Clause's helpers and prepared New Year gifts for the children of both villages.

In addition, children had the chance to attend four workshops, folk dancing lessons and a school excursion financed by Delta, which included trips to the archeological site Felix Romuliana, museum, library and theatre in Zaječar. The Company supported two local celebrations. The 2020 plans include renovation of the school in Dubočane, renovation of the outpatient clinic in Mala Jasikova, renovation of youth gathering centers, provision of support to the families with newborn children, and a number of cultural and social activities.

The project is planned to include more households, consulting services in the processing of agricultural products, financial and business education, and the improvement of social life: renovation of the school in Dubočane, outpatient clinics, youth gathering centers, playgrounds, and the organization of cultural events. The long-term goal is to establish living conditions in these villages parallel to the ones in the modern European villages and attract the population that has emigrated to return.

A number of partners participates in the project: Erste Bank, the city of Zaječar, Health Center Zaječar, Serbian Chamber of Commerce, Ceramics Kanjiža, Beo vrt, Telekom Srbija, and CANSEE. The Swedish ambassador and representatives of the Austrian Embassy visited the two villages and follow the realization of the project on a regular basis.



## PLANTATION FOR THE FUTURE

Delta Foundation initiated the project “Plantation for the Future” in 2015 with the aim of aiding social enterprises specialized in agricultural production in establishing sustainable production. The project also aims to reduce poverty and provide employment for the categories of population who have difficulty finding employment.

Through the project “Plantation for the Future”, Delta Foundation provides financial grants for the establishment or development of production, and education on primary and secondary agricultural production, sales, marketing, and finance. The employees of Delta Holding shared their knowledge and experience in production management with the awardees of financial grants.

In 2018, nine social enterprises from different communities (Arandjelovac, Bosilegrad, Grdelica, Niš, Priboj, Smederevo, Srbobran, Surčin, and Šabac) received financial grants worth 5,075,922 RSD in total, to promote their agricultural production. In addition, they were given the opportunity to attend training courses and receive mentorship support throughout the entire year.

The organizations used the awarded financial means to purchase the following:

- farm animals,
- equipment for modernization of animal housing units,
- irrigation systems,
- fruit and vegetable seedlings,
- greenhouses,
- equipment for secondary production,
- HACCP licenses.



In the one-year period, 9 grant-winning organizations achieved the following:

- In the period from June 2018 to June 2019, the overall revenue of the selected social enterprises amounted to 7,227,638 RSD.
- In the mentioned period, 156 persons from socially endangered categories were actively employed. Their total earnings reached 8,301,650 RSD.
- The farmers produced 101 piglets, 197 fatlings, 3 breeding sows, and 27 fatling pigs.
- The organizations produced 72,000 kg of fruit and vegetables (pepper, tomato, cucumber, gherkin, lettuce, spring onion, plum, berries, etc.).
- Within the secondary production, they produced over 8,886 kg of sweet and unsweetened products (traditional fruit preserve slatko, jam, honey, ayvar, gherkins), 413 liters of juice, 550 liters of rakia and 2,000 liters of blackberry wine.
- 21 volunteers supported the realization of the project, with 616 hours of volunteer work.



## FUND FOR THE FUTURE

The program “Fund for the Future” was initiated in 2006 with the aim of supporting children without parental care, who live in social protection institutions, in their professional growth and development. Upon the completion of the program, these children are presented with employment opportunities which allow them to be independent and have a stable source of income in the future.

Basic principles of the program include:

- orientation towards the future,
- the program simulates reality which awaits the young in the process of employment and future work,
- development of responsibility as the key element of healthy personal growth.

The program lasts for two years and consists of several stages:

- scholarship contest and selection of awardees,
- theoretical and practical training,
- monthly funding,
- distribution of certificates,
- employment.

As the program “Fund for the Future” is harmonized with the Company’s needs, since 2016, the awardees have attended agricultural high schools.

In 2019, Delta Foundation continued to provide funding to four students of the Faculty of Agriculture. In addition to monthly funding, they were offered internship on Delta Agrar’s properties where they had the chance to gain practical experience in agriculture. All four students successfully enrolled in the fourth year of their studies.







## A RACE FOR BUTTERFLY CHILDREN

At the 32<sup>nd</sup> Belgrade Marathon, for the 7<sup>th</sup> year in a row, a large number of Delta Holding's employees gathered to support the association "Debra". Debra is the association of persons who suffer from epidermolysis bullosa - a severe skin disorder referred to as "butterfly syndrome". To support this humanitarian action, the employees collect donations for the procurement of medical supplies every year.

In 2019, they managed to collect 282,610 RSD for the said association.



## THIRD PARENT

For the fifth year in a row, Delta's employees participated in the project "Third Parent" in cooperation with the association "Putokaz" from Novi Sad. The aim of this project is to protect biological families whose children are faced with the possibility of mandatory relocation to social protection institutions. The activities of the project are aimed at helping the endangered families become fully functional through day-to-day counselling, support in legal and health protection and representation of children's rights. The project also supports children's education and acquisition of various skills necessary for healthy development.

In 2019, 257 employees looked after 51 children. Throughout the year, every "third parent" prepared gift packages for children in accordance with their wishes and needs - for holidays, birthdays and the beginning of the school year. Children had the possibility to attend sports trainings, extracurricular activities and excursions. To facilitate the communication with children, the program also includes a social worker whose responsibility is to visit families and help them overcome the challenges they are faced with. The goal of every third parent is to help the child in his/her care have a happier and healthier childhood. Children who participate in the project will have support of the third parent until the end of their formal education. The program is open to all those who wish to become third parents and look after children in need of a helping hand.



# 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 2019 which, where applicable, was compared to the 2018 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 2018 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, the internal audit of the shown data was conducted.

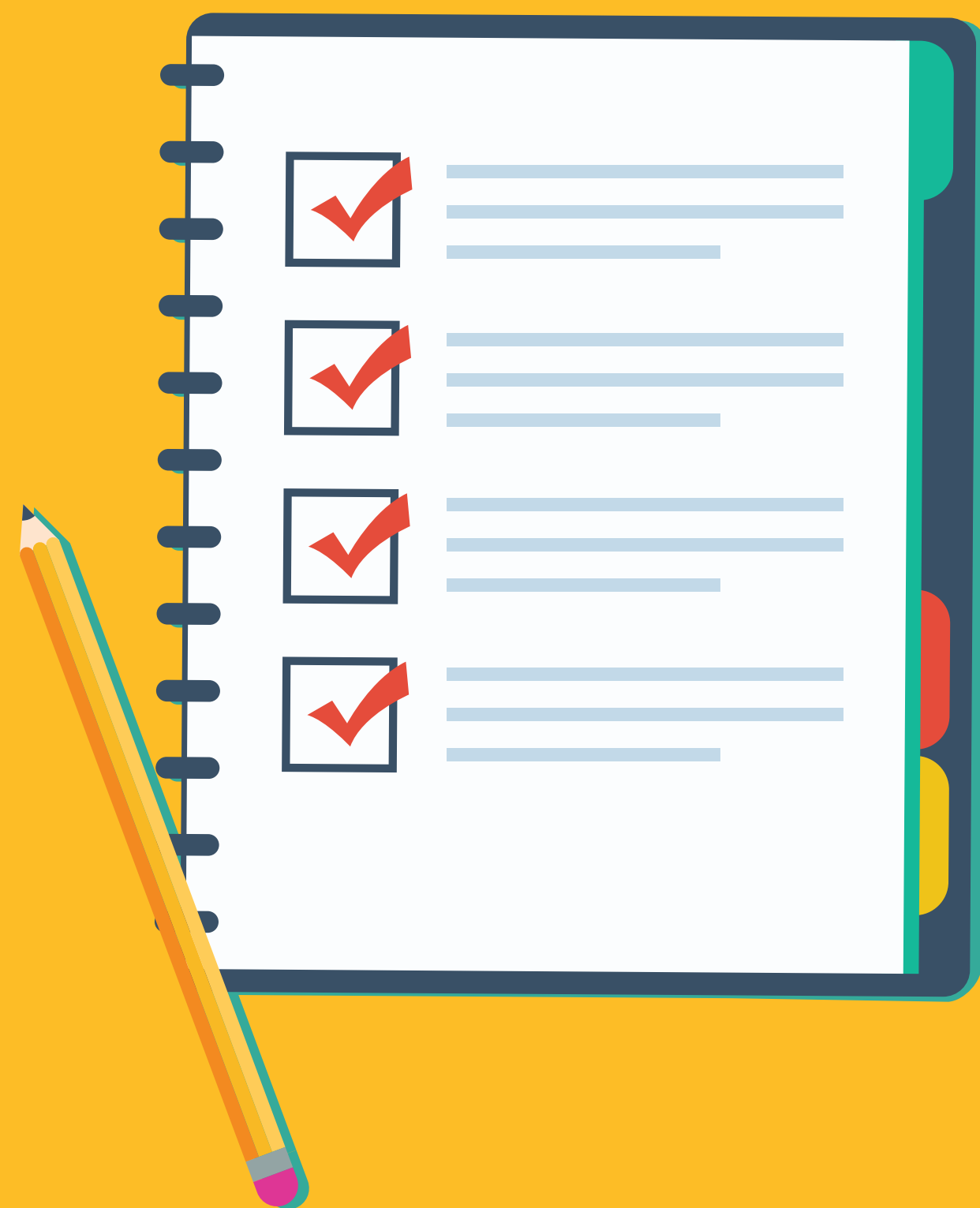
## REPORT DRAFTING AND PREPARATION

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. The report was published on July 7<sup>th</sup> 2020.

Tijana Koprivica, Chief business Sustainability Officer is contact person for questions regarding the report or its content ([tijana.koprivica@deltaholding.rs](mailto:tijana.koprivica@deltaholding.rs)).

Additional information about Delta Holding's business can be found at [www.deltaholding.rs](http://www.deltaholding.rs)





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