



Report on Sustainable Business 2023

Creating Business, Building People.





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OPENING STATEMENT

Delta Holding achieved record business results in 2023 and initiated numerous investments. We are certain that such success would not have been possible without the integration of ESG principles into all our business strategies. Climate change and the unpredictability of the global economy have further confirmed the importance of responsible business practices for the sustainability of communities and companies. Consequently, we have continued to invest in areas we consider crucial for the future, such as innovative technologies, green construction, renewable energy sources, and digitalization.

In the field of agricultural production, we have recognized the importance of digitalization for regenerative agriculture. Therefore, within Delta Agrar, we have established a team whose task is to apply the latest advancements in precision agriculture, contributing to environmental protection and the reduction of the negative impacts of climate change.

We are constantly applying new technologies within the Food Processing group. An example being the investment in

the most modern production facility at the Mioni water factory, which will enable a 25% reduction in the use of plastic for water packaging.

Delta Real Estate has continued to invest in green construction. After two years, in November, we proudly opened the doors to the congress-business section of Sava Center. The reconstruction project of one of the largest congress centers in Southeastern Europe has resulted in a completely modernized facility that meets the demands of energy efficiency and the circular economy, while simultaneously preserving its architectural and cultural value. The renovated Sava Center will not only contribute to the economic development of Belgrade and Serbia as a central venue for congresses, conferences, and fairs, but will also serve as another example of sustainable construction and our company's commitment to the development and improvement of the community in which we operate.

We have continued to achieve success and expand our business in the hotel industry as well. The newest member of our business

system is the Radisson Collection Old Mill hotel. All our hotels, along with the Sava Center, are examples of sustainable business practices, proven by their participation in the project by the Ministry of Environmental Protection and UNDP for proper food waste disposal and its use as a raw material for the production of biogas, i.e. electricity.

We have successfully implemented projects for production modernization and logistics operations optimization, and we have expanded our business in the domestic and regional markets with our DMD and DTS companies.

Delta Auto Group has expanded its portfolio with the prestigious Maserati brand, providing domestic consumers with access to another luxury brand dedicated to innovations in safety and sustainability.

At the same time, our youngest company, Ananas E-commerce, has captured the market in North Macedonia. In all markets, Ananas continuously improves services to fully meet customer needs while actively contributing to environmental protection.





All transport packaging is made from recycled materials and deliveries are carried out using electric vans.

We have continued to invest in renewable energy sources thus reducing our ecological footprint. By constructing solar power plants with a total capacity of 2,472 kWp at 9 additional locations, we increased our renewable energy production by 30% compared to the previous year and reduced carbon dioxide emissions by as much as 1,128 tons, significantly contributing to environmental preservation. The company currently operates solar power plants at 16 locations with a total capacity of 5 MWp.

Sharing knowledge has remained our imperative. Amidst the unstoppable development of new technologies, we have recognized the importance of applying artificial intelligence. We have established the AI Champions team whose task is to contribute to innovation and operational efficiency through the application of artificial intelligence across various business spheres and to educate employees on modern ways of performing daily business tasks. In 2023, through six AI implementation initiatives, we embarked on developing projects that optimize processes across different aspects of our business.

Investing in a healthy work environment and employee well-being remains one of our main priorities. We have actively worked on

enhancing a culture of diversity and inclusion with focus on gender equality, employing persons with disabilities, and young people without prior work experience. This year we welcomed the 11th generation of Young Leaders into our team. The exchange of knowledge and innovative ideas between younger and senior colleagues continues through talent programs: Young Leaders and Delta's Future, as well as the innovation program D Incubator.

We are deeply committed to the development of the community in which we operate, which is why we gladly share expertise and best business practices with all interested parties. In support of agriculture development in Serbia, we have expanded projects Our Village and Digital Village. In Our Village project, aimed at modernizing agricultural production in rural farms, we have included the fourth village - Ključ. Within Digital Village project, conducted in collaboration with partners Bio Sense Institute and Mokrin House, we have actively worked on digital application for rural producers and conducted research on the impacts of primary production on food systems improvement through the FOSTER project of the European Commission. The goal of Our Village and Digital Village projects is a more sustainable and efficient production for small-scale producers, higher-quality food, and a more attractive rural life.

We nurture relationships with stakeholders through participation in recognized domestic

and international organizations, where we actively promote examples of good practices. As the Chairman of the Board of the Serbian Global Compact Network and members of the Board of the Forum for Responsible Business, we have directed our business activities in line with the Sustainable Development Goals and the 10 principles of the UN Global Compact.

Transparency in reporting and accountability to our stakeholders, as fundamental principles of our business, have further strengthened our relationships with suppliers, customers, and business partners. The company's commitment to applying ESG principles is best evidenced by the fact that, as of the release of this report, we have won an award for responsible corporate governance.

In the year to come, we have new projects and expansion into new markets ahead of us, with full respect of ESG principles. Our commitment to sustainable business remains strong, and we will continue to enhance our practices to achieve an even greater positive impact on the environment and society. The mission of Delta Holding remains clear: we create businesses and build people who will ensure a prosperous future and a better world for all future generations.

Miroslav Mišković
**President
Supervisory Board**

Milka Vojvodić
**CEO, Senior Vice
President, Finance
and Economy**

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

ABOUT THE COMPANY



Delta Holding bases its business on many years of knowledge and experience, but also on active monitoring and identification of new business opportunities, as well as strategic investments in innovation, thus ensuring long-term success and sustainability of the business.

Effective trend monitoring, anticipating change in consumer behaviour, and innovating have led to the development of new goods and services, enhanced corporate procedures, and technological advancements. The development strategy places a strong emphasis on digitalization and transformation of production processes in order to positively influence sustainable development of the company and community. Thanks to that, Delta Holding achieved exceptional results in 2023, justifying its long-standing leading position on the market.

As a company operating in different business industries, Delta Holding also recognizes the specifics of the impact of each business on the environment and society, as well as the responsibility towards stakeholders to preserve the planet for future generations and make a positive impact on improving the quality of life in the community. Therefore, it strategically invests in all areas of

sustainability and effectively manages the resources and risks associated with economic, social and environmental factors, all in order to achieve the global Sustainable Development Goals defined by the UN 2030 Agenda.

The business operations of Delta Holding are divided into five autonomous organizational units, which are focused on different business spheres:

- ▶ Delta Agrar Group: includes primary agricultural production, agro-trade, distribution, cooperation, purchase, as well as the production of crude oil and meal;
- ▶ Delta Food Processing: includes food and water production;
- ▶ Delta Real Estate Group: includes the construction and management of real estate;
- ▶ Delta Distribution: includes logistics and freight forwarding services, distribution of vehicles and consumer goods;
- ▶ New Technologies: covers the areas of online sales and distribution, development of digital platforms for agricultural production and provision

of consulting services related to SAP solutions.

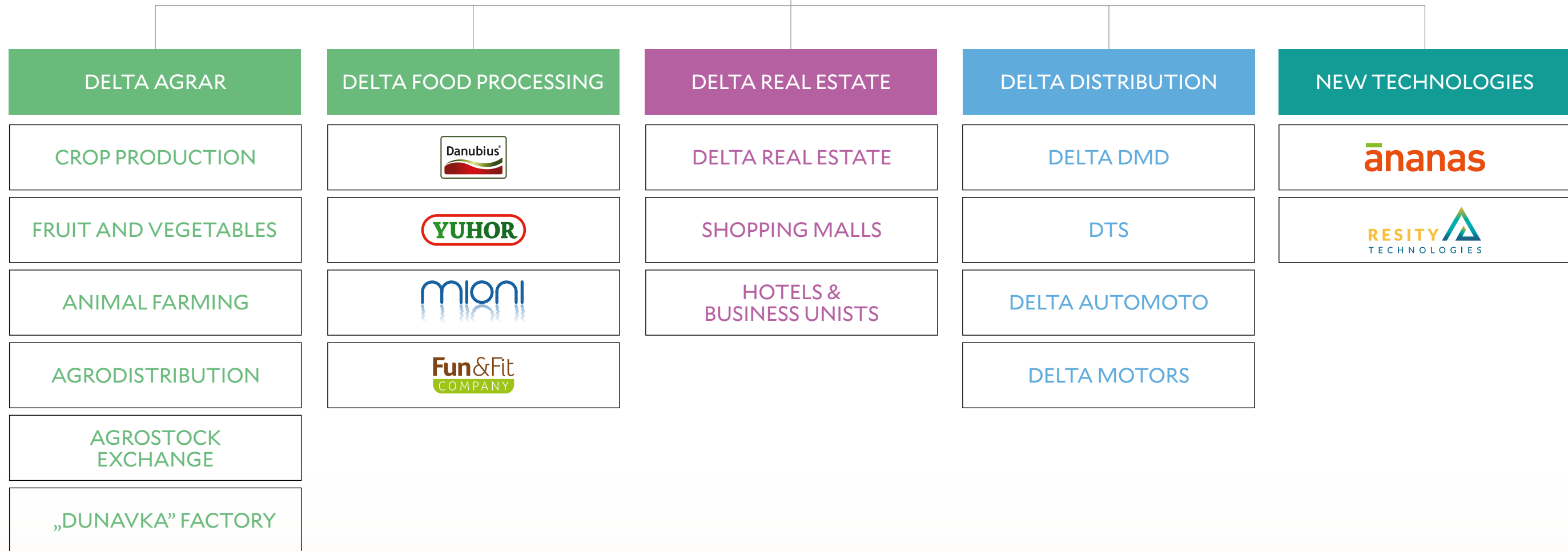
An integral part of Delta Holding's operations are also organizational units operating in the field of philanthropy and environmental protection:

- ▶ Delta Foundation: corporate foundation with the aim of permanently meeting social, educational, cultural and health needs of the community through implementation of endowment projects and humanitarian programs.
- ▶ Delta Pak: operator for packaging waste management.

Delta Holding members operate as limited liability companies. Diverse structuring allows the company flexibility in adapting to market requirements and business dynamics in different geographical areas, so the company, in addition to its primary focus on the domestic market, has been developing its business activities for many years in the region (Montenegro and Bosnia and Herzegovina), but also in foreign markets, such as Russia and the European Union. Since its founding in 1991, the company has had its headquarters in Belgrade.



DELTA HOLDING — DELTA FOUNDATION



Mission

WHILE WE PASSIONATELY CREATE BUSINESSES AND BUILD PEOPLE, WE SHOW BY OUR EXAMPLE HOW TO DEVELOP A BETTER SOCIETY, A BETTER WORLD.

Our Values

EXCELLENCE

RESPONSIBILITY

CREATIVITY

COMPASSION



CORPORATE GOVERNANCE



Through business based on mission to create with passion companies that improve the society in which we live and work, Delta Holding demonstrates its commitment to sustainable development. This approach enables Delta Holding to be a partner and pillar of support to the community in which it operates, building sustainable relationships and contributing to positive change, while achieving outstanding business results.

Within Delta Holding, company's vision and mission are executed through precisely defined strategic plans and sustainable development goals, relying on clearly defined organizational structure which enables flexibility and encourages innovative business approaches.

Clearly defined roles and responsibilities enable quick and adequate decision-making, as well as precise monitoring of achieved results, which ensures efficient process management and greater resistance to risks.

At the top of the company's hierarchical structure are the Management Board and the Executive Board, while the leading management consists of the directors of member groups and key sectors.

The Management Board of Delta Holding, as the central management body, stands out for its commitment to the long-term success of the company and its positive impact on society. Its effective cooperation with management and management bodies is key to achieving business goals and maintaining the company's reputation as an industry leader. Its members, who are in charge of leading business operations in the direction of reaching

the predetermined objectives, are the President, three Senior Vice Presidents, and three Vice Presidents. One of the key priorities of the board is aimed at defining guidelines for the strategic action of the company, as well as analysing and approving the strategic plans of member companies, with a special focus on the strategy of social responsibility and support of youth employment.

The Executive Board of Delta Holding represents a key instance in the operational management of the company, and is headed by the CEO of the company whose task is to ensure the achievement of the set business goals and strategies by leading the Board. Members of the Executive Board are distinguished by their strong moral standards, authoritative leadership, consistency, and impartiality in decision-making. Their role is to identify opportunities and challenges in the market through a pronounced strategic outlook, and to make decisions that contribute to long-term success of the company.

The principles of diversity, equity and inclusion are deeply embedded in the structure of the company's highest organs

Executive Board members impart their knowledge to top management through their vast business experience and expertise in order to continuously enhance current business procedures and create new company ventures. Their responsibility is to make sure that resources are used efficiently in order to meet the established goals and to assist in the development of corporate leaders through mentorship and leadership.

Members of the Board of Directors and the Executive Board appoint leading management, composed of experts distinguished by top leadership skills, commitment, integrity, authority and expertise in leading teams and implementing strategic plans.

At Delta Holding the principles of diversity, equity and inclusion are deeply embedded in the structure of the company's top management bodies. The Management Board and the Executive Board are composed of four women and three men, while the leading management consists of nine outstanding women and fifteen dedicated men. In this way, Delta Holding actively promotes and implements the principle of gender equality and creates an inclusive environment that encourages diverse perspectives and contributes to sustainable business development.

Detailed business plans are formed at strategic colleges, while at the Annual Delta Holding Collegium the results achieved are discussed and analysed, along with plans for the coming year.



Miroslav Mišković
President

SUPERVISORY AND EXECUTIVE BOARD



Milka Vojvodić
CEO
Senior Vice President,
Finance and Economy



Milka Vojvodić
CEO
Senior Vice President,
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**Marija Desivojević
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Dejan Jeremić
Senior Vice President



**Marija Desivojević
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Dejan Jeremić
Vice President



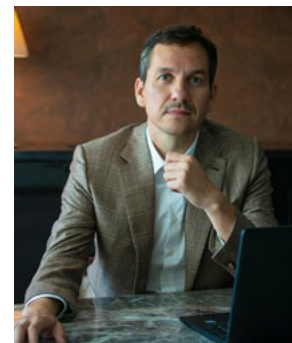
Aleksandra Đurđević
Vice President
CEO
Delta Auto



Aleksandra Đurđević
Vice President
CEO
Delta Auto



Ivana Mišković Karić
Vice President



Marko Mišković
Vice President



Angelina Nekić
Vice President
CEO
Delta Real Estate



Lazar Petrović
Vice President
CEO
Delta DMD



Andrej Sovrović
Hotels Director Cluster
General Manager IHG

BOARD OF DIRECTORS



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Chief Marketing and Communications Officer



Katarina Vidanović
Head of HR



Mira Cvijetić
Director, Finance and Accounting



Jasminka Kiselčić
Director, Central Controlling



Tijana Koprivica
Chief Business Sustainability Officer, General Manager Delta Foundation



Ivan Vasić
Director, IT



Luka Popović
CEO



Milica Pejnović
CFO, Delta Agrar



Nikola Vračar
Director of Fruit and Vegetable



Vlado Krejić
Director of Primary Production



Zoran Sporić
Director of Stockbreeding



Stefan Gajić
Director of Agricultural Commodity Exchange Sector



Aleksandar Živković
Director, Dunavka



Dragan Miladinović
General Manager, Yuhor



Ljubomir Babić
General Manager, Fun & Fit Company



Saša Mičić
General Manager, Mioni



Ana Dišić
CEO, Shopping Malls



Katarina Gajić
Director of Design and Construction



Kristina Milinčić
CEO, Sava Centre



Marko Carević
CEO, Ananas



Zoran Mihajilović
Director of BMW and MINI Brands, Delta Motors



Stevan Kristić
Director, Delta Automoto



Lazar Radanov Radičev
Regional Director of the Maserati Brand



Milan Matić
CEO, DTS

MATERIAL TOPICS FOR SUSTAINABLE BUSINESS

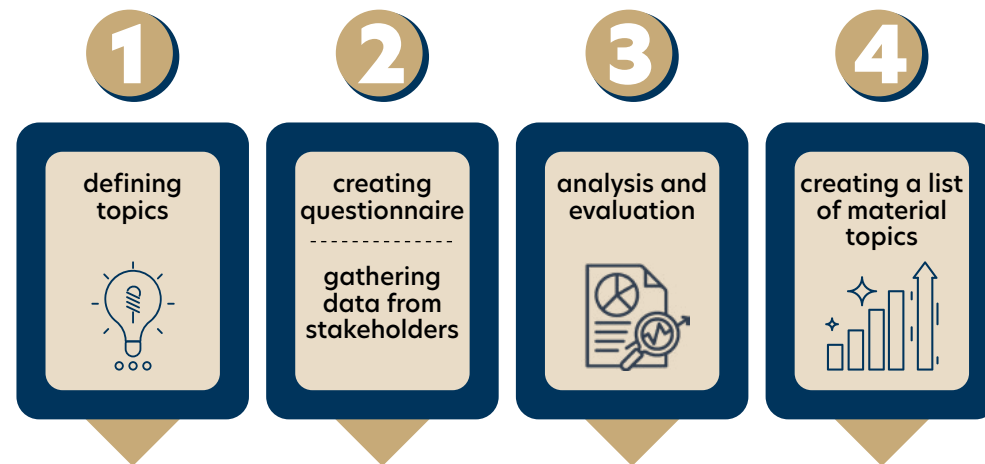
Materiality assessment process

For the purposes of the Report on Sustainable Business, Delta Holding conducted a materiality assessment in 2022 in cooperation with external experts. For the year 2023, a re-analysis was performed that showed that there were no significant changes in terms of material topics. The materiality assessment involved determining the positive and negative impacts that the company has on its natural and social environment, as well as the list of material topics.

The realization included several steps which include clear identification and impact assessment of business through understanding the context of the organization, mapping social and environmental topics on which the company's operations can have influence and assessment of the degree of impact of the company's activities to the mentioned areas, as well as the determination of material topic through the selection and prioritization of those whose influence is the most significant.

As a key activity, the company has undertaken a quantitative and qualitative analysis of the importance

of the positive and negative impacts of its activities through consultation with internal and external experts. The methodology of this activity included:



The key message of the materiality assessment is that the strategy and reporting method of Delta Holding are in line with stakeholders expectations. During the research, it was determined that in most cases stakeholders were satisfied with the approach and manner of reporting on the above topics and that they ranked as important topics those that were identified as priorities in the company strategy.

The three highest ranked topics were:

1. energy efficiency and use of renewable energy sources;
2. waste management;
3. occupational safety and health.

In the last report, the company gave special importance to these topics.

Regarding possible improvements in the field of environmental protection, some stakeholders emphasized the importance of the impact of climate change and responsible waste management, with a special emphasis on waste oils and food, as well as the control of discharged wastewater.

In the field of relations with the social community, stakeholders have stated the importance of using and promoting modern technologies in agriculture, quality education, responsible supply chain and contribution to the development of local small and medium-sized enterprises. In order to take into account the opinions of the stakeholders, these are the topics that Delta Holding will pay special attention to in the future.

Material Topics

ESG REPORT	MATERIAL TOPICS	DELTA HOLDING SYSTEM/GROUP	GOALS OF SUSTAINABLE DEVELOPMENT
Relationship to the environment (E)	Energetic efficiency	Delta Holding	
	Waste management		
	Water care		
	Use of renewable energy sources		
	Soil protection	Delta Agrar Group	
	Use of chemicals		
	Biodiversity		
	Animal welfare	Delta Food Processing	
	Plastic packaging management		
	Protection of nature	Delta Real Estate Group	
	Sustainable construction and respect for circular economy principles		
	Emissions of harmful gases		
	Management of dangerous goods	Delta Distribution	

ESG REPORT	MATERIAL TOPICS	DELTA HOLDING SYSTEM/GROUP	GOALS OF SUSTAINABLE DEVELOPMENT
Attitude towards employees and the social community (S)	Occupational Health and Safety	Delta Holding	
	Employee development		
	Inclusion and diversity		
	Youth employment	New Technologies	
	Support for vulnerable and marginalized groups	Delta Foundation	
	Education		
	Support for children and young people		
Health improvement			

ESG REPORT	MATERIAL TOPICS	DELTA HOLDING SYSTEM/GROUP	GOALS OF SUSTAINABLE DEVELOPMENT
Corporate Governance (G)	Economic impact	Delta Holding	
	Human and labour rights		
	Work conditions		
	Sustainability of the supply chain	Delta Agrar Group	
	Product health safety	Delta Food Processing	
	Product quality		
	Nutritional value of the product		
	Food safety	Delta Real Estate Group	
	Protection of guests' health		
	Quality of hotel service		
	Cyber security	New Technologies	
	Data security		
	Digitalization		

BUSINESS DEVELOPMENT STRATEGY



Driven by deeply embedded values of excellence, integrity, ethics in business and care for people, Delta Holding achieves business success through a clearly defined business strategy that not only adapts to changes in the business environment, but also actively shapes the future of the market in accordance with the latest trends.

In the era of digital transformation and rapid technological progress, Delta Holding recognizes the importance of innovation in all of its business ventures. That's why it engages its resources in research and implementation of the latest business and technical-technological solutions in order to ensure the needs of all interested parties are satisfied - from customers and clients, to employees and society.

In formulating the business strategy, the company applies a dynamic and comprehensive approach that implies the integration of individual strategic plans of all member companies, defined with the aim of achieving better business results, as well as setting high standards in relation to recognized environmental and social challenges in

society. Defined on a five-year basis, the business strategy is regularly revised at annual strategic workshops that involve all employees and rely on analyses of current market trends, as well as anticipated changes at local and global level.

The final step for the approval of strategic plans comes from the Board of Directors, while the Executive Board and the Management Board play a key role in their evaluation, revision and decision-making on possible amendments or additions. Detailed consideration of the plans, as well as their final adoption take place at the Strategic Collegium, where plans are defended before the representatives of the highest bodies of the company by the Board of Directors and their associates.

This integrative approach ensures that Delta Holding remains adaptive and agile in facing market challenges, and that it continuously improves its business in accordance with the latest trends and community needs. Current strategic plans of member companies are defined by 2030 and include:

Delta Agrar Group

- ▶ increasing the production of club varieties of apples on existing and new orchards;
- ▶ expansion of the hybrid corn portfolio;
- ▶ registration of new soybean varieties;
- ▶ certification of individual producers of fruits and vegetables, subcontractors of Delta Agrar;
- ▶ expansion of surfaces under irrigation systems;
- ▶ precision agriculture as the key component for creation of sustainable agriculture;
- ▶ distribution of Delta Feed food to retail outlets;
- ▶ increase in sales of all products;
- ▶ robotic milking system.

Delta Food Processing

- ▶ investments in the modernization of production processes, new production lines, and robotics to increase process efficiency and save energy;
- ▶ strengthening the position in the regional market and entering new markets;
- ▶ improving the quality of existing products and producing new ones;
- ▶ investment in land and infrastructure.

Delta Real Estate Group

- ▶ construction of new business complexes (Delta Iron in Novi Sad);
- ▶ construction of a mixed-use project Delta Land and Delta District;
- ▶ maximizing the potential of the sites;

Delta Holding recognizes the importance of innovation in all business endeavors and dedicates its resources to researching and implementing the latest business and technical solutions

- ▶ portfolio diversification:
 - ◆ building amusement parks and recording studios;
 - ◆ entry into residential construction;
- ▶ green building:
 - ◆ construction of new facilities according to EU taxonomy standards, with mandatory certification;
 - ◆ certification of existing facilities;
- ▶ reconstruction, rehabilitation and adaptation of the Sava Centre;
- ▶ construction of a new hotel in Ljubljana.

Delta Distribution

- ▶ continuation of growth in the import and sale of new BMW, MINI, Maserati, and Honda cars, as well as new BMW Motorrad, Honda, and KTM motorcycles;
- ▶ opening of a new multi-brand showroom of Delta Auto Group in New Belgrade;
- ▶ establishment of a training center, vehicle preparation for delivery, and expansion of warehouse space in Dobanovci;
- ▶ increase in sales of electric models of all Delta Auto Group brands and introduction of a new brand of electric light commercial vehicles;
- ▶ entry into the European Union market with the Maserati brand;
- ▶ accelerated digital transformation: online processes, application of artificial intelligence, and process robotization;
- ▶ continuation of the implementation of the dual education program;
- ▶ further expansion of Delta Rent Services and development of new services;



- ▶ increase in market share in the distribution of consumer brands;
- ▶ extension of long-term contracts with existing clients and signing of new ones;
- ▶ integration of DTS in the region, opening companies in Albania and North Macedonia;
- ▶ construction of a distribution center in Slovenia;
- ▶ implementation of an intermodal terminal;
- ▶ start of providing special logistics services.

New Technologies

- ▶ taking over the leadership position in the e-commerce market of the Balkans;
- ▶ expanding its presence to 8 new markets;
- ▶ presence of more than 10 million items on the platform;
- ▶ cooperation with more than 20 thousand traders;
- ▶ generating more than EUR 1 billion in turnover per year.

Sustainable Development Strategy

The sustainable development strategy of Delta Holding is an integral part of the company's strategic direction and is firmly integrated into all aspects of business operations. As an integral component of the business plan it is in line with both national and international sustainability trends as well as environmental, social, and corporate responsibility (ESG) standards. These standards are integrated into the decision-making process at all organisational levels and serve as the cornerstone for both enduring social impact and long-term business success.

Thanks to a clearly defined sustainable development strategy, the company is continuously working on the identification and implementation of innovative solutions to reduce the environmental impact of its operations, promoting the efficient use of resources, reducing emissions and preserving the environment. At the same time, the company is actively committed to improving social conditions, respecting human rights and empowering local communities through education, employment and support programs for social initiatives. Through promoting transparency, integrity, and accountability in all its business activities, the company demonstrates its strong commitment to high standards of corporate governance, thereby enhancing the trust of investors, partners, and other stakeholders in long-term stability and sustainable growth of the company.

Believing that collaborative action and partnership with stakeholders are crucial for achieving long-term sustainability and addressing complex challenges related



to ecology, society, and governance, the company actively fosters collaboration with all relevant stakeholders. Through stable partnerships with government institutions, non-governmental organizations, academic institutions, and other stakeholders from business and local community sectors, Delta Holding creates a synergy of resources, knowledge, and expertise aimed at exchanging best practices, more efficient problem-solving, as well as developing innovative solutions and projects that have broader social and ecological significance. In this way, Delta Holding not only achieves its business objectives but also actively contributes to the creation of a more sustainable and inclusive economy.

The Director of Sustainable Business at Delta Holding assumes a key role in creating and implementing the sustainable development strategy. Throughout the entire process, the sustainability sector closely collaborates and consults with experts from various fields within the company to ensure the integrity and comprehensiveness

of how the sustainable development strategy is integrated into the business strategies of all member companies.

Recognizing the growing importance of sustainable development for the company's operations, the Director of Sustainable Business regularly reports to the Vice President of Strategy and Development on the progress and implementation of the strategy. Through close collaboration with Delta Foundation as the project leader, the Director of Sustainable Business also plays a crucial role in supporting projects aimed at addressing long-term social challenges within the community. In supporting these projects, the Director of Sustainable Business is joined by the CEO, the Senior Vice President of Finance and Economics, and the Senior Vice President of Strategy and Development. Their collective commitment ensures the provision of resources, strategic support, and coordination necessary for the successful implementation of sustainable development projects.

The integration of sustainability into all aspects of business, supported by key leadership members, clearly demonstrates Delta Holding's commitment to sustainable development and social responsibility. The focus on measurable results enables the company to continuously assess its progress, adapt its activities to environmental changes, and effectively execute its vision of sustainable business. Accordingly, Delta Holding has set priority goals for sustainability by 2030, which include:

- ▶ energy efficiency management:
 - ◆ 60% of energy from renewable sources;
 - ◆ installation of solar power plants on all major facilities;

- ◆ use of biomass and other sources of renewable energy for work processes;
- ▶ waste management:
 - ◆ reducing the amount of waste generated and packaging disposed of;
 - ◆ utilization of waste as raw material for obtaining new products or for its reuse;
 - ◆ education and control of all employees in the company, as well as external associates in the field of proper disposal and selection of waste and the importance of recycling;
- ▶ reducing the emission of harmful gases in transport by choosing optimal routes and expanding the fleet of electric vehicles;
- ▶ optimal use of natural resources, above all water;
- ▶ education of suppliers on the application of the principles of sustainable development:
 - ◆ training cooperators on the GlobalGap standard to enhance the sustainability of production;
 - ◆ evaluation of the application of the sustainability principle;
- ▶ community support:
 - ◆ education of individual agricultural producers on modern agricultural production and use of digital tools in agriculture in order to preserve and improve life in the countryside in Serbia through the projects Our Village and Digital Village;
 - ◆ supporting families at risk of poverty and separation

- through the Third Parent project;
- ◆ support young people through educational programs in order to facilitate their employment and retention in the country;
- ◆ organizing work practices for persons with disabilities;
- ◆ support to the community and vulnerable groups in emergency situations;
- ▶ development of employees:
 - ◆ investing in employees and improving their skills and knowledge;
 - ◆ nurturing a culture of respect for human rights and non-discrimination;
 - ◆ empowerment and practical education of young people through the Young Leaders program;
 - ◆ development of employees through the talent program Delta's Future;
 - ◆ employment of persons with disabilities;
 - ◆ reducing the number of injuries at work.

The process of adopting the business strategy and sustainable development strategy of Delta Holding is fully inclusive and involves the active engagement



and involvement of internal and external stakeholders (employees, customers, clients, suppliers, banks, investors and others) who are directly or indirectly influenced by or related to the company's operations. Their contribution is vital to shaping the governance structures, policies and processes that Delta Holding implements and allows different perspectives to be heard that can further contribute to the development of business.

Employees are key actors in understanding the challenges and opportunities within the company, and their contribution plays a significant role in creating effective and relevant solutions. Every employee has the right to actively participate in the decision-making process on sustainability issues, identify priorities and contribute to further strategic planning.

External stakeholders also have a notable role and opportunity to express their opinions through various channels of communication provided by the company, such as email addresses, call centres, review books, as well as regular annual customer satisfaction surveys. After their collection and analysis, the opinions of internal and external stakeholders become an integral part of the company's business and development strategy.

In order to foster open and transparent relationships, Delta Holding regularly shares information about its business, development plans and achievements with all relevant stakeholders, the community and the general public. This information is distributed through organizing press conferences, active presence on social media, updating the official company website, and the internal company portal.

RISK MANAGEMENT

Risk management in today's business environment is becoming imperative for maintaining competitiveness and achieving business success. Uncertain and rapid changes require companies to have the ability to innovate and adapt, as well as to make rational and timely decisions.

One of the key aspects in risk management is the analysis and assessment of ESG (Environmental, Social and Governance) risks, which is becoming increasingly important as companies become more aware of the impact of their business on the environment and the community, but also the impact of external factors on their business. Effective ESG risk management enables companies to identify potential threats to their business that arise from environmental, social and governance factors, and may include risks such as changes in environmental legislation, social inequalities or lack of transparency in governance. Assessing these risks allows companies to take adequate measures to avoid them or actively work to minimize their negative impact.

Detailed risk analysis and consideration play an important role in strengthening the risk resilience system, as well as preparing an adequate response to identified hazards, challenges and opportunities. In this way, companies can identify potential threats to their business, be it external factors such as changes in legislation or internal factors such as operational risks. Strengthening risk resilience enables companies to be prepared to face challenges and respond adequately in situations that may adversely affect business.

Quarterly board and management meetings represent a key forum for discussing business results and identified risks within the company. These meetings provide an opportunity for an in-depth analysis of the current market situation, as well as considering the necessary steps to adapt strategic plans in line with changes in the business environment. A detailed analysis of ESG risks is an integral part of the company's risk management process, aiming not only to mitigate potential negative consequences but also to create value through responsible business practices that consider the broader social and environmental community.

Most significant forecasted risks in 2023

TYPE OF IMPACT	DESCRIPTION	SIGNIFICANCE OF IMPACT	PROBABILITY OF OCCURRENCE
Resource availability	Energy security/availability of energy and fluctuations in energy prices	Significant	Very possible
Physical climate risks	Stronger cold and heat waves - climate change	Significant	Very possible
	More severe floods and droughts	Significant	Possible
	Increase in average temperature	Moderate	Very possible
	Animal diseases	Significant	Possible
	Influence on the gender and quality of individual crops	Moderate	Possible
Work force	Lack of adequate workforce	Significant	Very possible
Occupational Health and Safety	Pandemics	Significant	Possible
Suppliers	Non-compliance of suppliers with regard to social responsibility and environmental standards	Moderate	Possible
Quality and stability	Geopolitical risks	Significant	Possible
Domestic market	Limited purchasing power and price volatility	Significant	Very possible
	Fluctuation of prices of stock exchange goods	Significant	Very possible
	Customer insolvency	Significant	Very possible
International market	Currency volatility	Significant	Very possible
	Fluctuation of prices of stock exchange goods	Significant	Possible
	Growth in production and consumption of domestic agricultural products	Significant	Possible
Financial risk	Potential risk of a decrease in the credit activity of banks	Significant	Possible
	Rising interest rates	Significant	Possible
Data security	Digital fraud and attacks on IT systems	Significant	Possible

MEMBERSHIPS

UN Global Compact



Since 2007, Delta Holding has been a member of the United Nations Global Compact, a key mechanism to promote sustainable development and responsible business worldwide. This initiative brings together representatives of the business sector, academia, civil society, state and trade unions, striving to promote ten universal principles in the field of human rights, labour standards, environmental protection and fight against corruption. One of the key aspects of the Global Compact is encouraging companies to integrate these principles into their business practices, setting high standards of corporate sector accountability to society and the environment. The UN Global Compact

actively promotes the UN's 2030 Agenda, which encompasses seventeen Sustainable Development Goals (SDGs) aimed at addressing key global challenges such as poverty, inequality, climate change, and biodiversity conservation efforts. In the past year, Delta Holding has actively contributed to spreading examples of good practice and sharing knowledge about global trends with other members in Serbia. Through active participation in various events organized by the European network of the UN Global Compact, the company has acted as a key player in promoting business responsibility, ESG principles, and Sustainable Development Goals (SDGs). In 2023, Delta Holding focused particularly on human and labour rights issues and participated in a six-month international

education program called the Business and Human Rights Accelerator with the aim to enhance knowledge and skills necessary for identifying, preventing, and mitigating the negative impact of its business operations on human rights. As a long-standing member of the network, the company actively participated in promoting new European regulations related to combating climate change and mandatory non-financial reporting. In 2023, the UN Global Compact network became independent and obtained legal status as a separate entity for the first time, with Delta Holding being one of its founders. For the past eight years, Delta Holding has been a member of the Board of the UN Global Compact, and since 2023, it has also chaired the Board of the network in Serbia.

Responsible Business Forum



The Responsible Business Forum in Serbia is a platform that brings together companies, civil society organizations, government institutions, academia and other relevant actors with the aim of promoting the principles of sustainability and accountability in business. It was established with the intention to encourage dialogue, exchange of experiences and cooperation between different sectors in order to improve social responsibility and sustainable development in Serbia. As a platform encompassing various stakeholders, the Forum facilitates and encourages the exchange of best practices, innovative solutions, and strategies for integrating

sustainable business models. Through organization of various events, conferences, workshops and public discussions, the Responsible Business Forum encourages education and raising awareness of the importance of sustainable business. In the corporate world, the Forum aims to support companies in implementing sustainability principles in their business activities, thereby contributing to economic development, environmental protection, improvement of social standards, and respect for human rights. Delta Holding has been a member of the Forum, as well as its Board of Directors, since 2015. Over the past eight years, the company has actively contributed to the work of the Forum through participation in working groups, projects and initiatives within the Forum,

where it develops strategies, exchanges experiences and works with other members to improve sustainability and responsibility in business related to topics such as social entrepreneurship, corporate volunteerism and youth empowerment. In 2023, Delta Holding expanded knowledge among young people by participating as lecturers in the Sustainability Starter program. This program was specifically designed for graduates and final-year students, as well as master's study students interested in sustainability topics and career development in the field of corporate social responsibility. At the traditional annual conference, ESG Forum Delta Holding was presented with the award for the Most Inclusive Employer, for leadership and partnership.



Serbian Association of Managers

The Serbian Association of Managers (SAM) is a professional organization that brings together managers, executives and leaders from various sectors of the economy in Serbia. It has about 400 members and was established with the aim of improving managerial skills, exchanging experiences and promoting best practices in the field of management. The main focus of SAM is to support the development of managerial skills and knowledge of its members through the organization of seminars, conferences, workshops and other forms of professional development. This

organization also works to promote professional standards in the field of management, ethical business and corporate social responsibility. SAM is an active participant in public discourse on issues related to management, business and economy in Serbia. The Serbian Association of Managers is a full member of the Association of South East European Managers - SEEM and CEC - European Managers (Confederation Europeene des Cadres) which enables it to actively participate in the work of these organizations, contributing to the exchange of knowledge, experiences and best practices with managers from other countries and regions. Since 2017, Delta Holding has been

a member of SAM and the Board of Directors of the organization and actively contributes to the promotion of the principles of sustainability, responsible management, leadership, as well as knowledge exchange in the field of digital transformation, innovation and inclusion. Members of the Board of Directors and directors of Delta Holding are actively engaged in SAM projects related to youth training and support to small and medium-sized enterprises. The company has been repeatedly awarded the prestigious annual SAM Award for Corporate Social Responsibility of the Year, which further confirms its commitment to sustainability and responsible business.

Employers' Network for the Employment of Persons with Disabilities



The Employers' Network for the Employment of Persons with Disabilities is an initiative that has been gathering companies, organizations and other employers since 2017, with the aim of promoting the employment of persons with disabilities. This network aims to support inclusive employment practices and create a work environment that is open and adaptable to people with disabilities. Employers who join this network take responsibility for providing accessible work environments, tailored tasks, and

support for employees with disabilities whom they hire. Also, these employers often work with local organizations, government agencies, and NGOs to provide additional support in the process of recruiting and integrating people with disabilities. The Employers' Network for the Employment of Persons with Disabilities plays a key role in raising awareness of the importance of inclusive employment and promoting equal opportunities for all workers, regardless of their physical or mental ability. As a member of the Employers' Network for the Employment of Persons with Disabilities, Delta Holding and the Youth with Disabilities Forum support initiatives that create

a positive impact on society and contribute to building an inclusive and fair working environment. The company contributes by actively empowering and developing the potential of persons with disabilities through internships, employment opportunities, and the dissemination of best practices. In 2023, Delta Holding supported the opening of the first career centre of the Youth with Disabilities Forum in Belgrade, in which young people with disabilities will be further empowered through training, counselling, workshops, mentoring and other activities that help them develop the skills necessary for employment and career advancement.

AWARDS

AWARD NAME	WINNER (MEMBER)	AWARD- PRESENTING ORGANIZATION	AWARD DESCRIPTION
ESG Leader	Delta Holding	PwC Serbia	ESG Leader Award in the field of responsible management and internal training for the systematic implementation of strategy and policies related to responsible management in all aspects.
"Top Employer" Award	Delta Holding	Infostud	In a survey of the most desirable employers among 11,000 respondents, the company was ranked in the TOP 20 most desirable employers.
The Most Inclusive Employer Award	Delta Holding	Responsible Business Forum and Smart Kolektiv	Special recognition for leadership and partnership.
CSR Manager of the Year	Tijana Koprivica	Digital Awards	Awards to the best in the fields of media, communications, marketing, PR, ICT industry and digital innovation.
Golden Cup of the 90th Novi Sad Agricultural Fair	Delta Agrar	Agricultural Fair, Novi Sad	Best in Business, award of the 90th agricultural fair in Novi Sad for the best regional company in the field of agriculture.
Gold medal of the 90th Novi Sad Agricultural Fair	Delta Agrar	Agricultural Fair, Novi Sad	Gold medal of the 90th agricultural fair in Novi Sad for the quality of machines
Gold medal of the 90th Novi Sad Agricultural Fair	Dunavka	Agricultural Fair, Novi Sad	Award for quality - Gold medal of the agricultural fair in Novi Sad for raw non-degummed soybean oil.
Gold medal of the 90th Novi Sad Agricultural Fair	Dunavka	Agricultural Fair, Novi Sad	Award for quality - Gold medal of the agricultural fair in Novi Sad for raw non-degummed sunflower oil.
Gold medal of the 90th Novi Sad Agricultural Fair	Dunavka	Agricultural Fair, Novi Sad	Award for quality - Gold medal of the agricultural fair in Novi Sad for raw non-degummed high-oleic sunflower oil.
Champion of quality, in the group of types of flour - Wheat flour type 1100	Danubius	Agricultural Fair, Novi Sad	Recognition for the top quality of mill products.
Champion of quality, in the pasta group - Spaghetti Integrale	Danubius	Agricultural Fair, Novi Sad	Recognition for top quality pasta.
GOLD - Food category	The Fun&Fit	BalCannes Festival	Award for the "Literally for Peanuts" campaign in the food category.
GOLD - Corporate Communications	The Fun&Fit	BalCannes Festival	Award for the "Literally for Peanuts" campaign in the category of corporate communications.
GOLD - Best Advertiser of the Year	The Fun&Fit	BalCannes Festival	Award for the best advertiser of the year for the "Literally for Peanuts" campaign.
GOLD - Employer Branding	The Fun&Fit	Mixx Awards	Award for the "Literally for Peanuts" campaign in the category of employer branding.
99 of the most successful in terms of turnover for '22	The Fun&Fit	Business 99	List of the 99 most successful small businesses of the Biznis.rs portal.
Super Hero of the Year	Aleksandra Milačić Jelača	Mark Awards	"The award, which is organized by the Marketing Network association, is awarded to prominent individuals in the field of marketing and communications in Serbia."
Award for excellence in 2023	Delta Real Estate	ACES - Association of Consulting Engineers of Serbia	Won first place for the Sava Centre reconstruction project.
The most successful housekeeping manager in Serbia	Hotel Crowne Plaza - Jovana Lončar	Association "Ambassadors of Good Service"	The award for the Most Successful Housekeeping Manager in Serbia in 2023 was awarded to Jovana Lončar.
IHG award Revenue Talent of the Year	Hotel Crowne Plaza - Neda Cvetković	IHG	The award for Revenue Talent of the Year for 2023 was awarded to Neda Cvetković.
Sustainability Award	Delta Motors	BMW group, Munich	Sustainability Award in the 'Governance' category for the region of Eastern Europe and Africa. The awarded prize pertains to the project of building the largest green business complex in the region.
HOT Spot AWARD	Ananas e- commerce	E-commerce Association of Serbia	Award for the best marketplace on the Serbian market.
HOT Spot AWARD	Ananas e- commerce	E-commerce Association of Serbia	Award for the best digital marketing campaign.
TOP 50 best things on the internet	Ananas e- commerce	PC PRESS magazine	Award for the best digital experience, excellent platform quality and outstanding marketing campaign.
Disrupt Award	Ananas e- commerce	Adam studio	Shop - for the communication of the "Shopping mall and online" project.

BUSINESS ETHICS AND INTEGRITY

RIGHTS OF EMPLOYEES

OBLIGATIONS OF EMPLOYEES

- ✓ Respect for diversity
- ✓ Right to vocational training
- ✓ Right to a safe and healthy workplace
- ✓ Right to salary and limited working hours
- ✓ Prevention of harassment at work
- ✓ Protection of whistle-blowers

- ✓ Respecting stakeholders' needs
- ✓ Prevention of Conflict of Interest
- ✓ Responsible communication with stakeholders
- ✓ Nondisclosure of trade secrets and keeping Company assets
- ✓ Compliance with antitrust principles
- ✓ Respect for anti-corruption principles



In today's dynamic business environment, ethics and integrity are crucial for successful operations and represent the foundation of reliable business partnerships.

Integrity in business extends beyond compliance with legal regulations to encompass adherence to company values, including equality, accountability, mutual respect, transparency, and impartiality in all aspects of operations. A corporate culture that supports, develops, and nurtures integrity and ethics is crucial at Delta Holding. It applies to all employees and covers every aspect of business, particularly highlighting its importance in decision-making processes.

Guidelines for adhering to high ethical standards are provided by the current Ethical Code, which sets clear standards, defines patterns of responsible behavior, and supports decision-making processes. The Ethical Code outlines the company's relationship with employees, stakeholders, and the broader community, as well as the

rights and obligations that both parties should undertake to fulfill and respect mutual interests and needs. The company commits to protecting the human and labor rights of its employees, promoting and fostering diversity and inclusion, non-discriminatory principles, a healthy work environment, supporting personal and professional development, and freedom of expression in the workplace. Employees are expected to adhere to fiduciary duties toward the company, contribute to preventing corruption, refrain from activities that may constitute conflicts of interest, and safeguard company assets. The availability and integration of the Ethical Code guidelines into the company's procedural system are of particular importance in situations where regulations are unclear or subject to various interpretations, emphasizing the significance of ethical behavior.

In addition to the Ethical Code, guidelines for responsible business conduct are defined in the Business Etiquette and Corporate Social Responsibility Policy.

These documents promote and support employee care, collaboration with business partners, environmental protection, and community support. Employees can access these documents at any time through the internal portal and receive a welcome email upon joining the company. Relevant segments of the Ethical Code are also incorporated into the Employment Contract.

Documents and procedures are continuously improved and aligned with newly recognized forms of behavior that can impact business success. In the latest version of the Ethical Code, the importance of respecting "invisible differences" such as neurodiversity has been recognized. This highlights support for individuals who, due to their unique perception of the world around them, exhibit pronounced creativity and innovation.

Transparency, fairness, and ethics are nurtured in relationships with stakeholders and the community with a strong belief that genuine sustainability contributions can only be achieved through providing credible and reliable information, sharing knowledge, experiences, and examples of best practices. By applying ethical principles, the company strengthens partnerships with stakeholders while actively encouraging them to follow these principles in their own practices. Delta Holding expects comprehensive implementation of policies and procedures from its partners regarding the protection of human and labor rights, prohibition of corruption, bribery, and other unethical practices. Collaboration with partners who operate responsibly towards the environment and the community is a crucial step towards sustainable business and societal development.

The result of applying ethics in business is increased satisfaction among all stakeholders and measurable improvement in business results. Considering the growing expectations of stakeholders, Delta Holding, as a leader in sustainability, consistently promotes these values through all its business activities.

The company conducts its business while adhering to the ten principles of the UN Global Compact, the principles of ISO 26000 standards, as well as the Code

of Business Conduct and ProBono policy. In case of doubts, uncertainties, or potential questions regarding ethics and integrity, employees can always contact a legal expert or designated colleagues in the human resources department.

To ensure all employees are familiar with the latest ethical principles and standards in business, the company plans to continue annual training sessions on ethics, integrity, diversity, and inclusion.



LIABILITY FOR PRODUCTS AND SERVICES

In 2023, Delta Holding diligently worked on improving the quality of existing products and services, as well as developing new ones to meet current consumer needs.

All member companies conduct their operations in accordance with clearly defined standards that guarantee exceptional product and service quality, as well as the safety and health integrity of food, utilizing premium ingredients and materials in the production process. Products from all Delta Holding members are clearly labelled and include all relevant information, such as origin, component composition, as well as recommended guidelines for safe use and disposal. The safety and health integrity of food products is ensured through the implementation of procedures defined by international quality standards.

In addition to the health and quality of products and services, Delta Holding companies also consider the accessibility of products to the end consumer. Prices

are set considering market trends as well as the purchasing power of consumers.

Collaboration with suppliers is crucial for responsible management of products and services, and it is defined according to adopted international standards. The selection of suppliers is conditioned by

rigorous procedures and evaluations based on criteria that include:

- ▶ document management in accordance with all legal regulations;
- ▶ application of current standards and product certification;
- ▶ guarantee of product health safety;

- ▶ ensuring quality and reliability of delivery flows;
- ▶ conducting business in accordance with the highest principles of ethics and integrity.

Suppliers are required to align their activities not only with all applicable legal regulations but also with prescribed standards in environmental protection and social responsibility. These obligations are defined in the Business and Technical Cooperation Agreement, ensuring their fulfilment.

Through long-term nurturing of partnerships with suppliers, the company has built a sustainable and resilient value chain based on mutual respect and consistency in achieving common goals. As a result, throughout 2023, no suppliers were identified whose business activities had a negative impact on the environment and society.

High-quality products not only meet consumer expectations but also create



a positive experience, thereby building a long-term relationship between the company and end customers. High product quality, combined with effective marketing strategies and precise labelling, plays a crucial role in achieving success in the market. Delta Holding consistently implements ethical principles and legal regulations related to labelling, declaration, advertising, promotion, and sponsorship to ensure the high quality of its products and services and their positioning and recognition in the market. The company presents all product information truthfully and accurately, refrains from selling prohibited or contested products, and abstains from providing misleading or deceptive communication to consumers.

The high standards of business and a relationship based on ethics and integrity towards all stakeholders, including customers, suppliers, clients, and end-users, reflect the essence of responsible business at Delta Holding. Committed to transparency, the company invests long-term in improving processes for receiving complaints and claims, ensuring easily accessible communication channels through publicly available email addresses and phone numbers on the official websites of all member companies. The procedure for handling complaints includes a precise mechanism for assessing the validity of complaints, with the implementation of corrective measures when necessary.

The company's goal is to efficiently and fairly resolve complaints, adhering to legal deadlines and ensuring customer satisfaction. Complaints are received verbally, by phone, or through email and

High product quality, combined with responsible marketing strategies and clear communication, plays a key role in achieving market success

postal mail, with adherence to the legal deadline of 8 days, often resolving them even sooner. Upon receiving a complaint, a detailed analysis of its validity is conducted, including a specific examination of discrepancies and relevant production records for products. In situations where an independent decision is not possible, the company forms a team to address discrepancies, conducting further analysis of the complaint. If the complaint is justified, the company sends a package of products to the consumer. In case of an unjustified complaint, the consumer is provided with a valid explanation.

Relationships with customers, clients, and suppliers are approached with respect, adhering to the highest standards of privacy. The company carefully manages personal data and strictly complies with all applicable

laws and standards regarding privacy and personal data protection. The collection, use, and processing of personal data are conducted solely for legitimate business purposes, ensuring the security and integrity of information. Through transparency in data management, the company aims to preserve the trust of its partners and build long-term sustainable business relationships.

The high standards of quality, integrity, and responsibility applied in the business activities of the Delta Holding system are evidenced by the fact that during 2023, there were no complaints regarding the impact of products and services of member companies on the health and safety of consumers. Furthermore, there were no complaints regarding the accuracy and precision of information in marketing campaigns, nor any violations of customer data privacy.

During 2023, the company conducted a survey of suppliers regarding adherence to and implementation of ESG principles aimed at gaining insights into sustainable business practices within its supply chain. 350 suppliers were surveyed in total. In the upcoming period, the company will continue to support its suppliers and partners towards the full implementation of ESG principles, aiming to create sustainable business practices and a resilient value chain capable of addressing challenges.

INTERNATIONAL QUALITY STANDARDS

STANDARD	DESCRIPTION	MEMBER
ISO9001	Sets the criteria for the quality management system in the business organization. Application of this standard ensures the consistency and quality of products and services, and at the same time contributes to the improvement of business.	Delta Agrar Group (Seme Sombor), Delta Food Processing (Yuhor), Delta Distribution (Delta DMD, DTS, Delta Motors)
ISO14001	International standard for the development of an effective and efficient environmental management system applicable to all activities.	Delta Food Processing (Yuhor)
ISO 22000	Food safety management - requirements for the systems of any organization in the food chain.	Delta Food Processing (Yuhor)
IFS	Standard for food quality and safety (based on ISO standards) guarantees the preservation of food safety and quality to the final consumer. Fully supported by the Global Food Safety Initiative (GFSI).	Delta Food Processing (Yuhor, Mioni, Danubius, Fun&Fit), Delta Agrar Group (WU Cold Storage Čelarevo and Zaječar)
GLOBAL GAP	Standard covering pre-production processes designed by leading food retailers to guarantee product safety and quality to consumers.	Delta Agrar Group (Delta Agrar d.o.o., Napredak) + Group certification that includes 9 individual agricultural holdings on the territory of Serbia and 9 products
ISCC	Standard that defines the use of biomass produced under the conditions of sustainable production and production processes from the same biomass.	Delta Agrar Group (Delta Agrar d.o.o, Kozara, Jedinstvo, Napredak, Topola), Dunavka
SMETA	Standard that confirms the application of principles in business that ensure respect for human rights, labour rights, occupational health and safety, and environmental protection.	Delta Agrar d.o.o. (WU Cold Storage Zajecar)
IFS logistic	Standard of international retail chains that includes internationally accepted quality standards in order to improve product safety.	Delta Distribution (DTS)
TAPA TSR	TAPA Truck Safety Requirements (TSR) specify the minimum acceptable safety standards for high-value and high-risk goods distributed through the supply chain and the methods to	Delta Distribution (DTS)
HACCP	Food safety system that includes the analysis of control points of biological, chemical and physical risk starting from raw materials through production, distribution, storage and all the way to the placement of the product to the final consumer.	Delta Agrar Group, Delta Food Processing (Fun&Fit, Mioni, Danubius, Yuhor), Delta Distribution (Delta DMD and DTS)
HALAL	System of guidelines and rules for food production in accordance with the customs of the Islamic religious community.	Delta Food Processing (Yuhor)
ISO 45001	Occupational health and safety.	Delta Agrar Group (Dunavka), Delta Food Processing (Yuhor)
GMP+	Quality and food safety management in the production of animal feed.	Delta Agrar Group (Napredak, Kozara, Jedinstvo), Dunavka, Delta Food Processing (Danubius)
GRASP	Ethical business in agricultural production.	Delta Agrar Group (Delta Agrar d.o.o., Napredak) + Group certification that includes 9 individual agricultural holdings on the territory of Serbia and 9 products
DUNAV SOJA	Production and trade of NON GMO Soy in the Danube region.	Delta Agrar Group, Dunavka
Chain of Custody	Production and trade of NON GMO Soy in the Danube region.	Delta Agrar
No pesticide residue	Certificate for unprocessed agricultural products produced during the 2023 growing season - Regina and Cordia cherry.	Delta Agrar

FINANCIAL RESULTS

Although the year 2023 brought significant challenges in the business environment, Delta Holding achieved outstanding financial results across all areas of operations.

The company continued to invest efforts in improving the quality of its products and services, preserving the health and safety of its employees, and protecting the environment over the past year, while also strengthening ties with its business partners.

Consolidated results in millions of euros

MEMBERS	2023	
	REVENUE	EBITDA
Delta Agrar Group	299.40	25.85
Delta Food Processing	163.34	12.89
Delta Real Estate Group	83.68	33.85
Delta Distribution	372.25	32.30
New Technologies and Other	30.76	-16.68
Total	908.20	83.60

In comparison to 2022, the operating profit before taxes, interest, and depreciation (EBITDA) increased by as much as 24.7% in the year, reaching EUR 83.60 million. The revenue achieved amounts to EUR 908.2 million, marking an increase of 12% compared to the previous year.

The company's operations were financed through operating profit and loans obtained from banks and other financial institutions. Current activities have also utilized subsidies prescribed by domestic laws, available to all economic entities.

In 2023, all obligations towards loans from commercial banks were settled on time. In the past year, Delta Holding paid RSD 180 million in taxes to the budget of the Republic of Serbia.

Through humanitarian projects of the Delta Foundation and other socially responsible activities carried out in 2023, a total of EUR 365,927 was invested in the

Export of food and agricultural products in millions of euros

GROUPS OF PRODUCTS	2023
Fruits and vegetables	14.35
Grains	23.85
Oleaceous plants	14.94
Seed goods	1.18
Flour and pasta	4.41
Meat and meat products	5.84
Appetizers and cereals	1.56
Water	0.28
Other	2.22
Total	68.62

EXPORT in millions of euros

IN MILLIONS OF EUR	2023
Export of Delta Holding Group	112.08

community, benefiting 5,304 beneficiaries. Delta Holding group's exports in 2023 amounted to a total of EUR 112.08 million, with food and agricultural product exports totalling EUR 68.62 million.



DELTA AGRAR GROUP

Delta Agrar Group has been successfully operating within the Delta Holding system since 1993 and holds a leading position in all areas of agricultural production.

The business is organizationally divided into:

- ▶ **Primary production** - which includes field, vegetable, fruit and livestock production;
- ▶ **Trade and distribution** - which includes the distribution of pesticides, seeds, machinery, fertilizers, trade in stock exchange agro-products and the production of animal feed.

Delta Agrar achieves continuous and sustainable growth and development primarily by

investing in knowledge and improving its staff, which enables the rapid adoption of new technologies and the introduction of innovations in its operations. This provides the company with both flexibility and the ability to adapt to market changes, enabling it to successfully meet customer needs and respond to challenges in the agricultural industry.

In addition to its leading position in the domestic market, Delta Agrar holds prominent positions in as many as 34 markets outside Serbia—ranging from Europe and the Far East to the United States. Since its founding, the company's headquarters have been located in Novi Beograd, and since 2021, in the premises of the new Delta House office building.



Farming

Delta Agrar, with its dedicated approach and strategic investments, has been achieving significant results in the field of agricultural production for many years. Continuous high and stable yields are the result of constant investment in the modernization of the production process, the application of digital tools and precision agriculture, as well as a long-standing investment in the improvement of knowledge for the application of new technologies.

The dominant arable crops grown on Delta Agrar estates are wheat, corn, soybeans, sunflower, rapeseed and sugar beet. In addition to these crops, stubble and millet grain, grain legumes, and various fodder and grass mixtures are grown for the needs of animal farms. The properties are located in the vicinity of Apatin, Kikinda, Stara Pazova and Zaječar and cover an area of 10,000ha, making them one of the largest and most important agricultural complexes in Serbia.

Delta Agrar recognizes the key role of modern irrigation systems in maintaining stable agricultural production and continuously increases the areas irrigated by state-of-the-art methods. In this way, the company ensures adequate water supply to plants throughout the season, resulting in more stable yields and reducing the risk of the negative impact of climate change. In addition, modern irrigation systems enable precise water dosing according to the needs of plants, which also contributes to more efficient water use and reduction of losses.

In areas under irrigation systems, it is possible to organize double plantings, which further emphasizes their importance and impact on increasing overall yields, as well as on economic performance.

The long-term plan of the company implies further expansion of arable areas under irrigation systems to more than 50% of the total arable area.

Precision Agriculture

Delta Agrar, as a socially responsible company, strongly advocates environmental sustainability, and precision agriculture has become a key component on the path to creating sustainable agriculture. Precision agriculture contributes to environmental protection and the reduction of the negative impacts of climate change in the long term.

By using state-of-the-art technological tools and methods such as variable seed drills and fertilizer spreaders, the company actively reduces the excessive use of pesticides, fertilizers and other chemicals, thus significantly contributing to the preservation of the soil, while optimizing the use of resources and increasing production efficiency. Smart sprinklers with section control enable eco-friendly irrigation management, and the latest combines use telemetry to create yield maps. The state-of-the-art technology also includes drones that enable simple and effective crop protection treatments. Using drones instead of tractors for plant protection reduces the use of fossil fuels and harmful gas emissions.

Precision agriculture significantly improves both the quality and quantity of products because it enables the availability of all necessary data from production in real-time, which ensures timely decision-making necessary for the proper development of plants. To apply the full potential of this method, a specialized team has been formed within the company to work on the formation of maps for variable sowing, fertilization and other key aspects of agricultural production. So far, 8,500ha of land have been mapped within Delta Agrar, and 30% of the total arable land is under irrigation. The company also has 36 autopilot tractors.



Fruit Growing

The success and sustainable development of Delta Agrar's fruit production are credited to loyal and dedicated employees, as well as continuous investment in innovations and the most modern systems and technologies. Delta Agrar's orchards span 700ha, located at the estate in Čelarevo and at three locations in the vicinity of Zaječar. The most significant part of the orchards consists of apple plantations, and in addition to these cherries are grown in smaller areas, along with cherries and grapes..

The efficiency and remarkable results in Delta Agrar fruit growing are the result of the implementation of advanced technological systems for irrigation and protection of orchards from adverse weather conditions, as well as the use of high-quality planting material and proper nutrition. The orchards are equipped with advanced sensors that continuously monitor the soil moisture level and other key parameters. By connecting these sensors via GPRS to the central irrigation system and meteorological station, remote monitoring and management of orchards is enabled, which contributes to process optimization and maximization of yields with minimal resource losses.

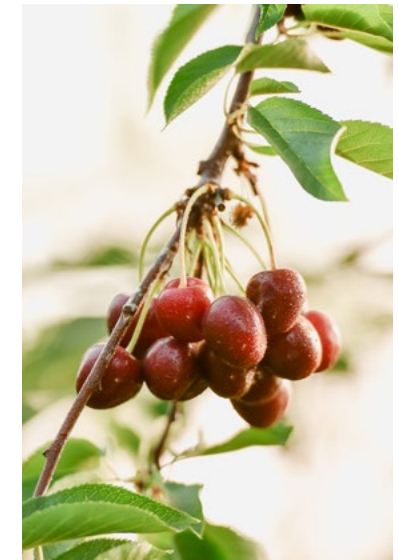
Apple production is the most important segment of production in Delta Agrar fruit growing and takes place with the application of Italian *Sudtirol* technology that guarantees high and stable yields. This technology involves a dense

arrangement of trees so that between 3,900 and 10,000 trees can be found in an area of one hectare. All apple production processes are carried out in accordance with the *GlobalGAP* system, which ensures extremely high quality of work and products. Both conventional varieties such as Gala, Braeburn, Golden Delicious, Red Delicious, Granny Smith are grown, as well as club varieties under brands such as Modi, Kiku, Pink Lady, Evelina, Rubens, Isaaq, Red Moon, SweeTango and Magic Star.

In order to automate the production process, a machine for collecting industrial apples was put into operation on the estate in Čelarevo in 2023. These machines enable faster and more efficient fruit harvesting compared to manual work and also help to reduce fruit losses that fall to the ground, thus increasing the overall yield.

The orchards of Delta Agrar represent one of the most modern apple plantations in Serbia and the region, which enables exceptional results to be recorded every year. Accordingly, during the past 2023, the Pink Lady variety achieved a record yield, thus once again confirming its leading position on the market.

Part of the fruit production the company has focused on includes cherries, which are cultivated on the estate in Zaječar, occupying an area of 35ha. The most common varieties in the orchards of Delta Agrar are Cordia, Regina and Areko - cherry varieties characterized by high-quality fruit and rich taste.



Ultra-Low Oxygen Refrigeration and LDC World of Freshness Nova Pazova

Delta Agrar's orchards are equipped with state-of-the-art technologies for fruit storage and safekeeping, including Ultra Low Oxygen cold storage facilities. These facilities ensure a controlled storage atmosphere to slow down the ripening process and extend the shelf life of fruits and vegetables. Regulation of oxygen, carbon dioxide, humidity and other atmospheric parameters significantly improves storage conditions, which is especially important in cases of distribution to remote markets where Delta Agrar operates.

Inside the orchard in Čelarevo there is a modern refrigerator with Ultra Low Oxygen technology, with a total capacity of 20,000 tons. Thanks to the dynamic atmosphere, the entire genus of apples can be stored in

the chambers of these refrigerators for up to 300 days, without the need for chemical treatments. The MAF Roda line for calibration and sorting of apples according to colour, diameter and grammage, with a capacity of 20 tons per hour, is also installed in the cold storage, which enables efficient processing and selection of fruits before storage and distribution.

The Ultra-Low Oxygen Refrigerator, *World of Freshness*, is also located at the foot of the orchard in Zaječar. It is intended for the storage of apples, cherries and grapes and is equipped with the latest MAF Roda equipment for the calibration and packaging of the specified fruit species. The total capacity of the cold storage facility is 6,000 tons, while the plan is to expand the cold storage facility in the next three phases. The total value of the investment is EUR 23 million.

In addition to cold storages in orchards, the company also has the most modern logistics and distribution

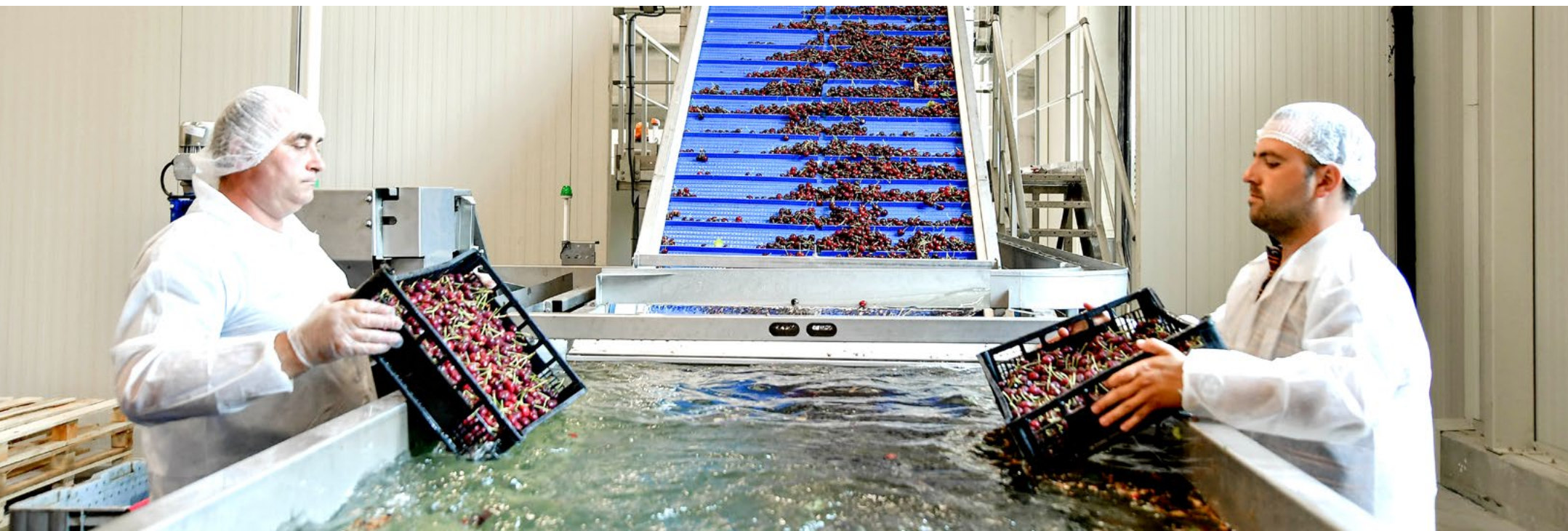
centre *World of Freshness* in Nova Pazova. This facility, which covers 4,300m², is a central hub for the reception, manipulation, storage and packaging of fruits and vegetables from different parts of the world.

The facility also has a modern banana ripening plant, which innovatively, with the use of state-of-the-art technology, ensures the safe and secure storage and ripening of bananas, which are harvested in remote Latin American countries when they reach 3/4 of their ripeness.

Once they arrive at the Delta Agrar distribution centre, bananas undergo strict quality controls. Fruit and vegetable technologists perform a thorough inspection to ensure that each banana meets the applicable standards. Hardness, colour and odour are carefully assessed before further flow is determined.

The next step is the maturation process in a maturation room equipped with state-of-the-art technology. The *ECHO PENTHOUSE* system enables fast and even ripening, with minimal operating costs. Air flows through the pallets, allowing each banana to reach perfect ripeness. This system also allows remote control, which further facilitates the monitoring process and saves time and resources.

Finally, after a few days in the ripening room, the bananas reach their peak of ripeness. With a carefully controlled ripening process, each banana becomes perfectly sweet and juicy, ready for further distribution. By applying modern technology, Delta Agrar provides its customers with bananas that have superior freshness and quality.



“Zero Residue”

Delta Agrar maintains its leading position in agricultural production in Serbia and the region through continuous monitoring of global market trends and consumer dietary habits. In today's increasingly health-conscious society, consumers are increasingly concerned about the safety and quality of the food they consume, and one of the key issues is the residues of pesticides present in fruits and vegetables. As a socially responsible company and the first company in Serbia to be certified for “Zero Residue” apple production in 2020, Delta Agrar continued to produce apples and cherries without the rest of the pesticides in the past year.

“Zero Residue” (Free from pesticide residue) certificate guarantees that there are no pesticide residues on fruits and vegetables or that they are present only in trace amounts, i.e. in quantities less than 0.01mg/kg. The certification process includes mandatory sampling of products and testing for the presence of more than 400 active substances (pesticides) at the riskiest stages of production, before the beginning of harvest, through storage, until processing, and even from retail stores. Despite the significantly higher cost of producing fruit without pesticide residues compared to conventionally produced products, the importance of producing healthier food is multifaceted, which further motivates the application and continuous improvement of this approach. Although there are currently no complete alternatives to conventional pesticides for all diseases and pests, Delta Agrar “Zero Residue” is making key, pioneering steps in the production of apples and fruits not only in Serbia but also globally.

Vegetable Growing

As one of the largest agricultural companies in Serbia, Delta Agrar stands out for its extremely wide range of activities, which include vegetable production. In the vegetable gardens of Delta Agrar, peas, sweet corn and green beans are grown with the application of the irrigation system. The total area under these crops is 537 hectares, and production is carried out in full compliance with GlobalGAP standards. With a capacity of over 2,800 tons, the warehouses for onions and potatoes also include a centre for sorting, calibration, cleaning and packaging of these products.

With the aim of long-term development of the local market through the improvement of fruit and vegetable production, Delta Agrar continued to cooperate with USAID during the past year to contribute to the empowerment of small agricultural producers. The business model of cooperation included the implementation of GlobalGAP standards, the analysis of water for irrigation of vegetables to prevent microbiological contamination, as well as the analysis of finished products to check the presence of pesticides and heavy metals.



PROIZVODNJA
POVRČA
NA NAŠ NAČIN

Animal Husbandry

Pig Farming

Delta Agrar is one of the leading pig producers in the region. Pig production takes place at the Nukleus, Napredak, Kozara and Vladimirovac farms, which are equipped with state-of-the-art technology and infrastructure to ensure optimal conditions for breeding and caring for animals. At the Nukleus farm in Stara Pazova, alongside the production of breeding gilts, there is also an Artificial Insemination Centre that supplies high-quality semen to all farms. The production of piglets for further fattening takes place on the farms of Kozara and Vladimirovac.

All four pig farms owned by Delta Agrar have high standards of hygiene, disease control and animal welfare. Continuous investments in research and development to improve pig genetics and improve meat productivity and quality are a strategic imperative for the company. Thanks to this, Delta Agrar was recognized as a leader in animal husbandry on the domestic market in 2023, achieving significant results with 102,000 piglets produced.

The specificity of Delta Agrar's operations in the field of pig farming is also the heating system on farms in Stara Pazova, which is realized in a completely environmentally friendly way, through the biomass system. It functions in such a way that, at the very beginning, soybean straw roll bales are delivered and stored in moments at certain locations. After that, the most high-calorie soy straw is shredded using a straw shredder and then transported to the straw

warehouse using a transport auger. Finally, chopped straw is transported to the furnace where it is burned to heat the heating system. The preferred temperature in the boiler furnace is 80 degrees Celsius so that the facilities can be heated up to 27 degrees Celsius, while the return temperature in the system should be up to 40 degrees. Twice a year, exhaust gases from the furnaces are measured and their impact on the environment is analyzed.

In the livestock segment, Delta Agrar also organizes successful cooperation in cooperation with individual agricultural producers, through which it provides them with professional support and provides nutrition and purchase.

Cattle Farming

At the Napredak farms in Stara Pazova and Topola in Banatska Topola, Delta Agrar is engaged in dairy cattle breeding at the highest level. Using European standards and state-of-the-art technologies, Delta Agrar ensures top results in milk production. The key focus is on animal welfare by achieving high-quality environmental conditions, nutrition, and housing, as well as through the continuous improvement of modern biotechnological solutions. Cattle enjoy free movement with careful monitoring of their health status through advanced computer systems.

In order to achieve better milk quality, during the past year Delta Agrar applied the latest technological solutions. Measurement of the quality of bulky food in the ration of highly milking cows on farms was carried out with the use of the NIR-Aurora apparatus, a device that enables the control of the operation of tractors on the farm, as



well as the quality of prepared bulky and concentrated food. Based on these data, information was obtained on the quality of the total food, which allows the meal to be corrected and standardized daily.

As a necessary part of the sustainable management of estates, within the Delta Agrar estate, there are two lagoons – Petrović Salaš, with a capacity of 15,000m³ and

"The cow spa" represents a completely original approach in Delta Agrar's livestock farming

Banatska Topola, with a capacity of 7,000m³. Lagoons are used to store and treat wastewater, thus preventing environmental pollution and preserving water quality. The entire mechanism works in such a way that there are scrapers in the barns that deliver liquid manure to the separator through channels and pipes. After the separation process, the solid phase of manure (separate) is extracted, while the liquid phase goes into lagoons lined with impermeable foil.

Lagoons have a capacity of 4 to 6 months, after which, with the help of pumps and tractors, the liquid mass is expelled (undermined), when conditions allow, i.e. when there are no plant crops on it. The separator is also used to fertilize fields, thus maintaining the balance in the ecosystem.

The company is continuously working on innovative ways to provide its animals with the best possible conditions. The "cow spa" is therefore a completely original approach in Delta Agrar's livestock farming, which aims to improve animal welfare and health, and usually includes various amenities such as massages, thermal treatments, baths, brushing and other therapies that are designed to reduce stress, improve circulation, reduce pain and increase their overall well-being.

During high temperatures from June to mid-September, cows go through a shower treatment to provide them with refreshment, while fans constantly cool them while waiting for milking. The processing of hooves in highly milking animals is carried out twice a year, to adequately process this part of the horn, enable animals to move around the farm properly and contribute to better production results.

Collaboration with individual agricultural producers

For many years, Delta Agrar has fostered a partnership with agricultural producers, entering into contracts with them for livestock breeding, crops, fruits, and vegetables. Through innovative programs and continuous exchange of knowledge, Delta Agrar actively shares its rich experience and expertise with owners of smaller holdings, encouraging them to adopt modern agricultural practices. This type of cooperation not only enables farmers, through stability and security in the form of guaranteed purchase, to improve their production and increase the quality of their products, but in the long run contributes to the development of agriculture in Serbia.

Through cooperation with individual agricultural producers, Delta Agrar builds sustainable supply chains that ensure continuous supply of high-quality agricultural products to the market. This includes:

- ▶ financial support for production, which includes the purchase of animals, fertilizers, seeds, pesticides, as well as



- ▶ the advance purchase of mercantile goods;
- ▶ providing expert supervision of crop cultivation technologies;
- ▶ ensured placement of manufactured agricultural products on the market;
- ▶ guaranteed repurchase of all market surpluses of produced crops;
- ▶ provision of storage services.

In order to ensure clarity and security for both parties, technical cooperation and advisory support, as well as monitoring and control of the entire production process, are defined in the Contract. As the main goal of the partnership is to achieve the highest possible production quality, the entire process takes place with strict adherence to all procedures

required by the *GlobalGAP* standard and the HACCP system.

After the successful certification of fruit producers, Delta Agrar continued with this practice and in 2023 continued to certify vegetable producers - a total of 9 farms and 14 agricultural products.

Agro-Distribution

Delta Agrar plays a significant role in supporting agricultural production through agro- distribution, i.e. ensuring safe access to the highest quality products on the market. With a focus on the production and distribution of seed commodities, Delta Agrar provides quality seeds crucial to achieving high yields and crop quality. In addition, it is engaged in the production and distribution of feed under the brand Delta Feed, which ensures quality nutrition of domestic animals, necessary for maintaining the health and productivity of livestock. The company is also a long-standing partner and representative of renowned global companies whose products in the field of plant protection and agricultural machinery are successfully promoted on the markets of Serbia and Bosnia and Herzegovina, with full respect for the

principles of sustainable development, human and labour rights, ethical standards and care for environmental impact.

The processing centre in Sombor, the largest in Serbia, makes the company a leader in the processing and packaging of wheat, barley, corn, sunflower and soybeans. Within the finishing centre, there are laboratories, dryers, seed treatment and packaging lines, and with the introduction of a new corn dryer and colour sorter for soy, corn and sunflower, the safety and quality of production has been significantly improved. The finishing

centre exclusively produces and processes both seed corn and sunflower for the company Corteva.

The company boasts a rich portfolio of seed production that includes soybean, wheat, barley, corn and sunflower and is continuously working on improving the domestic selection of soybeans for its long-standing Selsem brand. Selsem soybean has been present on the market for more than 30 years with a current share of 34% in the sale of certified seeds. Selsem soybean varieties are present in 11 markets, and tours are actively conducted in the United

States. In 2023, the development of new varieties, Nautilus and Monsoon, was particularly significant. In the past year, Delta Agrar has achieved remarkable results in agro-distribution:

- ▶ Delta Agrar Mechanization:
 - ◆ the second largest distributor of tractors in BiH (Landini brand);
 - ◆ leaders in the distribution of Valley irrigation systems;
- ▶ Delta Agrar Pesticides:
 - ◆ revenue growth of 37%;
- ▶ Delta Agrar Seeds:
 - ◆ manufacturer number 1 in Serbia, by yields and quality;

- ◆ distributor number 1 of wheat and sunflower;
- ◆ number 1 soybean finisher and distributor.

Delta Feed

The factory for the production of animal feed was created based on the previous factory, which, as part of the Napredak estate, has been operating since 1966. For almost 20 years, the factory has been part of Delta Agrar, and since 2020 it has successfully started operations under the name **Delta Feed**.



As part of Delta Agrar, Delta Feed is committed to producing premium livestock feed that supports the health and productivity of livestock while ensuring efficiency and sustainability in agriculture. With a focus on farm product lines, the production of the factory includes high-quality concentrates, supplementary mixtures and premixes required for pig, cattle and poultry production produced in a modernly equipped plant and adapted to the most sensitive categories of animals. The production of fodder in Delta Agrar is carried out following the latest Danish nutritional standards, which guarantees an extremely high quality of fodder, as well as mercantile goods such as corn, wheat, barley, fodder flour (bran), soybean meal, sunflower meal, rapeseed meal and crude soybean oil. The quality of the product is additionally ensured by using the highest quality raw materials, both from our fields, as well as from the Dunavka and Danubius factories within Delta's system, which ensures consistent product quality and reliability in delivery.

As a strong focus is focused on continuous improvement of the production process, Delta Feed has been actively working over the past year to expand its range, as well as its presence in new markets. In 2023, the company expanded its product range by entering the production of poultry feed and, at the same time launching exports to the countries of the region. Through commercial sales activities and the supply of all farms within the Delta Agrar Group, Delta Feed, together with livestock production, continuously works to achieve exceptional business results, and new successes are planned for 2024.

Dunavka

The Dunavka factory is engaged in the production of crude oil and meal obtained by processing sunflower and soybeans. Based in Veliko Gradište, the factory has been part of Delta Agrar for five years, since 2018, when production was successfully revitalized after eight years of inactivity. The investment of EUR 15 million enabled the reconstruction and expansion of the plant's capacity, the revitalization of all four plants, the increase of storage capacities, the replacement of complete machines in silos, the installation of a new dryer, as well as the implementation of state-of-the-art systems for the rough and fine treatment of oilseeds.

As one of the most important companies in the supply chain for the production of crude oil, the Dunavka factory continuously works on expanding the network of suppliers for mercantile sunflower and soybeans and successfully cooperates with both legal entities and registered agricultural holdings, thus ensuring an undisturbed production process. The crude oil produced in Dunavka is

An investment of 15 million euros enabled the reconstruction and expansion of the factory's capacity



not only an export product, but also a vital raw material that is further used in the process of producing feed for domestic animals. Sunflower and soybeans, as basic raw materials, moving through the production chain, become semi-finished products, such as sunflower and soybean meal, which then reach farms and animal feed factories.

As part of the factory, innovative environmental protection measures were also implemented. In addition to air purification and CO2 reduction plants, renewable energy sources such as solar panels and wind turbines are also used. In this way, the plant actively contributes to reducing the environmental footprint of its operations and demonstrates its commitment to sustainable operations.

Given the vital importance of international standards for successful business operations, Danube is proud of its compliance with the highest standards in the food industry. The factory is certified according to GMP+ and ISSC standards, which further confirms

the level of quality and safety of its products, as well as the overall sustainability of the business.

Through its commitment to quality, sustainability and innovation, the Dunavka factory continued to play a key role in the supply chain in the past year and is continuously working to expand its business. The factory's portfolio has been expanded with a new raw material, rapeseed, from which the highest quality product is obtained by processing.

Motivated by its values of corporate social responsibility and the desire to support the cultural development of the local community, the Dunavka factory recognized the importance of artistic heritage and cultural initiatives. A sculpture, the work of author Nikola Prešendić, was donated to the National Museum of Veliko Gradište, which today adorns the central park on the Danube quay and symbolically demonstrates the importance of cooperation between the business sector and cultural institutions in the construction and development of local communities.



DELTA FOOD PROCESSING



Yuhor

Yuhor has a long tradition in the meat industry. It was founded in 1902, and has been operating as part of Delta Holding since 2004, as a member of Delta Food Processing. In the first years of its business, it was oriented to the export of fresh poultry meat to foreign markets, and already from 1908 it began the production of the famous mortadella and the even more famous winter salami, according to the recipes of old Italian masters.

Today, Yuhor offers a wide range of products in the categories of pâtés, hams, fermented and smoked products, as well as meat slices. It is one of the leading companies in this field, known for its high-quality and safe products, modern technological processes, and innovative approach to business.

In order to communicate more directly with customers, Yuhor launched its retail business through the Yuhor stores chain in 2015. Today, it has 56 retail stores in 33 cities.

In addition to its dominant position in the domestic market, Yuhor continuously works on expanding its business into international markets. Through a careful expansion strategy, the company has successfully positioned itself and achieved success in markets within the region, such as Montenegro, Bosnia and Herzegovina, North Macedonia, as well as in markets of Russia, Austria and other European Union countries.

The past year has been extremely successful for the company, as evidenced by the results achieved:

Today, Yuhor operates in 56 retail outlets in 33 cities

- ▶ increase in sales compared to 2022, in value and quantity;
- ▶ growth in total market share in the meat processing category compared to 2022;
- ▶ increased scope of cooperation with Lidl as a partner;
- ▶ 2 more retail outlets opened;
- ▶ launched a new communication platform "Good taste with a good reputation";
- ▶ 7 new items launched.

As a leading company in the food industry, Yuhor stands out for its strict commitment to adhering to international standards, including ISO 9001, ISO 22000 and IFS



Još od 1902

standard in the field of food safety and quality, ISO 14000 in the field of environment and HALAL standard. Compliance with international standards, especially in the field of safety and quality, plays a key role in protecting consumers and preserving the brand's reputation. Through rigorous controls and monitoring of every stage of production, from the entry of raw materials to the delivery of finished products, Yuhor ensures that its products are safe, nutritionally valuable and produced in accordance with the needs and expectations of its customers.

Through its operations, Yuhor continuously demonstrates its commitment to public health protection, environmental preservation, and responsible business practices. As quality ingredients are the basis for end products that are proudly placed on the market, Yuhor ensures that its products meet the highest international standards through the careful selection of raw materials and additives from approved suppliers. This approach guarantees that products are safe and of high quality, and they are also appropriately labelled and declared, providing customers with transparent insight into the contents of the product itself. The absence of complaints in 2023 regarding the negative impact of products and services on consumer health and safety clearly demonstrates the company's commitment to quality control, as well as the safety and reliability in manufacturing its products.

During 2023, the annual satisfaction survey of business customers was successfully conducted. Through this process, the company aims to gain deeper insights into the needs, preferences, and attitudes of its customers. The survey confirmed a strong partnership and fulfilment

of all agreed collaboration conditions, while also providing the company with insights into opportunities for further improving the quality of products and services. More than 60 customers from various sales channels actively participated in this process, clearly highlighting how much the company values and respects the opinions of each business partner. The results showed higher ratings compared to the year 2022, indicating that the company had taken into account customer feedback and improved its work and production processes over the past year.

Business Customer Satisfaction Survey

2022		2023	
CHARACTERISTICS	AVERAGE RATING	CHARACTERISTICS	AVERAGE RATING
Product quality	4.22	Product quality	4.46
Price-quality ratio	3.98	Price-quality ratio	4.20
Sales and distribution	4.72	Sales and distribution	4.84
Customer loyalty	4.57	Customer loyalty	4.63
Quality compared to other companies from the meat industry	4.19	Quality compared to other companies	4.60
Overall average rating	4.45	Overall average rating	4.60

Thanks to successfully achieved goals and significantly better average ratings in all segments of satisfaction surveys, Yuhor has once again confirmed its commitment to excellence in business and building consumer trust.

Given the increasing importance of innovation for overall business development, in 2023 Yuhor placed emphasis on improving production through modernizing existing equipment and adopting new technologies to optimize current processes for greater efficiency. The automation of the canned products line was successfully implemented, along with the purchase of new equipment to increase production productivity.

As a socially responsible company, Yuhor ensures that the innovations it implements are in line with sustainable development principles and have a positive impact on the environment and the society in which it operates. Therefore, all these improvements were implemented with the aim of contributing to:

- ▶ long-term improvement of relations with all stakeholders, in particular customers and suppliers;
- ▶ significant improvement of the quality and nutritional values of Yuhor products in terms of reducing salt in certain products and expanding the range of products with a gluten-free label;
- ▶ overall improvement in the quality of private label products in accordance with customer preferences: a new range of products without additives, gluten-free, with increased nutritional value.

As the plan is to continue with innovations into 2024, the following goals have been set for the upcoming period:

- ▶ construction of a new solar power plant to increase the amount of energy obtained from renewable sources;
- ▶ procurement of additional equipment to increase



- ▶ production productivity;
- ▶ expansion of the product range in the retail segment;
- ▶ expansion and modernization of the Duboka pig farm.

As a company committed to socially responsible business practices, Yuhor continuously invests in its operations intending to achieve positive impacts on the environment and society. This is done with full consideration and understanding of the needs and expectations of all stakeholders in the decision-making process.

In 2023, Yuhor successfully renewed its IPPC permit (Integrated Pollution Prevention and Control), which represents an integrated approach to pollution control. This includes minimizing raw material and energy

consumption, preventing or reducing emissions into air, water, and soil, and managing waste, all while considering cross-border contexts.

Through transparent communication about its sustainable goals and environmental responsibility towards the local community and natural surroundings, Yuhor has actively inspired and motivated its employees to take an active role in environmental protection. Aware of the impact of human activities, employees of Yuhor have conducted ecological cleaning actions on Mount Juhor. These initiatives have strengthened team spirit and fostered a sense of unity among them, as well as activism with the goal of achieving positive societal changes.

Aligned with its values and goals, Yuhor emphasizes the importance of respecting diversity and building a collective where every individual can develop and achieve their full potential. Commitment to employee development is realized through continuous training and workshops, ensuring that every employee has equal opportunities for personal and professional growth. With a focus on competencies, knowledge and dedication of each employee, an environment is created where engagement and commitment are valued and encouraged, fostering an inclusive and supportive work culture. The company strictly adheres to the principle of non-discrimination in employment on any basis, and individuals with disabilities are an important part of its teams. Their unique perspectives and skills enrich the work environment and contribute to the company's success.

Mioni

Mioni, a natural mineral water factory located in the village of Ključ at the foot of Mount Maljen, has been successfully operating for a full 16 years as part of the Delta Holding system.

Mioni's recognition is reflected in the brand Aqua Gala, a natural spring mineral water with low sodium content, an ideal balance of calcium and magnesium, and a high proportion of silica dioxide minerals, known worldwide as "beauty minerals". Thanks to its natural characteristics, Aqua Gala is a product that not only contributes to necessary hydration but also beneficially affects overall health.

The Mioni factory is involved in the production and filling of refreshing non-alcoholic beverages under the

Thanks to the new production line and the use of preforms made from recycled plastic, plastic consumption savings will amount to 25%

brand "Gala Fantasy". In addition to manufacturing its brands, Mioni also offers filling services for mineral water and refreshing non-alcoholic beverages under various private labels for major retail chains such as Lidl, Delhaize, Merkator, Metro, Aman, and others. With six modern production lines for filling, Mioni is capable of meeting the growing market demands for still and carbonated water, as well as carbonated

refreshing non-alcoholic beverages (NAB).

Possessing and adhering to international standards represent the best guarantee of product quality at the Mioni factory. These standards set rigorous guidelines and requirements regarding production processes, hygiene, product safety, and quality management, ensuring that products meet the highest standards of safety and quality.

Mioni proudly holds the IFS (International Featured Standards) quality certificate, with a high compliance rate of 96.08% confirmed by RINA Services - AGG in February 2023. The high compliance rate not only demonstrates Mioni's dedication to adhering to international standards but also serves as clear evidence of continuous investment in quality through ongoing process improvement, employee training, and the implementation of best practices in business operations.



In September 2023, the cornerstone for a new production and warehouse facility was laid. With its construction, the total area of the Mioni factory's warehouse and production facility will be expanded from the current 7,500 m² to 13,000 m². The facility will also feature a new bottle filling line that will enable the implementation of the latest technology for using recyclable plastic preforms for bottles with reduced weight. This will result in a 25% reduction in plastic consumption. At the same time, it will achieve a higher production volume and more efficient energy usage.

In 2023, a total investment of EUR 1.7 million was made, resulting in the following achievements:

- ▶ record sales volumes of 136 million litres were achieved;
- ▶ a market growth of 27% was achieved in Serbia in the segment of still and carbonated waters;
- ▶ the portfolio was expanded with twenty-one new items in the contract filling area;
- ▶ a new segment - demineralized water - was launched;
- ▶ the leading position in contract filling for private label brands in Serbia has been maintained in the water and non-alcoholic beverages segment;
- ▶ the procurement of a new, faster PET line from Krones for producing still water in 0.5L and 1.5L packaging has been agreed upon.

The Mioni factory is strongly committed to preserving and enhancing sustainability in all aspects of its operations. This includes investments in new technologies and production processes that reduce environmental impact, as well as active engagement in the protection and conservation of natural resources. In

line with this, the planned activities for 2024, aimed at greater profitability, sales growth across all segments of the production portfolio, and introducing new items in the private label segment, include:

- ▶ reducing the plastic content in the packaging of 0.5L and 1.5L sizes;
- ▶ reducing electricity consumption by relying on renewable energy sources (solar panels);
- ▶ completion of the construction of a new production and warehouse space that will enable greater automation and efficiency in the production process.

Danubius

With 106 years of successful operation, Danubius has become synonymous with tradition, reliability, and quality. Through rich experience and the dedication of a team of experts, the company continually strives for excellence in every aspect of its business. Continuous investment in development, innovation, and adaptation to market demands has enabled Danubius to maintain a leadership position in its industry for many years.

The Danubius factory comprises four business units:

- ▶ **silo** with a capacity of 65,000 tons and a continuous dryer Schmidt-Seeger, with a capacity of 50-70 tons per hour;
- ▶ modern **mill** with computerized control from the Swiss manufacturer Bühler, capable of milling 300 tons of wheat per day to produce high-quality flour for all purposes;



- ▶ **pasta factory** with an annual capacity of 15,000 tons;
- ▶ **production** line for pastry sheets, a new project aimed at expanding the company's manufacturing capacity.

Based on data analysis from research conducted by Nielsen, Danubius held a leading position in the market in the past year, as evidenced by the following results: in the total pasta category, an average market share of 36.2% was achieved in 2023; in the category of fortified pasta, 40.9% market share was attained; and in the durum wheat pasta category, an average market share of 25.4% was achieved, with consistent growth noted.

The Danubius factory continually strives to maintain high standards of product quality and safety, dedicating itself to continuously improving its processes to meet the expectations and demands of its customers and partners. Within the Quality and Product Safety Department operates a modern laboratory staffed with experts who conduct inspections of raw materials, processes, and final products. Special emphasis is placed on the Control House for receiving raw materials and analysing the rheological properties of wheat, which is stored in silos based on its quality.

In its operations, Danubius strictly adheres to international standards that ensure high quality and product safety throughout all production processes. Under the international standard IFS 7 for food safety and quality control, all products and services within Danubius' range contain necessary declarations with information about the source of components to enhance transparency towards end customers. Furthermore, the company fully complies with regulations regarding product labelling and information, as well as regulations concerning advertising, product promotion, and sponsorships. Consumers are provided with the opportunity to ask questions and receive answers regarding the quality and availability of products at any time, as well as to file any complaints they may have.

At Danubius, there is a commitment not only to meeting the highest standards in business operations but also to inspiring positive changes throughout the supply chain. Recognizing the significant impact of suppliers on the environment, Danubius is dedicated to promoting sustainability principles and environmental awareness



among its partners. Suppliers are continuously encouraged to provide transparent reporting on their environmental practices to identify common areas for improvement in collaboration with Danubius. All suppliers are expected to operate fully in accordance with applicable legal regulations. Additionally, adherence to international ESG standards or possession of certifications such as the ISO 14001 environmental management standard further ensures a reliable partnership with Danubius.

Choosing the right suppliers is crucial for the success of any company and involves a careful assessment of their business activities, quality, reputation, financial stability, and compliance with standards and regulations. Therefore, Danubius adheres to clearly defined procedures for selecting appropriate suppliers. Suppliers are obliged to submit documentation that includes a declaration of compliance with all legal regulations and standards, accurate and precise product specification, evidence of the degree of compliance with IFS standards and quality policy, as well as a certified certificate of health safety of the product by certified institutions in Serbia.

With a strong belief that feedback is key to improving business and maintaining a high level of customer satisfaction, Danubius regularly organizes an annual



customer satisfaction survey. In 2023, a consumer satisfaction survey was conducted in retail stores of Delhaize, Mercator, Univerexport and DIS chains in Belgrade, Novi Sad, Niš and Čačak. A total of 240 consumers participated in the survey, of which 32% were men, 68% women, and 88% of respondents

belonged to the age group from 20 to 60. As in the previous years, the survey collected ratings for quality/safety, price, packaging, positioning and assortment with the application of a rating scale from 1 to 5, with 1 being the worst and 5 the best. The target score for 2023 was 4.50.

In addition to the above, the respondents were also asked to comment on Danubius products. The most common consumer comments about flour satisfaction were praise for the quality, assortment, and packaging design, as well as special praise for pizza and spelt flour, and a higher-than-expected average rating showed a high degree of verification of the quality of Danubius flour.

When it comes to the pasta segment, the satisfaction survey once again showed an enviable level of consumer satisfaction. Customers had numerous praises for the quality of durum pasta and the Maestro brand, as well as praise for organizing promotional sales in the facilities.

A new form of Maestro pasta - Orchid - was especially praised, while one of the significant suggestions was the launch of a new form of Maestro pasta - spaghetti.

Over the past year, Maestro Pasta has found its place in all major chains, it was actively promoted on social networks, the national channel, the FENS conference and the Food Vision fair, as well as promotions at points of sale. What is particularly characteristic of this brand is the sealed cardboard packaging, which is fully recyclable, thus achieving not only the attractiveness of the packaging, but also a measurable contribution to the preservation of the environment. Given the multiple importance of this practice, it is planned to continue with Maestro long pasta - Spaghetti, Spaghettoni and Linguine, as well as with the new Maestro short pasta, Pipe Rigata.

Thanks to market research and listening to customer demands, it was decided that it was necessary to expand the range of Danubius products with something completely new. Accordingly, the production of a traditional product for the domestic market - pie crust - was launched. With the launch of the new product line, the construction of a specialized production plant was also realized, which also implemented innovative technology for the production of thin and medium crusts. With the opening of a new plant, new workers were hired in the production process, including experts in the technological process of production.

Ambitious plans for 2024 imply a successful expansion of the range and continuous work on the development

Customers have had numerous praises for the quality of durum wheat pasta and the Maestro brand

of Danubius product brands. New planned products and innovations include:

- ▶ expansion of the Maestro pasta product range with 4 new items: Maestro Spaghetti, Spaghettoni, Linguine and Pipe Rigate;
- ▶ expanding the range with a completely new product, pie crusts;
- ▶ continuous work of the development team on expanding the range and improving product quality,

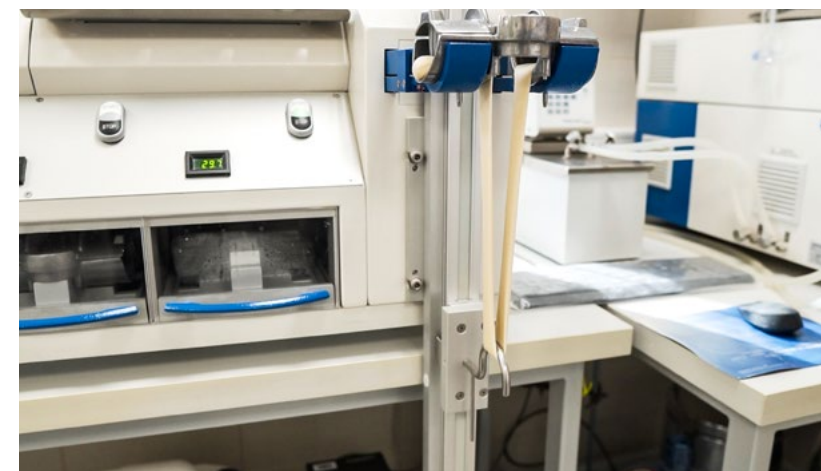
as well as exploring the possibility of expansion into new markets.

One of the main strategic goals of Danubius is to actively engage in the long-term development of all employees, which will contribute significantly to the success and sustainable growth of the company. In this spirit, Danubius strongly supports the education of staff through dual education, which implies the engagement of young people in deficient occupations with the possibility of prospective employment after graduation. In cooperation with the Secondary School of Mechanical Engineering in Novi Sad, and through the mediation of the Serbian Chamber of Commerce, Danubius successfully started this project in 2022 and continued its implementation during 2023. Successful continuation of cooperation is also expected in 2024.

Close cooperation was also achieved with universities, and in the past year a series of visits and internships were organized for students from the Faculty of

Satisfaction survey - Flour

CHARACTERISTIC	AVERAGE RATING
Quality	4.60
Price	4.52
Packaging	4.61
Positioning	4.56
Assortment	4.67
Average rating	4.59



Satisfaction survey - Pasta

CHARACTERISTIC	AVERAGE RATING
Quality	4.62
Price	4.54
Packaging	4.68
Positioning	4.55
Assortment	4.67
Average rating	4.61

Technology and Agriculture, the Faculty of Technical Sciences, EDUCONS and the Higher Business School of Vocational Studies with the aim of connecting theory with practice. A workshop was also held at the Faculty of Agriculture entitled "Write a good CV", as well as a panel "Women in Agribusiness" with the mission of empowering students and young people to compose a good resume and apply for jobs in the field of business without apprehension.

Dedication to ensuring safe and healthy working conditions, while respecting labour rights, is an indispensable foundation of Danubius' social responsibility. Since its inception, an important factor in the success and stable operation of the company has been the union of workers, which has 70 members. Their dedicated work in protecting the interests of employees brings significant benefits to the company, creating fertile ground for the improvement of working conditions, development and support of Danubius employees.

As a socially responsible employer, Danubius closely monitors trends in the labour market and actively contributes to overcoming challenges in the local community. Cooperation was established with the National Employment Service in terms of attending Employment Fairs, and only in the past year Danubius had its representatives at three fairs of this type. In addition to national, cooperation was established at the local level with the municipality of Temerin through the organization of "Open Doors" so that citizens who have lost their jobs could inquire about open positions in Danubius.

The Fun and Fit Company

The Fun&Fit Company was founded in 1991 under the name Florida Bel, and in 2007 it was renamed The Fun&Fit Company and has been successfully operating within the Delta Holding system since then. Based on a strong belief that only continuous investment in business excellence, people and product quality contributes to further development, the company has improved and

expanded over the years, strengthening trust in its brand in the eyes of consumers.

The Fun&Fit factory is engaged in the production and packaging of cereals, basic foodstuffs, dried fruits and appetizers. According to the type, the products are classified into three brands - Fun&Fit (cereals), JUMBO (appetizers) and ABC (basic foodstuffs). In addition to key brands, the factory is also engaged in the





production and packaging of private-label products.

Fun&Fit guarantees top quality and freshness of products, with a high degree of compliance with international standards. In the past year, the confirmation of top business operations came through the result of the assessment of the company's compliance with the IFS international standard for food quality and safety, which reached 99.35%. The company is continuously exploring new innovative recipes and packaging solutions to ensure the satisfaction of its consumers and follow market trends.

With a wide range of products, Fun&Fit strives to meet the different tastes and needs of consumers, offering them quality products that contribute to a healthier lifestyle. In the previous period, a strong focus was on innovation in order to further develop and improve products, and the offer was expanded to products that meet the needs of a nutritionally richer diet. The range of Granola products has been expanded with two new flavours - peanut butter and chocolate cherries, both without added sugar. The launch of new granola flavours was accompanied by a socially engaged campaign called "The Beauty is Inside", whose main goal, in addition to creating consumer awareness of the new category, was to launch a social dialogue on current consumer habits regarding nutrition and choosing healthier foods.

At the same time, work started on new production lines for spreads, whose development is initially planned in the B2B segment, focusing on the confectionery industry



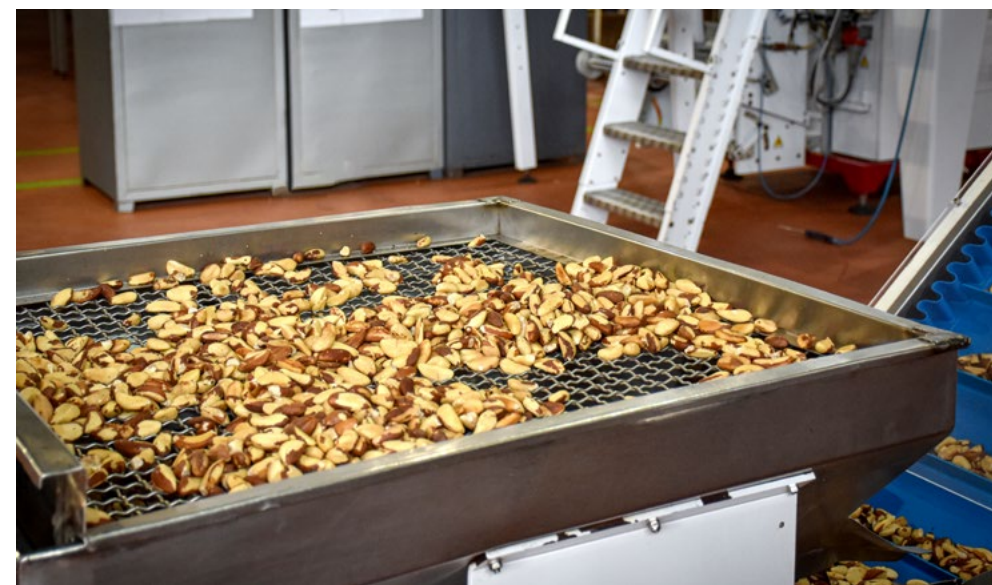
and through the launch of a new brand. At the end of last year, a new production line for powdered products started operating, which will enable the beginning of production of oatmeal in the future. This, in the long run, will open up new opportunities for expanding the offer as well as further improving the quality of products available to consumers.

The implementation of the V-label on a certain segment of products continued, which maintained the continuity of engagement in improving the quality and accessibility of vegetarian and vegan products. This initiative has been successfully implemented for the second year in a row, and the plan for 2024 includes its expansion to other brands with the aim of better responding to the needs of consumers who adhere to modern trends in nutrition.

The year 2023 brought cooperation with three new companies in the B2B segment:

- ▶ Lomax, with which the production of porridge and granola under the brand “Dobra” is successfully developed;
- ▶ Nektar, with which it cooperates on the brand “Frutabela”;
- ▶ Aksa, with whom we work on the brand “Baby Chef”.

The company's success in the local market was also expanded through the presence of brands in new foreign markets. These include Qatar, Russia, Belarus, Canada, Jordan and Nigeria, but also European Union markets such as Croatia and Slovenia. Fun&Fit also had the opportunity to present its product portfolio to new potential foreign partners through participation in four prestigious world food industry fairs: Gulfood in Dubai, PLMA2023 in Amsterdam, Anuga in Cologne and China International Import Expo in Shanghai. In the years to come, the company expects to fulfil its mission and set ambitious plans that include expansion into new markets, deepening cooperation with partners around



the world, and continuous research and innovation of products and services to ensure stable growth and competitiveness globally.

Fun&Fit is a socially responsible company that believes in the importance of a positive impact on the community and the environment and through its activities works to improve society in various ways.

With the aim of empowering local communities, during 2023 the company actively supported responsible initiatives and sustainable practices. These include support for Delta Foundation projects, such as the donation of products to Bačka Novo Selo as part of the Our Village project for the organization of the traditional sports event “Barefoot on the Sand”, as well as support for new initiatives such as the Organization of Brave Ideas - Orchids for the organization of a summer workshop for children. During the year, the company also supported numerous other events that aimed to promote healthy living, such as the Balkan Mountaineering Orientation Championship and the Triathlon Marathon, but also to spread knowledge on current topics such as the conference “On Obesity” in Crowne Plaza and the Vivaldi Forum on Mokra Gora.

In its operations, the company consistently adheres to practices that minimize the negative impact on the environment, and these include active work to reduce emissions through renewable energy sources. After the implementation of solar panels on the roof of an office building in 2022, it is proud to highlight the progress made in terms of reducing electricity consumption. In

Fun&Fit is a socially responsible company that believes in the importance of making a positive impact on the community and the environment

the past year, Fun&Fit achieved savings of as much as 20% thanks to this innovative technology, which greatly contributed to the reduction of CO2 emissions. Thanks to the expansion of capacity with an additional 150 solar panels in 2023, it is expected that the savings in the coming period will be even more significant.

As a company that actively demonstrates its commitment to creating positive social change, the company's official website was redesigned in the past year, which today provides a better user experience, easier access to products, as well as insight into its socially responsible practices. An example of the improved content is the section entitled “The Word of a Nutritionist” in which nutritionist Dragana Miljković Adonov shares useful tips and recipes, and Fun&Fit in this way once again demonstrates that it takes into account general health and healthy eating habits of consumers.

DELTA REAL ESTATE GROUP



Delta Real Estate grupa je i u protekloj godini održala status regionalnog lidera i postavila nove standarde u oblasti razvoja i upravljanja izgradnjom inovativnih, visokokvalitetnih i održivih stambenih, poslovnih, komercijalnih i kongresnih objekata. Sa bogatim iskustvom i stručnim timom, Delta Real Estate grupa na tržištu je prepoznata zahvaljujući pružanju sveobuhvatne usluge u industriji nekretnina, uključujući:

- ▶ strategic planning and project development, through careful market analysis and identification of development opportunities;
- ▶ project management and efficient project implementation;
- ▶ construction management, supervising all phases of construction and strict compliance with deadlines;
- ▶ real estate management, which includes maintenance, administration, marketing and all other activities necessary for the optimal functioning of real estate;
- ▶ inspection and placement of constructed facilities on the market, with the aim of maximum visibility and attracting quality customers or tenants.

Through all these activities, Delta Real Estate continues to build its reputation as a reliable partner in the field of real estate development, providing innovative

solutions that improve living and business spaces, while supporting the economic development of the communities in which it operates. The company's operations extend throughout the region, with a special focus on the markets of Serbia, Slovenia, Bulgaria and Bosnia and Herzegovina, making Delta Real Estate one of the key players in the development of the real estate market in the Balkans.

The company is particularly proud of its diverse portfolio, which includes a

wide range of properties, including shopping malls, business premises, hotels and congress centres. Distinguished experience in design and construction also includes the construction of facilities that represent a harmonious blend of retail, office and residential spaces – recognized in the world as mixed-use projects. In addition, Delta Real Estate stands out for its engagement in the construction of distribution and logistics centres, car dealerships and endowments, primarily for the needs of Delta Holding

system members, thus demonstrating the ability to adapt to different sectors, as well as to varying market needs.

A significant element of Delta Real Estate's business is also a strong belief in a long-term business policy based on achieving a balance between environmental protection, social responsibility and business interests. The company stands out through its business focused on responsible investment in all segments, and through the creation of facilities that combine functionality, sustainability and aesthetics.

From the design phase to maintenance, Delta Real Estate is guided by the principles of sustainable construction, following the latest eco-friendly trends. This includes the use of materials with a low environmental impact, the implementation of energy-efficient technologies, as well as promoting the principles of the circular economy through recycling and reuse of resources. Through engagement in the field of sustainable construction, the company has become a recognized member of the Green Building Council of Serbia, which testifies to its continuous contribution to raising awareness of the importance of sustainable development in the construction industry.



Delta Real Estate actively monitors and implements new technologies to improve its business operations and ensure competitiveness in the market. The company achieves more effective communication with professional supervision, contractors, and other project associates through ongoing investments in digitalization and employee training. This leads to better coordination and quicker resolution of potential issues on the construction site.

As effective project control is key to achieving high standards in real estate development, the company's employees use a wide range of modern tools and systems to ensure optimal project management. Software such as Revit, Bexel, PlanRadar, AutoDesk, TotalObserver and the open space 360° application have become standard tools in business, providing numerous advantages in the process of planning, building and maintaining real estate. These advantages include detailed monitoring of the quantities of

The most significant among the completed projects was the reconstruction, restoration, and adaptation project of Sava Centre

materials, dynamics of works, costs and other analysis, as well as the creation of a fundamental database that is crucial for making informed decisions during each phase of the project. In addition, they also enable the recording of defects and remarks during the handover, while optimizing all processes, thus ensuring a high level of efficiency in the execution of projects. Digital tools contribute to increasing transparency, reducing risks and optimizing resources, all of which lead to higher-quality project execution, as well as significantly greater customer satisfaction.

The company strongly believes in the importance of the development of its employees and therefore invests significant resources in various training and education programs, both at home and abroad. Through these programs, employees have the opportunity to improve their skills, gain new knowledge and get acquainted with the latest trends and techniques in the industry. Special focus is placed on young people to whom engaged international experts in the field of strategic and conceptual planning transfer their valuable knowledge and experience.

Delta Real Estate continues to reaffirm its commitment to quality of service through recognition and nominations at prestigious international events. In the past year, the company proudly received the ACES annual award for excellence in the field of construction in the category of construction venture for the project "Reconstruction of the Sava Centre". Also, at the famous international real estate conference MIPIM for 2024, Delta Real Estate applied in two categories for the Sava Centre reconstruction project. The project will compete in the *Best Conversion Project* and

the *Best Cultural, Sports and Education Project* category.

The year 2023 marked a remarkable success for Delta Real Estate, with the implementation of a number of capital projects that significantly contributed to strengthening the company's position as a leader in the real estate industry. The most important among the realized projects was the completion of the reconstruction, rehabilitation and adaptation of the Sava Centre, with the opening of Building A, which is a congress-commercial and business part. This project has not only restored one of the key symbols of Belgrade, but also contributed to the revitalization of business and cultural life in the Serbian capital. In addition, it is important to point out that:

- ▶ the works on the construction of Phase II of the logistics and distribution centre in Stara Pazova have been completed, which improved the infrastructure and supported the logistics needs of the companies Ananas and Delta Transport System;
- ▶ the Crowne Plaza Hotel has been renovated, further strengthening Delta Real Estate's presence in the hotel industry sector;
- ▶ the purchase of Radisson Collection Hotel, Old Mill in Belgrade, as well as Rad d.k. Beograd was realized, which significantly expanded the existing portfolio of the company;
- ▶ solar panels were installed on the roof of the Delta Planet shopping centre in Varna, while feasibility studies were conducted for Delta Planet in Banja Luka and Delta Planet in Niš;
- ▶ the development of project documentation and conceptual solutions for new projects continued.

Congress Centre

Building A

The Sava Centre is the largest congress-business and cultural centre in Serbia and this part of Europe. At almost 100,000 square meters, the unique concept of the Sava Centre today offers services of the highest quality and unlimited possibilities for all types of events, as well as a rich offer of flexible business and commercial space of top quality. During 2023, the reconstruction of the Sava Centre entered its second year of implementation, and by the end of the year, a complete reconstruction of Building A, which includes the congress and business part of the Sava Centre, was successfully carried out.

In addition to preserving the recognizable appearance and purpose, during the reconstruction, the greatest emphasis was placed on the sustainability of the facility, through planting greenery, increasing energy efficiency and saving electricity, which were one of the biggest problems of the Sava Centre in the previous years. The modernization involved the application of a number of innovative solutions such as new technology in geodesy, known as CLOUD Geodetic Survey, which enabled three-dimensional surveying of the terrain, thus providing a detailed insight into the space and enabling precise planning and implementation of selected solutions.

The key step in the revitalization of the Sava Centre was the rehabilitation of the glass façade, which included a complete change of the glass envelope according to the original designs of chief architect Stojan Maksimović. The



new glass, almost identical in colour to the old, is now installed in a three-layer structure to provide adequate thermal insulation. With a solar factor in the range of 25-35%, these improvements mean that in winter the glass envelope will retain heat inside the building, while in summer the sun's rays will have much less of an effect on the temperature rise. Due to the obligation to preserve

the external appearance, modifications to the concrete part of the façade were not allowed, so energy efficiency was improved by installing cladding made of state-of-the-art materials on the inside. Additional comfort when staying in the congress centre is provided by the implementation of induction duct technology, which allows even distribution of cold air through the facility

without the need for traditional air conditioners. This innovation contributes to a pleasant environment for visitors, and with a glass envelope covering more than 7,000 m², abundant daylight is provided in almost all premises of the facility.

Over 900 solar panels have been installed on the roof of the Sava Centre, enabling the building to be powered by renewable energy sources. Chargers for electric cars have also been installed, including 12 AC chargers, one 60kW DC charger, and one 75kW Hypercharger. Additionally, innovative technologies such as Memory Steel and Self-healing technology, which have been used for the first time in this part of Europe, have been applied. These technologies allow for a longer lifespan, reduce maintenance needs, and increase the safety of construction structures.

In order to increase the safety of visitors, tenants and employees of the Sava Centre, changes have been carefully designed and implemented that best meet all the requirements of the applicable regulations and standards of occupational safety and health and fire protection. Additional evacuation staircases were constructed to evacuate people from the galleries to the ground floor. In addition, 6 more staircases, new passenger panoramic elevators in the main hall, as well as 3 additional service elevators in the zone of former delegate units were added, which are planned as accompanying spaces in the function of congress halls.

In addition to the existing facilities, new facilities were added that significantly enrich and bring a new

dimension to the experience of visitors to the convention centre. The *Immersive Hall*, a technical masterpiece that represents a real innovation not only in Serbia, but also in the wider region, particularly stands out. This hall provides visitors with an unforgettable experience of immersion in the broadcast content, making it a real attraction for event, conference and celebration organizers who strive to provide their guests with a unique experience.

Another novelty is the creation of a true green oasis between the congress-business and commercial segment and the cultural zone. Enriched with a variety of plant



species adapted to the environment, this oasis has a reduced need for water and is significantly more resistant to droughts, which not only contributes to aesthetics, but also creates the impression of harmony with nature, providing visitors with a pleasant and relaxing ambience.

The reconstruction of the Sava Centre involved the implementation of solutions in accordance with EU Taxonomy criteria that guarantee a high level of energy efficiency of the facility, respect for the circular economy, care for water as an important resource and taking measures for anticipated risk situations that may arise due to climate change.

Thanks to its commitment to preserving the environment and improving energy efficiency, the Sava Centre is in the process of obtaining the prestigious BREEAM certificate, one of the most important ranking systems that assesses the impact of the facility on the environment. It is especially important that this certificate is awarded to newly built facilities, rather than reconstructed existing ones, making the Sava Centre unique in this region. A significant step towards reducing the ecological footprint was also achieved with the recent energy rehabilitation, which resulted in an increase in the energy class of the facility from D to B.

The final confirmation of the Sava Centre's commitment to sustainable development and community needs will arrive at the end of 2024, when the opening of the imposing Blue Hall in the cultural zone of Building B is planned, which will officially mark the completion of the reconstruction of Sava Centar.

HOTELS

Hotel Crowne Plaza Belgrade

Hotel Crowne Plaza holds a significant place in the portfolio of one of the largest hotel corporations in the world, the InterContinental Hotels Group. Having opened its doors to guests in 2013, this hotel has become synonymous with luxury, comfort, and top-notch service in the heart of Belgrade. With an accommodation capacity of 416 rooms, Crowne Plaza stands out as one of the hotels with the greatest potential for accommodation in the capital.

What makes this hotel special is its extraordinary range of amenities. With 14 meeting rooms, Crowne Plaza provides the ideal environment for business events, conferences, and seminars. The three restaurants cater to everyone's taste, offering a rich selection of local and international culinary specialties. Additionally, guests can enjoy relaxation and unwinding in the hotel's pool and SPA centre.

Crowne Plaza stands out not only for its impressive amenities but also for the excellent service it provides to every guest. The professional and courteous hotel staff are dedicated to ensuring guests have an unforgettable stay, making every moment special and memorable. The hotel is inclusive and fully accessible to people with disabilities, featuring access ramps outside and inside the hotel, four specially designed rooms adapted for various forms of disabilities, and menus in the restaurants available in Braille.



The past year has been a year of change for Hotel Crowne Plaza, with the following achievements in 2023:

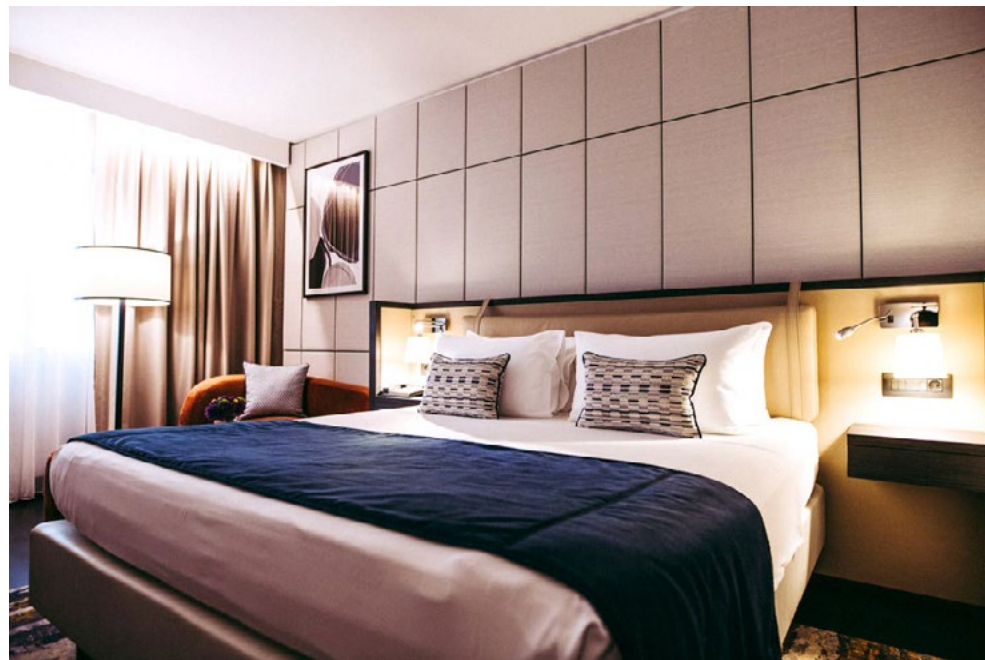
- ▶ renovation of most rooms;
- ▶ renovation of Prime Restaurant;
- ▶ renovation of the Exhibition Hall;
- ▶ change of uniforms and existing grooming standards;
- ▶ presence of the sales and marketing sector at major international events - IMEX Frankfurt in Germany, IBTM Barcelona in Spain, IHG Connecting Brilliance Meeting in Manchester, UK, and Sales Blitz Zagreb in Croatia;
- ▶ numerous events, conferences, congresses, celebrations, and meetings held at the hotel aimed at developing the brand and stable relationships with customers and suppliers.

During 2023, Hotel Crowne Plaza significantly improved the quality of its core hotel product - hotel rooms. The rooms were completely renovated, with a complete redesign involving the purchase of new furniture and the

refurbishment of old furniture. Carpets, walls, curtains, and draperies were replaced, as well as inventory in the rooms such as televisions and coffee makers. Additionally, the hallways on all floors and the elevators were fully renovated. The plan for 2024 includes continuing renovations and complete upgrading of all available accommodation capacities.

Last year also saw the successful rebranding of the new-old restaurant, with a strong emphasis placed on a new, improved menu and an expanded wine list featuring over 130 domestic and international labels. During the qualitative changes, operations were conducted fully in accordance with IHG standards, as evidenced by a perfect score of 100 in the corporation's internal audit. During this process, new suppliers were selected with a special focus on product quality, following the "farm to table" strategy to ensure the highest quality standards for each product. Their safety is guaranteed by IHG *health and safety* and HACCP standards, as well as strict adherence to the Last in - First out for storage and service.

As in previous years, intensive work on improving the nutritional value of products continued. Following modern nutrition trends, significant attention was paid to athletes, vegans, and vegetarians through specially created menus offering a rich selection of fresh and nutritious ingredients. Considering the priority of preserving the health and safety of guests, all products are properly labelled and contain clear allergen notes, with a special indication if they are prepared according to HALAL standards.



Driven by a strict quality policy and a focus on high visitor satisfaction, the Crowne Plaza hotel team actively worked on improving the quality of breakfast. Selection, variety, freshness of ingredients, and the quality of hot drinks, coffee, and tea were absolute focuses and subjects on which there was no compromise. Fully aligned with IHG standards, the key asset in the breakfast service has been the hotel staff, who fully take care of all aspects of the guest experience and satisfaction. Thanks to this, the hotel has been recognized as a leader in this segment, receiving the highest ratings for several years in a row.

Respecting international standards and good practices, Hotel Crowne Plaza collaborates with partners who not only produce excellent products but also actively contribute to the preservation of the environment and the community. Key suppliers with whom cooperation has been established actively respect the highest environmental protection standards and possess relevant certificates that confirm their commitment to preserving natural balance. Additionally, they are expected to support processes aimed at reducing pollution, saving energy, and rational use of natural resources, reflecting their business approach in minimizing negative environmental impacts and contributing to sustainable development.

As proof of its commitment to sustainable practices, Hotel Crowne Plaza was awarded the Green Key certificate in the past year, joining other IHG hotels recognized for their particular attention to the

Crowne Plaza Hotel was awarded the Green Key certificate, joining other IHG hotels recognized for their commitment to environmental care and sustainable business practices

environment and sustainable business practices. As guests increasingly choose hotels that offer more than just service, Crowne Plaza is dedicated to reducing water consumption, energy efficiency, and waste reduction. The Green Key organization particularly focuses on sustainable business practices and food safety in certified hotels, collecting data on raw material procurement and potential misuse of endangered animal species. The reduction of carbon footprint is also monitored through the Green Key platform, allowing clear analysis and data comparison.

In line with its commitment to providing a top-notch experience to its guests, Hotel Crowne Plaza continuously listens to their needs and makes bold changes to better respond to them.

Therefore, in the past year, with a focus on improving food and beverage offerings, an innovative project was launched to open a hotel night cocktail bar. This involves a completely authentic way of preparing drinks, where bar staff independently and originally produce raw materials and products such as ice, home-made distillates, liqueurs, and syrups.

Hotel Crowne Plaza pays exceptional attention to the hygiene of the premises and the health protection of its employees. By regularly conducting training on occupational safety and health, as well as food safety, the hotel guarantees that its employees are fully trained to apply the highest standards in daily operational processes. In the food preparation areas, chemical agents that are effective yet environmentally friendly are used, taking care of both guest health and environmental protection.

As a socially responsible employer, Hotel Crowne Plaza has invested in its employees through various trainings and education over the past year and has actively promoted diversity through inclusive hiring practices. Strictly adhering to the principles of non-

discrimination, the selection and hiring process is completely free from any forms of discrimination based on any personal characteristics of the candidates. During 2023, the engagement of colleagues from Nepal who were hired the previous year continued, and the process of hiring six more citizens from Nepal and nine citizens from India for household and kitchen jobs was initiated.

The focus on staff education in the food and beverage sector was a priority

last year, with certified training from the British Wine School WSET for the most talented colleagues and training from the renowned Swiss hospitality school Winsedswiss for all employees chosen to enhance and certify their knowledge in food and beverage. All new knowledge has been fully utilized in regular operations, as shown by guest satisfaction ratings, which are at the highest level.

With the goal of empowering

young people in their professional development, a scholarship process for first-year students in hospitality or tourism from other cities in Serbia was successfully initiated in 2023. Additionally - a *training room*, was set up in the hotel, which, in addition to IHG training and courses, is used for organizing training focused on developing "soft" skills among all employees. Reception, kitchen, and service employees attended professional skills development training, which was also organized within the hotel.

Active engagement in brand promotion, hotel culture, and operations through collaboration with higher education institutions successfully continued last year. Through organizing visits and lectures for students from the College of Hotel Management, the College of Tourism, and the Faculty of Geography in Belgrade, the hotel aimed to provide insight into the hotel industry and present opportunities for professional and personal development of young professionals. These visits not only provide students with practical experience in hotel operations but also maintain motivation for further improvement and work in this dynamic field of business.



Collaboration with vocational hotel schools in the past year also developed through a summer internship program that welcomed a significant number of students in almost all operational sectors of the hotel, totaling 22 students from the College of Hotel Management, while 146 high school students completed their internships throughout the year. In November 2023, the first students were officially accepted to complete their practice over the next three years through a dual education project in partnership with the College of Hotel Management, aiming to train young people for two profiles - culinary and room sectors.

The hotel also contributed to the improvement of the community in 2023. Twice a year, bed linen was donated to the University Clinical Centre of Serbia, providing help to patients and staff of the clinical centre. A total of 210 sheets, 170 covers, 300 pillows, and 980 towels were donated. Hotel Crowne Plaza is also traditionally involved in the Delta Foundation's Santa's Helpers campaign, as well as the "Caps for Handicap" campaign, which provides assistance to people with disabilities.



Hotel Indigo Belgrade

For the past two years, as part of the IHG group, Hotel Indigo has been successfully operating in the heart of Belgrade, at an exclusive location on Knez Mihajlova Street. The opening of

this hotel marks the first appearance of the Indigo brand in the Serbian market, characterized by its uniqueness on a global level. No two Indigo hotels in the world are the same or even similar. Each hotel is individual and authentic, reflecting the environment and city

it is located in. Thus, Hotel Indigo in Belgrade embodies the story, tradition, and culture of its surroundings. It is situated in a building with a distinct history, a rustic façade, and a hidden inner courtyard - an atrium. The lower two floors of the building house exclusive retail brands, while the hotel accommodation occupies the upper floors. Every detail, as well as the hotel's design, is artistically inspired, and every segment reflects the charm, pulse, and local story of Belgrade.

Hotel Indigo Belgrade consists of 46 rooms, a larger apartment, and a meeting room. Additionally, the iconic restaurant "Cveće zla" operates within the hotel. Like the hotel itself, the "Cveće zla" restaurant is an example of unique service, known for its authentic menu and specific ambiance that has attracted guests and food lovers for years. The restaurant also features a garden located in the hotel's atrium and offers the most modern recreational space.

As a unique boutique hotel with specific characteristics, Hotel Indigo Belgrade boasts significant comparative advantages over other hotels in Serbia. Primarily, as the

The restaurant "Cveće zla" won the Taste Awards in the category of "Best Restaurant in International Cuisine"

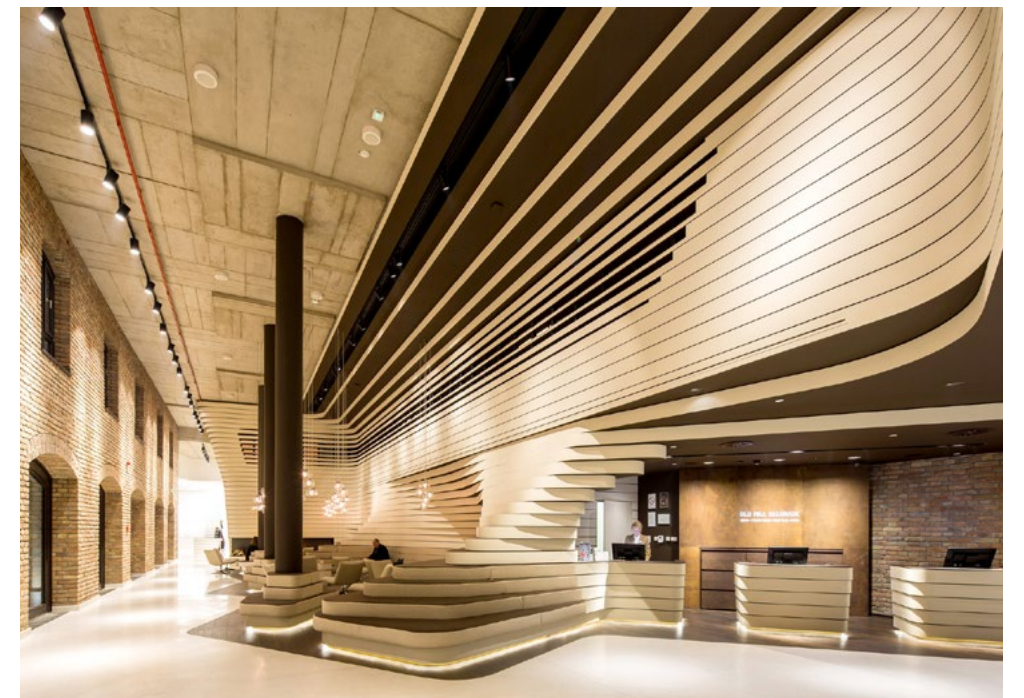
only boutique hotel in Serbia, Hotel Indigo provides its guests with an exclusive stay experience that combines local charm with international service quality standards. With direct access to the pedestrian zone and proximity to numerous city landmarks, hotel guests can easily explore the Serbian capital and all its attractions without needing additional transportation, enhancing the overall stay experience. A high level of service and guest satisfaction is ensured through the selection of staff fully dedicated to providing high-quality service and access to resources and expertise within the renowned InterContinental Hotels Group.

Hotel Indigo places great emphasis on sustainable business practices. Over the past year, all hallways have been equipped with sensor lighting, achieving significant energy savings. In terms of resource efficiency, the hotel can also take pride in the fact that unused parts of fruits, vegetables, and other ingredients are thermally processed and successfully used in the preparation of meal additives.

For its environmental protection efforts and sustainable practices, Hotel Indigo received the Green Key certificate in 2023, while the restaurant "Cveće zla" won the Taste Awards in the category "Best Restaurant in the International Cuisine Category."

Hotel Radisson Collection Old Mill

In 2023, Delta Real Estate group expanded its hotel portfolio by purchasing the Radisson Collection Hotel,



Old Mill in Belgrade. Located in the urban part of Belgrade, near the Sava River and Sava Centre, a hub of congress tourism, Radisson Old Mill Hotel is one of Belgrade's main symbols, combining the heritage of the first steam mill from the 19th century with today's specific design.

The hotel is an architectural, sophisticated building with a rich history, and its strategic location speaks to its proximity to the city's key points - it is positioned next to the highway, only 700 meters from the Belgrade Fair, 1.5 kilometres from the main train station, and just 15 minutes from the airport.

Radisson Collection Hotel, Old Mill Belgrade offers 236 contemporary and modern rooms, including 14 impressive suites with floor-to-ceiling windows overlooking Belgrade. The rooms feature earthy tones and natural materials, equipped with unique furniture and artistic details such as painted walls by Strauss&Hillegaart studio. Its industrial-chic aesthetic is a contemporary interpretation of the property's commercial past.

Radisson Collection is a name for a luxury collection of exceptional hotels located in unique locations worldwide. While each Radisson Collection hotel has an authentic character and specific position, they all offer a premium blueprint for contemporary living - united by custom design and exceptional experiences in dining, fitness, wellness and sustainability. The Radisson hotel holds a Green Key certificate for sustainable operations and environmental protection.

BUSINESS PREMISES

Delta Business Properties

For the past 15 years, Delta Real Estate group has successfully managed the business complexes Apartments and Small Tower, covering over 40,000 m2 of business spaces of various purposes and sizes. Eight years ago, the Small Tower building was completely renovated, while the Apartments building is being reconstructed in phases. Today, these buildings house many renowned international and domestic companies, as evidenced by a 100% occupancy rate.

In the past year, thanks to the constant improvement of space quality and services, Delta Real Estate group



maintained maximum occupancy rates and achieved the planned rental price increase. Efforts were intensely focused on reducing energy and water consumption, improving and achieving greater energy efficiency, and optimizing other costs, indicating that the company had an extremely successful business year with these properties.

As confirmation of its commitment to social responsibility and environmental protection, the company received an international EDGE certification for the Small Tower building in 2023. EDGE global standards allow construction projects to be evaluated and certified concerning their energy efficiency, using algorithms and criteria that consider aspects such as insulation, ventilation, lighting, and the use of renewable energy sources. This certificate represents recognition for the company's efforts to achieve high environmental standards.

In line with its commitment to sustainability, the company plans significant investments in 2024 in renovating the interior of the Small Tower building. These investments will focus on common restrooms, the entrance atrium, and the gallery, aiming to enhance the user experience and create an even more pleasant atmosphere for visitors and employees. Additionally, the company continues to develop renovation plans for the Apartments building, scheduled to begin in mid-2024. These works will include façade replacement and garage renovation, contributing not only to the building's aesthetics but also to its overall sustainability and energy efficiency.

Delta House

Delta House, an A-class office building located in the central business zone in New Belgrade, symbolizes business excellence and sustainability and is the business headquarters of Delta Holding. With its impressive gross area of nearly 23,000 square meters, this building offers functional and modern infrastructure for high-level business operations.

Delta House includes over 11,500 square meters of rental space, and with its 13 floors, it offers not only office space but also other types of amenities that meet the needs of modern business. The underground parking with 188 parking spaces, including special spots for people with disabilities, electric vehicle users, and cyclists, emphasizes the commitment to sustainable transport and inclusiveness. The first two above-ground floors consist of a modern meeting room, employee restaurant, and cafeteria, providing a multifunctional space for business meetings and relaxation. The rest of the building offers office spaces already leased by renowned companies, while the top four floors house Delta Holding member companies' headquarters.

With the construction of Delta House, Delta Real Estate group once again demonstrated its commitment to sustainable building and creating an innovative environment where daily operational activities and business ventures are realized. The building is designed according to the latest global construction standards, as evidenced by the LEED

Gold certification, a highly recognized confirmation of the building's sustainability and environmental efficiency awarded by the American U.S. Green Building Council (USGBC). The LEED Gold certificate designates the building as a leader in sustainable construction and management, confirming that the project has met high standards in environmental protection, resource-efficient use, and creating a healthy and productive work environment. All this is ensured through a series of highly efficient systems and modern technological solutions, such as:

- ▶ UNIDOM balls in the building structure, used for insulation and energy consumption reduction;
- ▶ a rainwater tank that collects rainwater for later use in irrigation, cleaning, and other needs, reducing public water consumption;
- ▶ greening the building by placing plants on roofs, façades, or surrounding surfaces to improve air quality, reduce the heat island effect, and enhance aesthetics;
- ▶ solar panels that convert solar energy into electricity to reduce conventional electricity consumption;

- ▶ dynamic control ventilation (DCV) system that adjusts the building's air flow according to actual needs, leading to more efficient energy use;
- ▶ bipolar ionizer technology and air particle cleaning through ionization to improve indoor air quality by removing harmful particles and allergens;
- ▶ natural elements in the interior, such as wood, stone, or plants, to enrich the indoor space, creating a pleasant and healthy work environment.

During 2023, Delta House worked on implementing a new innovation related to the contactless access control process via an application. This project, planned for implementation at the beginning of 2024, represents a step towards modernizing the building's access system, providing users with more efficient and secure access control. Also, over the past year, electric vehicle chargers were installed on the property. With 4 AC chargers and 1 Hypercharger, Delta House supports sustainable mobility and contributes to environmental protection by providing infrastructure for electric vehicles.

In September 2023, Delta House hosted the traditional "Green Tour" ahead of World Green Building Week. During the tour, members of the Serbian Green Building Council and other interested parties had the opportunity to learn about the innovative systems and solutions that make Delta House a leader in energy efficiency and sustainable building, as well as the Delta Real Estate group's commitment to a sustainable future in the construction sector.

Delta House office building represents a symbol of business excellence and sustainability

SHOPPING MALLS

Delta Real Estate group has been present in the shopping mall industry since 2007, building and managing shopping centres while setting high standards in the industry. Over the past 16 years, Delta Real Estate has gained extensive experience and a strong reputation in this field, continuously improving its facilities and adapting them to market needs.

Today, the Delta Real Estate group operates three shopping malls – Delta Planet Banja Luka and Delta Planet Varna since 2019, and Delta Planet Niš since 2021. All these shopping centres are carefully designed and built to meet the specific needs of local communities, while adhering to high standards of environmental protection and energy efficiency. Special emphasis is placed on inclusivity and adaptation of facilities for people with disabilities, with each centre possessing an energy passport confirming their commitment to sustainability and efficient resource use.

During the construction process, special attention was paid to selecting the most modern materials, with an emphasis on using renewable energy sources. Large glass surfaces and solar panels are just some examples of how solar energy is maximally utilized, while electric vehicle chargers are installed to support sustainable mobility. Additionally, all shopping malls are equipped with zones adapted for children, providing them with spaces for interactive and creative entertainment. Thanks to this, Delta Planet shopping malls are recognized not only as

shopping destinations but also as social centres that support the community and create a pleasant environment for all visitors.

Delta Planet Banja Luka

Delta Planet Banja Luka, opened in 2019, offers over 100 world-famous brands on an area of 64,000 m² and stands out for its accessibility for people with disabilities and energy efficiency. Since its inception, Delta Planet Banja Luka has traditionally organized numerous socially responsible actions, and during 2023, the activities particularly focused on:

- ▶ health care: National No Tobacco Day, World Haemophilia Day in collaboration with the Committee for International Exchange of Medical Students RS – SaMSIC, World Reanimation Day in collaboration

Delta Planet Banja Luka covers an area of 64,000 m² and offers over 100 globally renowned brands

with medical students from Banja Luka and the UKC of Republika Srpska, Health Days with organized examinations and counselling.

- ▶ environmental care: The Role of Bees in collaboration with the Slovenian Embassy; support for “WagWag,” a non-profit organization educating about proper treatment of abandoned and owned animals.
- ▶ support for marginalized groups: donation of school supplies to the “Rada Vranješević” Home for Children and Youth without Parental Care at the start of the new school year; donation of New Year’s packages to the “Friendship Mosaic” association for children from socially vulnerable families.
- ▶ promotion of healthy eating: organic food fair “Organik Fest” in collaboration with the Ministry of Agriculture of Republika Srpska, local products fair “Plodovi sela” in collaboration with agricultural associations from Republika Srpska, promotion of local blueberries, and educational workshops for children on healthy eating and fruits in collaboration with the agricultural association GLS Krajina.

In the plan for 2024 is the installation of solar panels on the roof of the existing Delta Planet Banja Luka building. This initiative aims to significantly reduce electricity costs and contribute to the energy independence of the building, representing another step towards more sustainable operations and improving the building's energy efficiency.



Delta Planet Varna

In March 2019, Delta Real Estate, together with its partner, AP Investments from Sofia, which has numerous investments in real estate development, healthcare, trade, and retail, opened its first shopping centre, Delta Planet, in Bulgaria.

Over the past year, Delta Planet Varna has undoubtedly been a favourite shopping destination, as evidenced by recent results - a notable increase in visitor numbers by 9% from January to September 2023, and a revenue increase of 16%. As the home of the only new generation concept store of the Swedish giant IKEA in the northern part of the Black Sea, Delta Planet Varna offers visitors



a special room for accessories, a Swedish bistro where visitors can enjoy Scandinavian cuisine, and a spacious living room with a variety of authentic items and furniture suitable for home comfort, all in a large, three-story space.

Thanks to its rich offer and diverse content, Delta Planet Varna provides all its visitors with an excellent shopping and entertainment experience. For entertainment lovers, access to the largest cinema outside Sofia - Cinema City, with 12 cinema halls, including one hall with 4D technology - 4DX with sensory effects, is available. Younger visitors can enjoy well-known Happy Games, Happy Kids, an innovative VR zone, and the tallest indoor attraction in the city - a 12-meter panoramic tower Magic Tree, decorated like a magical tree that passes through all floors of the shopping mall.

Delta Planet Varna celebrated its fourth anniversary in 2023, marking this important anniversary with outstanding results and new investments in green energy. Recognizing the importance of transitioning to cleaner energy sources, a solar power plant was introduced, which began operating in March. This investment, worth nearly BGN 1,000,000, not only represents a significant improvement in business operations but also a concrete step towards achieving a positive ecological impact. With over 1,000 solar panels with a power of 556 kW, this system is expected to provide between 7 and 9% of the building's electricity consumption, significantly contributing to reducing electricity consumption while preserving the environment.



Delta Planet Niš

Delta Planet Niš shopping centre, opened on April 22, 2021, continuously stands out as a regional shopping mall attracting visitors from across the region with its diverse offer and entertainment content. Besides being a favourite shopping destination, Delta Planet Niš is also recognized as a place for gathering and entertainment in the local community. In 2023, Delta Planet Niš celebrated its second anniversary, marking two years of successful business.

The previous year for Delta Planet Niš was marked by intense planning of new investments and improvements aimed at more efficient activity realization and

additional enhancements with the long-term goal of more stable and sustainable operations. In line with this, in 2024, solar panels are planned to be installed on the roof of the existing building, which will significantly reduce electricity costs and make the building energy independent. With a projected power of 500kWp, the solar power plant will enable significant savings and reduce the negative environmental impact.

For many years, Delta Planet Niš has traditionally organized socially responsible actions to respond to the needs of the social community in which it operates. In collaboration with the Delta Foundation, the shopping centre continued its local engagement and donated to the arrangement of the city waterfront in the shopping mall area, and to enhance the surroundings, an

inclusive children's playground was created next to the building. On this occasion, 90 new trees, 140 evergreen and deciduous tree seedlings, and 6,000 pieces of ornamental shrubs were planted, significantly increasing green areas and creating a more beautiful and healthier environment. Moreover, during the year, support was provided for numerous socially responsible activities, notably:

- ▶ health care: Cervical Cancer Prevention Week in collaboration with the IFMSA organization and Niš Health Centre, World Cancer Day, free schools for pregnant women and future parents, World Rare Disease Day in collaboration with the Association for Preventive Paediatrics of Serbia, World Oral Health Day in collaboration with Niš Health Centre, World

Diabetes Day in collaboration with the Student Union of the Faculty of Medicine, donation to the Nurdor association for the purchase of infusion pumps for the children's haemato-oncology department of the Niš Clinical Centre.

- ▶ support for diversity and inclusion: Autism Day, "Quiet Shopping Hour" twice a year to raise awareness about the inclusion of people, World Children's Day in collaboration with UNICEF;
- ▶ investment in knowledge: "European Researchers' Night - The Light of Science" event;
- ▶ environmental preservation: increasing Niš's green fund, in collaboration with Banker Radio and PUC "Medijana" through the initiative "Let Niš Breathe," during which Delta Planet donated 17 new seedlings.



PLANS FOR 2024

Plans for 2024 include:

- ▶ continuation of works on the reconstruction, repair, and adaptation of Sava Centre and opening of Building B - the Great Blue Hall;
- ▶ reconstruction of two objects under the protection of the Institute for the Protection of Cultural Monuments and the first phase of the Delta Land mixed-use project development;
- ▶ start of works and the first phase of the Delta Iron project development;
- ▶ start of works on the Delta District project - Block 20;
- ▶ renovation of the office part of Corporation Park;
- ▶ renovation and replacement of the façade of the business space Apartments - Delta Business Properties;
- ▶ installation of solar panels on the roofs of Delta Planet Niš and Delta Planet Banja Luka shopping malls.

Blue Hall - Sava Centre

The reconstruction of Sava Centre is carried out in two phases, in line with the plan and its construction in the seventies. After the congress-business and commercial part, which officially opened in November 2023, works on the reconstruction of the cultural zone (Building B), where the popular Blue Hall is located, continued. The opening of this part of Sava Centre is planned for September 2024.

The famous Blue Hall has retained the colour from which it got its name. Compared to the previous look, the number of lodges has been increased and new,



significantly more comfortable seats have been installed, now totaling 4,000. The hall is equipped with the most modern stage technology and audiovisual equipment that will enable the hosting of various types of events with top-notch performance quality and an unforgettable experience for visitors. The hall's lobby, a significant gathering place for all visitors, as its recognizable element, will still be adorned with the impressive chandelier, known as the sky, which has been thoroughly repaired and cleaned.

Delta Land mixed-use project

Recognized as an investor that carefully evaluates each location and creates properties that develop and enhance their surroundings, Delta Real Estate has once again demonstrated its exceptional commitment to quality and user experience through the development of a concept for a completely new location in Belgrade. The most modern mixed-used concept, a dynamic and innovative combination of different types of spaces (commercial, residential, and

The state-of-the-art mixed-use concept will be built on a total area of 300,000 m²

hospitality) within a single project, will be built on a total area of 300,000m². In November 2023, site clearing work began, while the second part of the initial phase is planned for the reconstruction of buildings protected by the Institute for the Protection of Cultural Monuments, with full compliance with all obtained permits. Following this, the development of residential and commercial spaces is planned, and work on creating a detailed regulatory plan is currently active. This project will represent a blend of modern residential units, commercial spaces, and recreational and entertainment areas, significantly enhancing the urban structure of Belgrade.

Delta Iron

Guided by a business strategy of constructing commercial properties and a detailed market analysis, Delta Real Estate Group recognized the need for a new commercial complex in Novi Sad. The Delta Iron project, offering over 46,000m² of modern commercial space, represents an expansion of the Delta Real Estate Group's portfolio into a new market and another

innovative approach to sustainable construction.

The unique architecture of this complex is reflected through four interconnected buildings that form flexible spaces. The interior design solution is conceived to meet market needs, thus creating a facility that offers much more than a typical workplace. A particularly noteworthy feature is the carefully designed atrium that connects the four buildings, giving the complex a global character. The atriums are enriched with natural light, green areas, and dynamic common spaces, encouraging creative collaboration and social interaction.

In addition to unique architecture, the primary idea is for Delta Iron to be the greenest building of its kind by using environmentally friendly materials during construction. Along with green areas, solar panels, and canopies, Delta Iron will become a completely unique green building, and Delta Real Estate Group will once again prove its commitment to ecology through all aspects of this innovative project.

Delta District - Block 20

The long-awaited development of the location in Block 20 will be a gem among properties. Delta District will cover 100,000m² and will be located between the Hyatt Hotel and the Banca Intesa office building, in the heart of the business centre of New Belgrade. The planned concept of this location involves the construction of an exclusive InterContinental hotel, serviced apartments, and first-class commercial buildings. The planned hotel will have 220

rooms, a tower with apartments, while the commercial building within Delta District will be designed to the highest standards with the possibility of horizontal and vertical space integration. These independent buildings will intertwine at ground level through amenities such as retail, restaurants, and cafés with large green areas.

The panoramic view of Belgrade, impressive architecture, and high-quality construction will make each individual office unique. The construction of this premium project is planned to begin in 2024.



DELTA DISTRIBUTION





Delta Auto Group

Delta Auto Group has been operating and developing as part of the Delta Holding system for 19 years. It consists of four organizational units:

- ▶ Delta Motors, the exclusive importer, distributor, and service provider for BMW and MINI vehicles for Serbia and Montenegro, as well as BMW Motorrad motorcycles for Serbia, Montenegro, and North Macedonia.
- ▶ Delta Automoto, the exclusive importer, distributor, and service provider for Honda cars and motorcycles for Serbia and Montenegro; the exclusive importer, distributor, and service provider for KTM motorcycles for Serbia and Montenegro; and the exclusive

importer, distributor, and service provider for Maserati in Serbia, Croatia, and Slovenia. Within the Delta Automoto company operate Delta Used Cars, which deals with the sale of certified used vehicles, and Delta Auto Service, an authorized service centre for BMW and MINI vehicles.

- ▶ Delta MC, the exclusive importer of Petlas tires and authorized distributor of Shell, Valvoline, and FAM oils.
- ▶ Delta Rent Services.

The continuous investment in innovation and service quality, aligned with current market changes and differentiation focusing on quality, availability of digital tools, and customer needs, is of utmost importance for the business development of Delta Auto Group.

In 2023, Delta Auto Group officially started the implementation of a project to build a new business facility, representing a base for further development and business growth. This is the first “green” and the largest multibrand auto-moto showroom on the market in the Republic of Serbia, covering over 17.000m² and built to the latest standards to provide customers with a premium experience.

In line with sustainable construction standards, the new business facility will fully transition to sustainable energy sources for power supply and implement waste recycling systems. Special attention will be paid to applying sustainable practices in vehicle servicing, including eco-friendly materials and techniques.

The new business facility of Delta Auto Group will be

more than just a place to buy cars. It will be a place dedicated to a greener and more responsible future, where hybrid and electric vehicles will take centre stage. In addition to regular plans for conservation and optimal use of all energy resources, the building will feature solar panels, LED lighting, light control, and motion sensors, a water recuperation system, smart planting, with water optimization around 35%. The total investment in this project amounts to EUR 23.6 million, and completion is expected by mid-2025, when the business space will be fully operational. This facility will house the headquarters of all legal entities operating within Delta Auto Group. The future business operations of Delta Auto Group will focus on introducing the latest technologies in all facilities, with the key goal of improving service quality and efficiency.



A strong focus on digitalization in the past year resulted in the introduction of software for online scheduling of vehicle service appointments within Delta Motors. This software considers the intervals at which cars can be serviced, leading to more efficient resource allocation and optimal service capacity utilization. Thanks to reports on the status of serviced vehicles, the service schedule is transparent at all times, simplifying internal processes. In addition to optimizing time and resources within the service, clients are offered a special type of flexibility to schedule their vehicle service appointments anytime and anywhere.



Service quality is one of the key imperatives in Delta Auto Group's operations, based on a Quality Management System compliant with ISO 9001/2015 standards,



which is continuously monitored and upgraded in Delta Motors. Further service quality development and improvement are realized through various projects aimed at continuously understanding client needs and opinions.

The first project, "Voice of the Customer," in the form of an online survey, has been successfully implemented in Delta Motors for six consecutive years. This project allows for client satisfaction surveys, where clients can express their observations through open comments. Since 2021, clients have had the opportunity to fill out the survey via tablets during their visit to the showroom and service reception, and the project includes evaluating the experience related to spare parts and the BMW Online Store, implemented by dealer network representatives in Serbia and Montenegro. Clients with additional requests or those needing further clarification are contacted by the responsible person within 24 hours.

Due to the growing need for more precise answers that will enable better service quality and overall client experience in future interactions, Delta Motors has expanded this project to potential clients who have taken a test drive with their desired model, as well as clients who decided not to purchase. The core of this project is the digitalization of the entire process to increase responsiveness to the client and provide top-quality service.

Client satisfaction is measured by the Net Promoter Score (NPS) result, and all entered comments are

coded according to criteria defined and set on an online platform by the BMW Group. Coded client comments are analyzed quarterly at directors' meetings forming the "Customer Board," and an action plan with measures to improve client satisfaction is created based on the adopted conclusions. The company successfully implements action plans to prevent potential dissatisfaction, consistently exceeding client expectations.

Monitoring client satisfaction has been an integral part of business development in Delta Automoto for several consecutive years. The "Voice of the Customer" project thus represents an internal solution and one of the significant actions throughout the year, successfully tracking client satisfaction with the Honda brand and Delta Auto Service, contributing to more comprehensive and open communication with customers.

Believing that every contact with clients is an opportunity to create lasting bonds and positive

experiences, Delta Motors continually improves processes and employee engagement. In the past year, the "Customer Journey" project was successfully implemented again, aiming to understand every step clients take during the purchase process. This project is dedicated to researching and analyzing the most typical communication paths of potential clients—from the first contact with the dealership to key moments like purchasing a vehicle and visiting the service centre.

Through careful identification processes, the project highlights so-called "legendary moments" – special moments in interaction with employees that left the deepest impression on clients. These moments represent key points in communication between clients and company staff, defining further plans for process improvement and comprehensive client approach. The main goal is to create a fully personalized experience to further enhance the individual client's experience and make every interaction and communication equally relevant.

In 2023, the BMW Group's "Mystery Shopping" project continued, successfully implemented with continuous employee training by a selected agency on the work standards to be followed. The project was successfully realized in both Delta Motors and the dealer network, as well as in Delta Automoto, including Honda and Delta Used Cars.

Expanding the project to other business units is a key step towards strengthening sales teams and raising work standards in the company. Through this proactive approach, Delta Auto Group emphasizes its commitment to continuously improving communication with clients and enhancing their overall experience, regardless of which dealership they contact.

In collaboration with the BMW Group, the "Digital Transformation" project was successfully implemented for the fourth time at Delta Motors, encompassing all business areas – from client relations to internal processes and processes related to external service providers and software. Considering the growing client needs for efficient and quick access to information, this project significantly contributes to improving all existing processes by providing reliable information availability in the shortest possible time and in one centralized place.

Companies operating within Delta Auto Group apply ESG business principles and act responsibly towards stakeholders, the environment, and society as a whole. Commitment to sustainable practices and business ethics reflects the core values of Delta Auto Group, while enhancing client trust and strengthening the company's business integrity.



Delta Auto Group is fully committed to providing a high level of personal data protection for its clients, implementing measures and protocols to ensure their security and privacy in accordance with all applicable legal regulations. Client data is carefully protected in accordance with the Personal Data Protection Law and international standards such as the General Data Protection Regulation (GDPR).

The selection of suppliers from the domestic market is based on certain criteria indicating their responsible business practices. The goal is to include only companies that meet legal norms, have adequate licenses to perform the offered services, have implemented quality management standards (ISO 14001), and conduct their activities ethically and in good practice.

Delta Motors communicates its activities in an open and transparent manner, actively working to familiarize

Suppliers are selected based on defined criteria of quality of products and services, as well as indicators of social responsibility

clients with its sustainable practices. To this end, in the company's showroom, all clients have access to a presentation on sustainable business principles and environmental protection, with current data on implemented measures and energy efficiency results on a quarterly basis, available on POS players throughout the year.

In the past year, Delta Auto Group continued contributing to the development of young people through the successful implementation of a dual education program for students at the Technical High School for Urban Transportation. This education model allows the acquisition, improvement, and development of competencies in line with the current needs of the automotive industry, significantly contributing to the development of a qualified workforce. In the coming years, Delta Auto plans to continue the practice of dual education and actively contribute to strengthening the connection between business and educational institutions to better align with labour market needs.

In 2023, Delta Auto Group representatives actively expanded and gained knowledge by attending domestic and international forums, conferences, and gatherings focusing on promoting electromobility and sustainable solutions. Thanks to the successful collaboration between Delta Motors and the Motorcycle Safety Association, special training sessions were also held where all drivers had the opportunity to listen to expert lectures on road safety and other current motorcycle topics.

Delta Transport System - DTS

Delta Transport System (DTS) is a company specialized in providing logistics and transport services, established in 2008 in Belgrade. Today, after 15 years of offering a full spectrum of logistics services, the company is recognized as a market leader. DTS offers clients efficient organization of road, groupage, air, container, rail, and intermodal transport, as well as forwarding and customs services, declaration, and co-packing. The company also provides specialized e-commerce logistics and last mile distribution services, complex 4PL real-time goods tracking, and integrated warehouse inventory management. In addition, thanks to an experienced team of experts with years of experience in various industries, the company offers logistics consulting services and tailored client solutions.

In 2023, DTS expanded its service portfolio by introducing a cold chain service. The cold chain is becoming increasingly important in global supply chains, a trend that is also present in the local market.

Early last year, existing warehouse capacities were expanded to a total of 38,000 pallet spaces. With 12,000 new pallet spaces in a controlled temperature regime, DTS has positioned itself as one of the largest logistics providers in the region in the cold chain domain and has become a partner of world-renowned brands in this industry. The cold storage at the Nova Pazova distribution centre has been fully modernized and technologically equipped according

to the highest global standards, and four multifunctional chambers for both minus and plus temperature regimes make it unique in this region.

Besides the cold chain, specialized logistics represents another new service in the DTS portfolio. This service includes logistics for fairs and congresses, as well as logistics for

local and global sports competitions, exhibitions, corporate and private relocations, and other types of private and public events. Using available resources, the company's expert team takes over the management of the entire logistics chain, allowing the client to fully focus on their primary goal - the event or the presentation of their product.

A special segment of specialized logistics is hotel logistics, which involves improving the planning and procurement processes for hotels and hotel chains during their daily operations and has significant application during the construction and opening of new hotels.

DTS's operations are aligned with the highest international standards, confirmed by relevant certificates that ensure the quality of the complete service provided to clients. Thanks to its commitment to excellence in business, DTS has taken a leading role in business in Serbia and the region. To continuously improve and enhance operations, as well as meet all client requirements, the company officially became a holder of the TAPA TSR1 certificate in mid-2023, guaranteeing the safe and secure transport of high-value goods. TAPA, as a unique organization, represents the Transported Asset Protection Association) uniting global manufacturers, transporters, logistics providers, and law enforcement agencies with the mission of minimizing losses in the supply chain.

DTS operates in five markets, with offices in Serbia, Montenegro (Podgorica), Bosnia and Herzegovina (Banja Luka and Sarajevo), Slovenia (Ljubljana),



and Croatia (Zagreb). It operates a fleet of vehicles of various capacities adapted for the transport of goods in different temperature regimes, while the distribution network includes over 9,000 unloading points. The supply chain is managed using modern information technologies, among which the WMS system for warehouse management, satellite tracking of the entire fleet, RPA technology that enables automatic support for the TMS transport management system, and SAP ERP software stand out. This, along with skilled and dedicated staff, ensures a high level of logistics service with strong analytical support from BI and CRM tools. According to its strategic plans, the company will continue its regional expansion, striving to provide top-quality service to clients worldwide.

Committed to sustainable and responsible business, the company invests in renewable energy sources. In 2023, a solar power plant with a capacity of 800 kW was installed on the roof of the Nova Pazova distribution





centre. The implemented solar panels will provide about 25% of the annual electricity needed for the operation of the distribution centre, and 40% of the energy needed for the newly opened cold storage.

As an industry leader, DTS has a significant responsibility to spread best practices, continuously working on improving sustainable business and raising awareness of environmental conservation. Over two years ago, as the first logistics company in Serbia, DTS included 100% electric delivery vehicles in its fleet, thereby reducing its carbon footprint by 15,37 tons in 2023. The company installed 5 AC chargers in the distribution center and continued to support the concept of green logistics with the implementation of a solar power plant. This concept is gaining increasing importance in relation to the trends and challenges faced by the planet in the modern era.

Last year, a selected team from the company had the opportunity to present DTS's services and values at numerous international and local events and conferences. Notably, this includes one of the largest international logistics and transport events, the Transport & Logistic fair held in Munich. The company also participated in the China and Central and Eastern European Countries Expo and the International Consumer Goods Fair held in China, as well as the WOF&BUD Cargo Forum in Budapest. At the end of the year, the largest local logistics and transport event - the Logistics&Transport conference - traditionally supported by DTS, was held in Belgrade.

Since its founding, DTS has focused on employees as a key factor for success, with an average age between 36



and 37 years. The importance of combining youth and experience is emphasized, reflected through the strategic goal of connecting with educational institutions. Last year, activities in this field included intensified planning and organization of visits for vocational school students and university students to provide them with closer insights into the company's operations and processes. This initiative creates a long-term bridge between theory and practice, giving students valuable insights into the

real business environment and supporting their career development.

In September, DTS organized a case study for students from the Faculty of Transport and Traffic Engineering in Belgrade. A selected group of students had the opportunity to work with company experts to solve a practical task, applying knowledge gained during their studies, and to expand and complement it through work on a real business example. They defended their work before company directors, receiving additional knowledge and advice through discussion on the topic. Additionally, the dual education project with the Traffic and Technical School in Zemun continued successfully. In October 2023, another cycle of vocational training for students of this school began, allowing participants to enhance their theoretical knowledge with practical skills.

Throughout the past year, DTS continuously worked on meeting the criteria and overcoming the challenges posed by companies in the supply chain, aiming to manage and communicate greenhouse gas (GHG) emissions related to the services the company provides. By evaluating the principles of sustainable

business practices in the supply chain through the international platform ECOVADIS, DTS achieved significant results in 2023 with a SILVER medal, as it has for several years. This places DTS among only 15% of all companies assessed by ECOVADIS to achieve this result, thus justifying the trust of the companies in whose supply chain DTS's distribution holds a significant position.

Delta DMD

Delta DMD is one of the leading distribution companies in the Republic of Serbia, with distribution centres in Novi Sad, Čačak, and Niš, and its headquarters in Belgrade. The company prides itself on a diverse portfolio and long-term collaboration with clients representing regional brands like Tikveš and Violeta, as well as renowned global brands like Ferrero, Diageo, SC Johnson, Beiersdorf, Haleon, and Beluga.

DISTRIBUCIJA MODERNOG DOBA





Besides the Serbian market, the company successfully operates in regional markets. In Montenegro, the company is head quartered in Podgorica and operates under the name DMD Delta, with its brand portfolio also including British American Tobacco.

Delta DMD's distribution of fast-moving consumer goods delivers exceptional results in the markets of Serbia and Montenegro, thanks to cooperation with over 2,500 customers and supplying more than 10,000 retail and wholesale outlets, specialized wholesalers, and HoReCa channels. Delta DMD stands out as a reliable and dedicated distribution partner, providing strong support to the success of brands across the region.

The company continuously invests in improving its operations to quickly adapt to dynamic market changes. Introducing more efficient and modern processes increases productivity, reduces costs, and optimizes resources, contributing to improved business performance and better results. After implementing the Alfresco platform for electronic invoice approval and storage in 2020 and for contract signing and storage processes in 2021, the company successfully implemented the first phase of the "Paperless" project in 2023, which involves delivering goods to certain customers without paper documentation. The goal is to conduct the entire delivery process this way by the end of 2024, bringing the company closer to complete digitalization.

In 2023, Delta DMD's results testify to the company's commitment to excellence and innovation in



distribution, as well as to quality collaboration with brands and consumer satisfaction. Last year, Delta DMD proudly achieved a 41% increase in business profit before amortization and significantly increased market share for the brands it distributes. Nielsen measurements showed that in the Republic of Serbia:

- ▶ Delta DMD was the undisputed market leader with the Tikveš brand in the wine category;
- ▶ Diageo brands maintained their leading position in the spirits category;
- ▶ Ferrero brand showed a convincing leading position in the confectionery category.

Continuous process improvement enables the company to provide better services to its partners, meet their needs and expectations, strengthen customer loyalty, and create long-term business relationships. Delta DMD regularly conducts customer satisfaction surveys, and the ratings received in 2023 again showed a high level of satisfaction with the value provided, product quality, services, and the level of support and efficiency of business processes.

In 2023, Delta DMD maintained high standards of product safety and information accuracy for products distributed in the markets of Serbia and Montenegro. There were no product recalls in these two countries, confirming the company's commitment to the quality and safety of the products it markets. Delta DMD also ensures transparency and accuracy in marketing campaign information, with no reports of inaccurate or misleading information in the company's marketing materials.

Key customer satisfaction survey

YEAR	2022	2023
CHARACTERISTIC	RATING	RATING
Assortment	4.66	4.75
Promotional activities	4.18	4.5
Communication and professionalism of the sales team	4.91	5.00
Communication and professionalism of the merchandising team	4.78	4.67
Delivery of goods	4.77	4.57
Documentation	4.91	5.00
Complaints	4.78	4.88
Average rating	4.73	4.76

One of the key aspects of Delta DMD's operations is proper product labelling. The company ensures that every product is clearly labelled and contains all necessary information about its composition, use, and safe disposal of packaging, allowing consumers to make informed decisions when purchasing and using products. The company handles potential complaints and claims responsibly, thus preserving its reputation and customer trust.

Operating with respect for and implementation of international standards represents a fundamental value of Delta DMD company, enabling consistent commitment to product quality, food safety, and logistics efficiency. During 2023, Delta DMD Serbia and DMD Delta Montenegro participated in certification audits and successfully completed

audits according to ISO 9001, HACCP, and IFS Logistic standards. There were no non-conformities for ISO 9001 and HACCP, with four commendations and three recommendations received. For IFS Logistic, the compliance rate was 98.45% in Serbia and 98.85% in Montenegro.

Delta DMD is a company that pays significant attention to environmental protection. Product packaging from the company's portfolio, which includes brands such as Diageo, Haleon, Violeta, and SC Johnson, carries the Green Dot symbol. This internationally protected symbol highlights the company's commitment to environmentally sustainable practices, promoting awareness of the importance of recycling and responsible waste management throughout the entire production and consumption chain, thereby contributing to consumer health. Since last year, attention has also been devoted to green logistics, with Delta DMD's 100% electric delivery vehicle becoming an integral part of the DTS fleet of electric vehicles.

During 2023, Delta DMD implemented changes in the development of its own values and characteristics that are integral to its recognizability. The new acronym Distribution of the Modern Age is a strong symbol and an important message reflecting all processes and improvements within the company. In the future, Delta DMD aims not only to follow but also to be a creator of changes, both in the domestic and regional markets.

NEW TECHNOLOGIES



Ananas E-commerce

As the youngest member of Delta Holding, Ananas represents an innovative e-commerce platform established with the goal of establishing the first real and unique marketplace in the market. Ananas focuses on improving user experience and facilitating the online shopping process.

With the demand for online shopping in Serbia and the region steadily increasing, Ananas aims to meet this growing need by creating a stable online community that connects consumers with a wide range of products: from clothing and technology to fashion accessories, cosmetics, food and beverages.

The core principles of Ananas include transparency, reliability, and security, creating an atmosphere of trust among platform users. Through innovative technological tools and advanced functionalities, Ananas allows users to easily explore, compare, and purchase products, providing them with a unique online shopping experience.

During 2023, Ananas significantly improved payment methods on its platform, facilitating the purchasing process for users. One of the key improvements was the introduction of card payments upon package collection at Ananas lockers, providing additional flexibility to users. This allows them to make payments in a way that suits them best, combining the convenience of online shopping with the security and control when collecting packages.

Additionally, the payment options on the platform have been expanded to include business card payments, bank transfers, and instalment payments via Banca Intesa payment cards. These innovations have significantly expanded payment options and opened doors to new users who prefer different payment methods.



Ananas is actively committed to continuously improving the user experience and adapting to changes in the market environment. Despite the growth in business volume, Ananas has maintained its market presence through various delivery methods, including:

- ▶ Ananas Direct - allows customers to receive their shipment within 24 hours;
- ▶ Ananas Express - a courier service that exclusively uses electric vehicles with zero emissions;
- ▶ Ananas lockers at NIS gas stations where consumers can pick up their packages 24/7;
- ▶ Ananas package zones, retail locations where consumers can pick up their shipment and pay in cash or by card.

An internal survey showed that 97% of orders marked “a fast” were delivered to consumers the next working day, underscoring Ananas' commitment to providing fast and efficient service while meeting the expectations of increasingly demanding users.

Given the importance of dedicated work on innovative solutions that facilitate the purchasing process and adapt to consumer needs, one of the key innovations that marked 2023 was the launch of the Ananas mobile application. This platform provides users with even greater convenience and accessibility when shopping, allowing them to explore, purchase, and track their orders wherever they are, and represents a step towards creating a personalized and interactive user experience.

As a platform that brings together consumers and merchants, Ananas focused on educating both the population and small and medium-sized enterprises about the benefits of online commerce during 2023. In this regard, the “Click with Customers” project was launched, offering free education

sessions. The Ananas team visited numerous cities across Serbia to provide necessary knowledge for starting an online store. This project is conducted in collaboration with strategic partners such as Telekom, the Chamber of Commerce of Serbia, and the E-commerce Association of Serbia.

To become a leader in online commerce in the region, Ananas continued to expand its presence, offering a comprehensive platform that meets various needs and interests of users. In line with this, another important milestone for Ananas e-commerce was the first official step towards internationalizing its business by launching the platform ananas.mk for the North Macedonian market, officially opening the doors to the first of many regional markets.

While providing top-quality service to its customers, Ananas actively contributes to environmental protection through a diverse range of solutions. All transport packaging meets global recycling procedures – made from recycled materials and themselves recyclable. Regarding transportation, in addition to the already engaged 100% electric vans, delivery in central urban areas will soon be carried out by bicycles, continuously making a positive impact by reducing emissions of harmful gases, as well as overall noise and congestion levels. Furthermore, a new warehouse is completed, which meets the highest ecological standards, including:



- ▶ Special waste material handling methods;
- ▶ Water collection pools for later use in warehouse cleaning;
- ▶ Water usage regulation in the warehouse through special taps and showers;
- ▶ Adaptive and energy-efficient lighting;
- ▶ Mandatory green areas around the warehouse.

As a responsible employer, Ananas promotes gender equality at all levels of employment, including top management positions, where there is a completely equal representation between women and men. This balance is also maintained across all employees,

reflected in concrete figures of 53% male and 47% female diverse educational and age structures.

Continuously working on improvements, during 2023 Ananas recorded continuous growth in platform visitors, order numbers, and the total number of merchants operating through the platform. Alongside business growth, Ananas employees also acted responsibly towards their local community, with a large number of colleagues participating in traditional projects of the Delta Foundation during the past year and actively contributing to improving the quality of life in the social community.

Resity Technologies

Delta Holding recognized the potential for optimizing and modernizing its business through continuous development and improvement of technological solutions, as well as offering consulting services to customers and partners through a diverse range of services.

For the past four years, Delta Holding has successfully operated and developed the Resity Technologies consulting centre, which offers high-quality services in SAP technology. Resity Technologies supports clients in implementing their projects, engaging a team of experts, including experienced and Junior SAP consultants, providing their expertise for various SAP modules and platforms across different industries.

As part of the Delta Holding system, Resity Technologies is strongly committed to the development and advancement of young talents through professional training, training, and certifications. In this way, young people are empowered not only in professional skills related to the SAP platform but also in other important areas such as language skills. In addition, young people

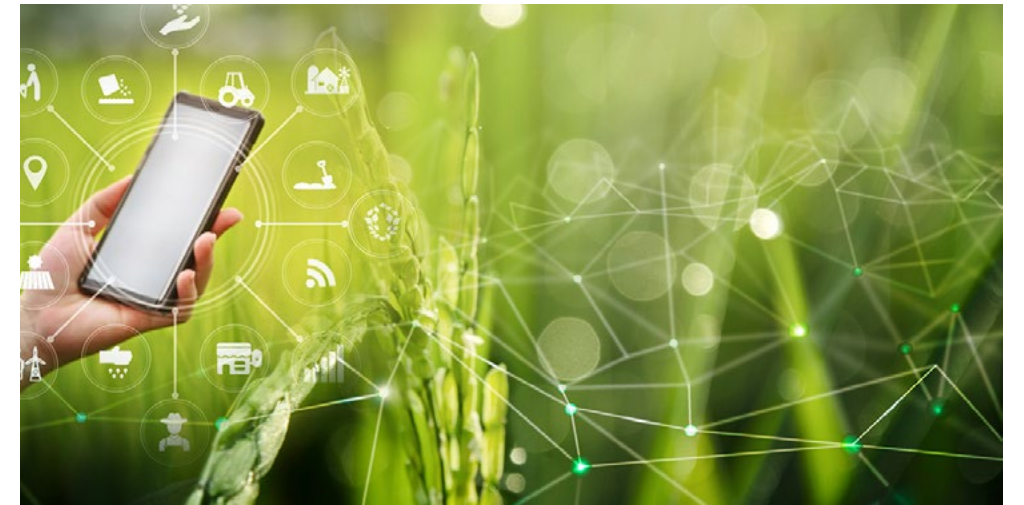


are given the opportunity to participate in international projects through which they have the opportunity to gain important international experience in renowned companies worldwide and professionally develop through global business opportunities while working from Serbia.

Resity Technologies, under the name Spectrum Solutions, successfully operates its business in Croatia, providing support to numerous partners and clients on the path to digital transformation, thereby contributing to strengthening the company's presence at the regional level.

AgTech Start-ups

Due to its importance for the economy, ensuring food security, and preserving rural areas, agriculture plays a crucial role in the development of the Serbian economy. Digital tools have the potential to enhance the efficiency, productivity, and sustainability of agricultural production. With decades of experience in this field, Delta Holding supports and empowers the establishment of start-ups developing new technologies and machine learning to create smart agriculture through digitalization. This aims to modernize and efficiently manage agricultural resources. Through the adoption of digital tools such as smart crop management applications, data-driven irrigation systems, and precision agriculture technologies, farmers can optimize their processes, reduce losses, and increase yields. This ensures the long-term stability and sustainability of Serbian agriculture.



One such innovative solution is offered by the start-up Smart Watering Solutions enabling farmers to efficiently manage water quantities used in agriculture through advanced technologies. The main goal of the Smart Watering system is to maximize irrigation efficiency, reduce water and energy consumption, minimize losses due to over- or under-watering, and ultimately increase crop yields.

This solution typically includes soil moisture sensors, meteorological data, and smart algorithms for automatic adjustment of irrigation systems based on plant needs and weather conditions. This technology also provides users with information via mobile applications or web interfaces, allowing them to remotely monitor and manage irrigation systems, even when they are off-site. In practice, this system has shown far better results than traditional irrigation management systems, achieving water savings of over 30%.

ENVIRONMENTAL CARE



A healthy environment is crucial for human and planetary survival, and companies can contribute most effectively to its protection by operating sustainably. The Management and Executive Board, along with the senior management of Delta Holding, recognize the importance of responsible environmental stewardship for its preservation and the company's continued stable development.

To address the pressing challenge of global warming, environmental protection strategies have been defined to reduce fossil fuel energy consumption by 60% compared to 2021 and decrease greenhouse gas emissions by 50%. Plans have also been created to reduce the amount of waste generated and released, promoting full waste utilization for obtaining new products.

The company also acknowledges the significance of water conservation, the most vital resource for life, and implements necessary measures for its purification, conservation, and controlled usage at every location.

Renewable Energy Sources and Energy Efficiency

Delta Holding has been investing in renewable energy sources for years to reduce conventional energy consumption by 50% by 2030.

The construction of solar power plants began in 2021, and by the end of 2023, 15 solar power plants had been installed across various Delta Holding



facilities. In 2023 alone, solar plants were set up and operational at 9 locations: Delta Congress Centre, Seme Sombor factories, The Fun&Fit, Dunavka, Delta Feed, refrigerators in Zaječar and Čelarevo, logistics-distribution centre in Stara Pazova, and the largest solar plant in the DTS system (0.8MWp).

The total capacity of solar power plants in Delta Holding is 4.7MWp. These plants generated 1,662,407 kWh of green energy in 2023, reducing emissions by 1,128.47 tCO₂. This amount of CO₂ is equivalent to the amount that can be absorbed annually by 53,737 trees.

Biomass Consumption in 2023

MEMBERS	Biomass	quantity [kg]	MJ/kg	GJ	TJ	tCO ₂ e
Dunavka	sunflower husks	7,190,621.00	17.55	126,195.40	126.20	239.77
Seme Sombor	corn cob	1,009,167.00	14.70	14,834.75	14.83	28.19
Progress	soybean straw	522,000.00	15.70	8,195.40	8.20	15.57
TOTAL BIOMASS		8,721,788.00		149,225.55	149.23	283.53

At the Dunavka, Seme Sombor and Napredak locations, sunflower husks, corn husks and soybean straw are also used as biomass for the production of energy from renewable sources. Thanks to the use of energy from biomass instead of electricity from conventional sources, CO₂ emissions have been reduced by 27,831 tCO₂.

Numerous energy efficiency measures implemented in 2023 contributed to reducing energy consumption and CO₂ emissions.

The mechanization of Delta Agrar is equipped with a drone that is used for treating/spraying crops in primary production. Drones use batteries that charge quickly and whose energy consumption is negligible compared to the clearance sprayers that have been used so far, which used 6-8 litres of fuel per hectare.

At the Dunavka factory, the combustion chamber in the boiler plant was reconstructed, which reduced the emission of powdery substances by 6.6 times, while the amount of carbon monoxide decreased by 3.6 times and achieved complete combustion. During the year, 9 smaller wind generators were installed in order to test air currents and examine the usefulness of installing larger capacity wind generators that would be used as a renewable energy source.

Delta Food Processing continued to invest in modernizing production facilities and heating/cooling equipment. An example is the replacement of the old refrigeration compressor in the Yuhor factory with a new, more modern one with a frequency regulator, with a power of 250kW

and a maximum cooling capacity of 952kW. Thanks to this, as well as other savings measures, the consumption of electricity per unit of product was reduced by 13.13%, and gas by 19.86%.

By measures of rational use of electricity, as well as energy production from renewable sources, in 2023, the Fun&Fit factory reduced energy consumption per unit of product by 14.08% compared to 2022, by 13%, and gas by 19.86%.

A new production/warehouse area was built in the Mioni factory, where a high-tech PET line of the most modern generation for the production of light weight bottles will be installed. There are only 500 such lines in the world, and the one listed is the first in the Balkans. With the purchase of this line, more efficient

work is achieved due to faster production of larger quantities, savings in energy consumption, as well as the possibility of working with reduced bottle weights.

At the Danubius factory, due to the installation of a new line for the production of pasta, energy consumption and emissions of harmful gases were reduced by cancelling one of the two boilers for heating the water used in the production process. Additionally, the waste heat energy released by the air compressors during operation is used to heat the working rooms in the mill.

Delta Real Estate Group members are also continuously working on improving energy efficiency and reducing the impact on climate change. The Crowne Plaza Hotel received the Green Key certificate

Energy Consumption in 2023

MEMBERS	ELECTRICITY	GAS	GASOLINE	DIESEL	LPG	BIOMASS	ELECTRICITY FROM SOLAR POWER
	GJ						
Delta Agrar Group	87,233.96	31,836.74	1,408.90	50,000.12	241.06	149,225.55	1,609.70
Delta Food Processing	77,211.33	70,095.94	3,949.37	959.40	102.48		4,003.99
Delta Distribution	20,473.42	5,495.05	4,977.84	4,691.09	1,493.91		16.99
Delta Real Estate Group	91,774.88	20,492.34			194.96		353.99
TOTAL	276,693.59	127,920.07	10,336.12	55,650.60	2,032.41	149,225.55	5,984.68
				627,843.01			

GHG emissions¹

MEMBERS	2022		2023	
	SCOPE 1	SCOPE 2	SCOPE 1	SCOPE 2
	tCO ₂ e		tCO ₂ e	
Delta Agrar Group	6,619.67	17,128.39	6,258.05	16,434.88
Delta Food Processing	4,412.24	15,328.78	3,932.42	14,546.61
Delta Distribution	1,216.23	2,230.01	1,243.78	3,857.19
Delta Real Estate Group	1,226.08	13,818.60	1,031.55	17,290.39
TOTAL	13,474.22	48,505.78	12,465.81	52,129.07

Energy intensity	Total energy consumption	Total revenue	Energy intensity
	GJ	EUR	GJ/EUR
	627,843.01	908,202,621.58	0.00069130

Intensity of emissions of harmful gases (tCO ₂ equivalent)	SCOPE 1 i SCOPE 2	Total revenue	Intensity of emissions of harmful gases
	tCO ₂ e	EUR	tCO ₂ e/EUR
	64,594.88	908,202,621.58	0.00007112

in 2023, which proves its commitment to sustainable development in tourism and active participation in environmental protection. The hotel achieved significant savings in electricity with more energy-efficient lighting. Fluo-tubes were replaced by LED lamps and strips in the entrance hall, open space on the mezzanine, Exhibition hall, rooms and on the sidewalk in front of the hotel. In the

parking lot of the hotel, three 22kW two-way electric chargers for slow charging and one 75/150kW direct current charger for the fast charging of electric cars, manufactured by Orion, are installed.

In October 2023, the reconstruction of the Sava Centre, the largest congress centre in the region, was completed. Projections are that energy consumption in the renovated

¹ The calculation of GHG emissions for 2023 was carried out in accordance with the GHG Protocol and EIB methodology, relying on emission factors according to the location-based method.

facility will be 30% lower compared to the period before the renovation. Heat recovery in the ventilation system saves electricity that would be needed for heating or cooling fresh air. The new façade glass is identical in colour to the old, which remains consistent with the original appearance of the largest congress centre in Southeast Europe, but when it comes to functionality, there is a big difference. The three-layer glass of the new glass envelope provides exceptional thermal insulation, with a solar factor in the range of 25-35%. This means that in the winter the glass envelope will keep the heat

inside the building itself, and in the summer the sun's rays will have much less effect on the temperature increase, which represents a significant saving of electricity.

Compared to the previous year, in 2023 there was an increase in electricity consumption and the value of Scope 2 in the Delta Real Estate Group and Delta Distribution, due to the commissioning of the A Delta Congress Centre (Sava Centre) facility, the merger of the Radisson Collection Hotel with Delta Holding, as well as increasing the capacity of the cold store in the distribution centre of the company DTS.

Water care

The company pays special attention to the use of water as the most important resource. In order to reduce its consumption, the company directs its operations towards the latest innovations aimed at the most efficient application with minimal losses.

Thus, within the Delta Agrar Group, the largest consumer of water in the Delta Holding system, the principle of precision agriculture is implemented to reduce consumption. Precision agriculture aims to optimize water consumption for crops and farm animals by observing, measuring and responding to various variables. Irrigation and watering systems operate according to the technology of flow regulation and automation, where water is provided exclusively according to the needs of the planted culture, i.e. according to the needs of the animals. Irrigation systems and drippers are selected in accordance with the required amount of water and irrigation time. At all Delta Agrar locations, water analysis is performed once a month.

Water Consumption in m³

MEMBERS	Water from the well	Water from the lake	Surface water	Water from the city water supply
Delta Agrar Group	207,132.60	948,023.00	5,039,649.22	165,311.00
Delta Food Processing	351,032.00	0	0	30,142.00
Delta Distribution	0	0	0	19,129.79
Delta Real Estate Group	0	0	0	96,941.00
TOTAL	558,164.60	948,023.00	5,039,649.22	311,523.79
	6,857,360.61			

All factories of the Delta Food Processing also take into account the discharge of wastewater. This implies that physical and chemical treatment of water is carried out before discharge into city collectors. Wastewater analysis is carried out on a quarterly basis.

In 2023, due to the need to expand business capacity, an additional geophysical survey was performed at the Mioni water factory and a location was determined for a new exploratory well, followed by a well that will be implemented next year. Also, new equipment for the treatment of faecal wastewater SBR 30 was acquired, which will also be installed in 2024.

This practice was continued in the other members of Delta Holding. In the Delta Congress Centre, opened in November 2023, water fountains with sensors to control water consumption have been installed. There are also sensors on the taps in the Crowne Plaza and Indigo hotels, as well as in the Delta House office building, which also has a rainwater tank on the roof that is used as technical water.

Within Delta Distribution, Delta Auto Group and DTS have water purification facilities at their locations, minimizing their environmental impact. Throughout 2023, continuous monitoring of wastewater was conducted, and test results showed that the wastewater discharged into the municipal collector was within environmentally permissible limits.

A notable example is Delta Motors, which **saved 3,131m³** of water, due to efficient consumption in its services and the conservation measures implemented by the technical maintenance department and all employees. This amount of water is equivalent to the annual water needs of **343 mature trees**.

Waste management

In Delta Holding subsidiaries, safe and responsible management of hazardous and non-hazardous waste is a regular practice, in compliance with all current laws, including the Environmental Protection Law and the Waste Management Law.

A crucial aspect of proper waste management is understanding its impact on the environment, with a particular emphasis on adequate education. In 2023, numerous training sessions were held for employees, focused on proper waste handling and compliance with legal standards that the company's members need to meet. This initiative marked a significant step forward in raising awareness about the importance of waste management, while simultaneously improving the system for monitoring the current state at the company level.

Employee premises are equipped with special containers for sorting and disposing of plastic, paper, and glass waste. Above these containers, posters with clear instructions on proper waste disposal steps are displayed. This system enables employees to actively contribute to environmental preservation.

As an industry leader, Delta Holding recognizes its special responsibility to set clear standards in the field of waste management and to highlight the importance of environmental protection through examples of good practice for creating a healthier and cleaner world. The selection of operators who handle the disposal of non-hazardous and hazardous waste within the company is based on their long-standing results and consistent adherence to legal regulations. When selecting, it is crucial that the chosen partners share a common goal with the company in the field of sustainable development, all with the aim of jointly improving the environment and society.

Delta Pak

Delta Pak was established in 2010 and serves as an operator for packaging and packaging waste management. Additionally, it provides expert consulting services in the areas of environmental protection, chemical management, and the safety of hazardous material transport.

Delta Pak actively supports its clients in establishing optimal waste management systems. This support

Generated and Managed Waste in Tons in 2023

MEMBERS	NON-HAZARDOUS WASTE				HAZARDOUS WASTE			
	Amount of non-hazardous waste on 01/01/2023 (in tons)	Generated non-hazardous waste in 2023 (in tons)	Amounts of non-hazardous waste disposed of in 2023 (in tons)	Amount of Non-hazardous waste on 31/12/2023 (in tons)	Amount of hazardous waste on 01/01/2023 (in tons)	Generated hazardous waste in 2023 (in tons)	Amounts of hazardous waste disposed of in 2023 (in tons)	Amount of hazardous waste on 31/12/2023 (in tons)
Delta Agrar Group	5.95	820.58	799.03	27.45	1.83	19.97	16.41	5.39
Delta Food Processing	23.34	989.72	974.86	38.20	1.82	1.61	2.93	0.50
Delta Distribution	0.00	147.50	146.15	1.35	0.00	30.70	29.55	1.15
Delta Real Estate Group	0.00	199.94	199.94	0.00	0.00	2.40	1.58	0.82
Common functions	0.00	0.00	0.00	0.00	0.00	1.16	1.16	0.00
TOTAL	29.29	2,157.74	2,119.98	67.00	3.65	57.00	52.79	7.86



Distributed Packaging - Delta Holding

2023	Total non-returnable products placed on the market (t)	Total returnable products placed on the market (t)
Total plastic	2,732.71	0.00
Total glass	3,945.97	0.00
Total metal	205.23	0.00
Total cardboard and paper	1,754.52	0.00
Total wood	1,269.10	201.51
Total other	1.82	0.00
TOTAL	9,909.35	201.51
	10,110.86	
Percentage of Returnable Packaging (%)	2.03	

includes client visits to assess the situation, providing expert recommendations for efficient waste management, maintaining necessary records, and regularly reporting to relevant national authorities. The company's central mission is the implementation of a sustainable and legally regulated waste management system for each client.

In 2023, the company successfully concluded contracts with 123 clients, including all members of Delta Holding. As in previous years, Delta Pak ensured that all clients met national targets for the reuse and recycling of packaging waste in 2023.

In the mentioned business year, Delta Pak's clients placed a total of 22,664.41 tons of packaging, of which 68% was forwarded for reuse or recycling. This exceeded the national target of 64% for 2023, demonstrating

the company's capability and commitment to efficient packaging waste management. Delta Holding system members placed a total of 10,110.86 tons of packaging on the market in the Republic of Serbia in 2023, of which 201.51 tons were returnable packaging. 1.28 tons of paper were recycled, saving 22,000 trees.

To meet national targets for the reuse and recycling of packaging waste for all its clients, Delta Pak established cooperation with 19 companies specializing in the collection and recycling of non-hazardous packaging waste in 2023. Through these partnerships, Delta Pak actively supports the work of these companies, simultaneously contributing to the realization of national plans aimed at reducing municipal waste.

Thanks to its expert team, Delta Pak provides clients with high-quality consulting services in the areas of environmental protection, chemical management, and the safety of hazardous material transport. Aligned with Delta Pak's activities and current trends in adopting ESG strategies, a special emphasis was placed on educating clients, employees, and the wider public about environmental protection and efficient waste management throughout 2023. Various types of training sessions were

organized, both in-house and online, to encompass external clients and members of Delta Holding.

Employees at Delta Pak actively participated in various training sessions and workshops dedicated to measuring greenhouse gas emissions and carbon footprints, fully aligned with global standards. In the coming year, there are plans to raise awareness among companies, especially small and medium-sized enterprises in Serbia,

BY RECYCLING 1,300 tons of paper WE HAVE SAVED

- 22,000** trees
- 41 million** litres of water
- 5.4 GWh** of electricity

Special attention is dedicated to educating clients, employees and the general public about environmental protection and efficient waste management



about the importance of reporting greenhouse gas emissions through educational programs.

Delta Pak is an active participant in the working groups of the Ministry of Environmental Protection, focusing on improving the packaging waste management system in the Republic of Serbia. This year, they plan to engage in working groups to contribute to the establishment of a deposit system. Additionally, Delta Pak supports public utility companies in the process of procuring containers for proper sorting of packaging waste, while simultaneously educating the public on the importance of proper waste separation in households.

Digital communication is an indispensable channel for conveying information and updates today. Recognizing its significance as a key medium for maintaining connections with existing clients, establishing contacts with new business partners and stakeholders, and raising awareness about the importance of ecology, Delta Pak has made active efforts to improve its presence on social media over the past year to expand its visibility.

Through the creation of educational and informative posts, Delta Pak covered various topics - from monitoring its own activities, interesting facts in the field of ecology, to providing useful legal information. In this way, the company not only shared relevant information with its audience but also actively contributed to spreading awareness about environmental issues, especially among the youth.



In this regard, a notable collaboration with Ananas stands out, particularly at the school in Bačko Novo Selo, where a workshop titled "It's Easy to Be a Little Ecologist" was organized. This interactive workshop focused on recycling and sorting packaging waste, providing children with important information in a fun and educational way. On this occasion, Delta Pak and Ananas delighted the children with packages containing various toys made from recyclable materia.

EMPLOYEE DEVELOPMENT



Delta Holding has been investing in the development and satisfaction of employees since its establishment and recognizes the importance of caring for people for successful and sustainable business. Caring for people is one of the company's core values and is a key element of corporate identity and business philosophy. By respecting the principles of fairness and embracing diversity, an inclusive environment has been created where every employee feels that their opinion is valued and respected. When selecting staff, the focus is on those who strive for continuous improvement of their skills, acquisition of new knowledge, are open to new ideas and show the desire and potential to create a motivating environment for growth and development of both people

The total number of employees in the company during 2023 was 4,418

and business. Great attention is focused on empowering women, young people without work experience, neurodivergent individuals, and people with disabilities, providing them with the opportunity to strengthen

their capacities and build a career path in a supportive work environment.

Through fostering open communication and opportunities to present ideas and proposals, the company encourages employees to actively participate in shaping business strategy and developing business processes, as well as creating new businesses and business opportunities. The company also supports the participation of employees in projects and initiatives aimed at improving the social community, thus encouraging their responsibility and engagement in creating positive social changes and building a strong connection between employees, the company and the local community.

The objective of the Management Board, the Executive Board and lead management is to create a fair, stimulating environment that supports innovation, creativity and team spirit. The total number of employees in the company during 2023 was 4,418 people, and an additional 583 individuals were engaged through various types of contracts throughout the year.

An Opportunity for Everyone

Delta Holding, as one of the leading companies in the market, takes an active role in setting standards of good practice in relation to employees, while providing an example and incentive for other companies in the community to follow the same standards.

The company firmly supports the principles of equal chances and opportunities for all employees. In the selection process, respect for human and labour rights is insisted upon and opportunities are provided for all candidates to demonstrate professional competencies in the absence of any form of discrimination or unequal treatment on any grounds. Through these practices, the company demonstrates its long-term commitment to building a fair, inclusive and safe working environment for all employees.

Qualification structure

MEMBERS	PhD	Magister	Master	University Degree	College Degree	Highly skilled	Secondary School	Skilled	Semi-skilled	Un-skilled
Delta Agrar Group	3	2	27	246	31	2	269	162	9	165
Delta Food Processing	0	0	15	123	68	5	424	363	5	168
Delta Real Estate Group	0	1	16	191	67	57	260	83	5	45
Delta Distribution	0	2	30	296	103	6	476	150	2	24
New Technologies	0	0	44	135	37	2	86	0	0	3
Common functions	1	1	10	102	17	1	63	15	0	0
TOTAL	4	6	142	1,093	323	73	1,578	773	21	405

Determined commitment to respecting the principle of non-discrimination in all segments of the company's business is best reflected in the fact that no candidate will be discriminated against on the basis of gender, nationality, age, skin colour or other personal characteristics such as pregnancy, health or property status, social origin, sexual orientation or political orientation, or membership in organizations and associations. The principles of non-

Total number of employees

MEMBERS	EMPLOYED IN SERBIA IN 2023	EMPLOYED IN THE REGION IN 2023	TOTAL
Delta Agrar Group	916	0	916
Delta Food Processing	1171	0	1171
Delta Real Estate Group	608	117	725
Delta Distribution	944	145	1089
New Technologies	269	38	307
Common functions	210	0	210
TOTAL	4,118	300	4,418

discrimination and ethical behavior are regulated in detail by the Code of Ethics, which is fully integrated with the Employment Contract, allowing each new employee to get acquainted in a simple and clear way with the applicable standards and procedures of the human resources sector, the current principles and rules of business, as well as the corporate culture of the company. The company does not employ minors, except in exceptional situations where there is a specific need that meets all legal requirements.

Transparency, integrity and fair treatment in the recruitment process is reflected in strict compliance with legal regulations regarding the protection of personal data of all candidates. The fact that the company's commitment to these issues is of paramount importance is best evidenced by the fact that there were no complaints of violations of human rights and non-discriminatory principles in 2023.

The exceptional pride of the company is the diversity of the age structure of employees, which actively nurtures the balance between different generations. Mentoring programs, as well as specially organized lectures and talks with representatives of the Management and Executive Boards and lead management, encourage the engagement of older colleagues in the development of younger staff. In this approach, the viewpoint and creative ideas of younger generations are added to the experiences and knowledge of older generations, enhancing the stability and success of the company. At the same time, the feelings of satisfaction and purposefulness are also improved.

Age structure

MEMBERS	SERBIA			REGION		
	18-29 years	30-50 years	Over 50 years	18-29 years	30-50 years	Over 50 years
Delta Agrar Group	151	409	356	0	0	0
Delta Food Processing	156	674	341	0	0	0
Delta Real Estate Group	180	317	111	39	64	14
Delta Distribution	261	546	137	31	100	14
New Technologies	95	164	10	14	24	0
Common functions	45	105	60	0	0	0
TOTAL	888	2,215	1,015	84	188	28

Since its inception, Delta Holding has stood out as an example of commitment to promoting the principle of gender equality, and above all through the engagement of a significant number of women in top management and managerial positions. Thus, the company greatly contributes to raising awareness of the important role of women in achieving top business results, as well as in the development of the economy and society.

Professional ambitions and self-confidence of women are encouraged and developed through various mentoring programs aimed at building leadership skills and knowledge. These projects contribute to empowering women in the company to maximize their potential, thus further improving the company's business culture and results.

During 2023, the company achieved a balanced representation of men and women in lead management,

and this relationship was adapted to the different requirements and characteristics of the business of the members of the system. A special feature of Delta Holding lies in the fact that women make up the majority of members of the Management and Executive Board, which makes the company unique in the domestic and regional markets.

Gender structure

MEMBERS	EMPLOYED IN SERBIA		EMPLOYED IN THE REGION		TOTAL	
	women	men	women	men	women	men
Delta Agrar Group	271	645	0	0	271	645
Delta Food Processing	605	566	0	0	605	566
Delta Real Estate Group	308	300	61	56	369	356
Delta Distribution	361	583	53	92	414	675
New Technologies	127	142	28	10	155	152
Common functions	115	95	0	0	115	95
TOTAL	1,787	2,331	142	158	1,929	2,489

In 2023, Delta Holding continued with the adopted system of reporting and records on gender equality in accordance with the last Law on Gender Equality from 2021, which applies to all members that have more than 50 employees and hired persons. At the same time, the company has implemented all legal procedures related to the recording and analysis of the gender and qualification structure of employees and candidates for employment. Delta Holding regularly compiles annual Gender Equality Reports, makes a detailed analysis of the existing conditions and develops

plans of measures to achieve and improve gender equality. In the past year, women had 44% and men 56% of the total number of employees.

The great wealth of member companies is also represented by the diverse ethnic and religious structure of employees, and over the past year they have continued to actively work on the promotion of diversity of cultures and religions. At Crowne Plaza Hotel, this meant the successful integration of colleagues from Nepal who fully feel like equal members of the team, while all colleagues in member companies who identify differently in terms of religion were provided with days off for religious holidays.

People with disabilities are recognized in Delta Holding as important members of successful teams. In the past year, the company continued its long-standing practice of supporting the empowerment and employment of people with disabilities. Persons with disabilities, as part of the Delta Holding working community, enjoy equal opportunities for career advancement, on an equal footing with other employees. Their development is entirely based on expressed competencies and skills, as well as professional ambitions. In order to be more inclusive, special attention is paid to providing support in communicating with people with disabilities. Accordingly, a specially created internal manual - Etiquette in Communication with Persons with Disabilities - is available to all employees of the company, providing guidelines and advice for effective interaction and creating a supportive environment for the entire work collective. In 2023, Delta Holding employed 69 people with disabilities.



The vision of Delta Holding is to create a work environment in which diversity is valued and provide an opportunity to foster the development of the potential of all employees, ensuring that each individual recognizes their contribution to the joint success of the company. In this spirit, the company works to continuously improve practices and policies that support fairness, inclusion, and diversity in the organization.

In the past year, special attention was paid to the inclusion of neurodivergent people who were recognized as great talents, creatives and innovators. The commitment to their employment is clearly highlighted in job advertisements, recruitment procedures, the Social Responsibility Policy and the Code of Ethics.

During the year, the company continued to support organizations and initiatives that promote the inclusion of people with disabilities in society. Through partnerships with NGOs such as the Youth with Disabilities Forum, Delta Holding actively supports employment and training programs for people with disabilities.

Determining the Amount of Salaries

Delta Holding's transparent salary policy lets employees clearly understand how their earnings are determined, thus contributing to a sense of fairness and equality within the company. The basic salary, part of the performance salary and the increased salary, which make up the entire structure of employees' salaries, are determined in a fair and non-discriminatory manner, considering the skills, knowledge and requirements of each individual's workplace. The basic salary is determined according to the criteria prescribed by the general acts of the company, such as the Rules of Procedure or the Collective Agreement, and is expressed in nominal gross value through full-time employment contracts and standard work performance. Depending on the performance of the employee or the achieved results of the company, the salary may be increased to the prescribed percentage, in accordance with the provisions of the general act.

Trade Union Organizing

In accordance with its policy of social responsibility, Delta Holding supports trade union organization and the

right of employees to collective bargaining, establishing continuous cooperation with trade unions in company members where a trade union organization exists. The company consults trade unions in accordance with legal regulations and carefully considers all requests related to the improvement of employee working conditions. If agreement is reached during collective negotiations between the trade union and the employer, collective agreements governing the rights, obligations and responsibilities arising from the employment relationship will be concluded. Member companies in which there are trade union organizations are: Yuhor, Topola, Jedinstvo, Napredak, Danubius and Kozara.

The largest group within the system, Delta Agrar Group actively supports the constitutionally guaranteed right to freedom of association, including the right to trade union and other association. Also, the right to collective bargaining and conclusion of a collective agreement at the appropriate level is supported and respected. In this spirit, collective negotiations were initiated and successfully completed at Danubius, where a new Collective Agreement was concluded with a representative trade union for a period of 3 years starting from December 2023. The new Collective Agreement provides for additional and greater rights for employees. In other legal entities, the Labour Regulations are still in force, where continuous work is being done to introduce better and additional rights for employees in cooperation with trade unions.

During the past year, the total number of trade union members in the entire system of Delta Holding amounted to 592 members.

Caring for people

Aware of the importance of supporting employees in different spheres of private and business life, Delta Holding continuously invests in benefits programs for its employees with the aim of ensuring their satisfaction and motivation in the workplace.

And during 2023, the company continued to carefully listen to the needs of employees and, in accordance with their needs, the benefits program was improved. The focus was on aspects of motherhood, physical and mental well-being, as well as achieving harmony between business and private obligations.



Since its inception, the company has recognized the importance of supporting parenting and family values and has been working for many years to create an environment that fosters a balance between career and family life. Through the solidarity assistance initiative, employees are provided with support for the birth of the first, second, third and each subsequent child, which aims to ease the financial burden associated with parenting and ensures that employees can provide the best possible support to their families. Support was also provided through:

- ▶ financial assistance for single parents of minor children, which is granted annually and adjusted to the number of children;
- ▶ a package of gifts for newborn babies;
- ▶ free day for parents whose children start the first grade of primary school, on the day of the beginning of the school year;
- ▶ gift package with school supplies for first graders;
- ▶ extending the scholarship period for children of deceased employees, from 18 to 24 years of age of the child.

The company recognizes the importance of dedicating time to important life moments for the overall well-being of employees and therefore, in addition to legally defined days off, all employees are allowed paid leave from work in various situations. This includes moments such as marriage, the birth of a child, the birth of an immediate family member, serious illness or the loss of an immediate family member. Employees may also use this right in other situations such as voluntary blood donation, resettlement, participation in protection

against natural disasters, taking exams or in the case of recreational holidays organized by the employer.

In order to preserve the balance between professional and private life, the company has also implemented benefits for its employees in accordance with the latest market trends. That includes:

- ▶ sliding working hours for all employees whose nature of work allows it, which allows them more flexibility in organizing the working day in accordance with personal obligations and preferences;
- ▶ two days of work from home per month for employees whose nature of work allows it, giving them the opportunity to perform work efficiently and from the comfort of their home;
- ▶ increase in the number of days of annual leave depending on the professional qualification and length of service in the company, which allows employees additional time for rest and relaxation.

In the past year, the company has continued to apply examples of good practice in recognizing the engagement and work of its employees. In addition to receiving gift vouchers on March 8 as a token of appreciation and support, all staff members got a New Year's present at the end of the year.

Delta Holding pays exceptional attention to the health of its employees, considering this a key element of a successful business. In the past year, access to private health insurance was expanded to a larger number of employees, while in the event of serious illnesses of

Care for mental health within the company is of utmost importance, just as care for physical health

employees or close family members, procedures are being implemented to provide assistance at the level of the entire company.

At the same time, the following initiatives were implemented during 2023:

- ▶ in certain company members, physical examinations were provided for all employees;
- ▶ an audit of the insurance package was carried out with the extension of the limits of the policies themselves.

Mental health care within the company is of utmost importance, as well as physical health care, so the company is actively engaged in supporting employees through a large number of internal experts. During the past year, all employees had at their disposal video materials with the most important and current topics in the field of mental health care, as well as the opportunity to talk with experts and psychologists from the HR sector of the member companies in which they work.

In accordance with the business specifics, members carry out special activities that further improve employee satisfaction, such as:

- ▶ open doors - in the members of DTS and Yuhor, one-on-one interviews of employees and HR business partners are organized in order to continuously nurture open communication as the preferred tool in human resources management;
- ▶ team building - is organized in Delta Agrar, Delta Food Processing, Delta Real Estate, Delta Distribution, Ananas and Delta Holding, in order to strengthen the team spirit and the feeling of belonging to the company;
- ▶ socializing of employees in the form of activities including Secret Santa Claus, board games during breaks, joint monitoring of sports events, socializing over lunch on Fridays;
- ▶ eco action and hiking on the mountains at the level of Delta Holding, as well as individual members;
- ▶ career counselling for the children of employees with the provision of a package of professional orientation tests, as well as two counselling meetings with a psychologist in the role of certified members of the HR team of Delta Agrar;
- ▶ awarding jubilee loyalty awards for spending 10, 15, 20, 25 and 30 years in the company.

All these rights and privileges are available to all employees and are communicated by the manager openly and transparently. The documentation defining the procedures is available on the internal portal of Delta Holding.



Strengthening the sporting spirit

Encouraging employees to fill their free time with sports activities is a key strategy for companies striving to achieve excellence in business. Active and healthy employees are more productive, creative and resilient to the challenges that arise in the business environment. Through sports activities, teams connect, build stronger relationships and learn how to work together more effectively to achieve common goals. Therefore, integrating sports activities into the company's work culture is one of the significant investments in long-term business success and sustainability.

Delta Holding is proud to boast its Delta Running team, which has been participating in races throughout Serbia

and abroad for six years. During 2023 alone, runners participated in a total of 71 races, 22 of which were outside the borders of Serbia.

During 2023, Delta Running Team achieved great results:

- ▶ at the triathlon race "11TRI Belgrade", the first place was won in the Sprint Business relay race;
- ▶ in the "Niš Business Run" race, third place was won.

Particularly great success was achieved at the so-called *Ultra trail* races with a length of over 100km that represent extreme racing events and include running on very long trails through various types of terrain, including mountains, forests, deserts and other natural landscapes.

As representatives of the Delta Running Team, colleagues Dejan Banković and Ivan Živojinović pushed their limits throughout 2023, enduring various weather conditions and challenging terrains. They finished as competitors in five international races and achieved outstanding results:

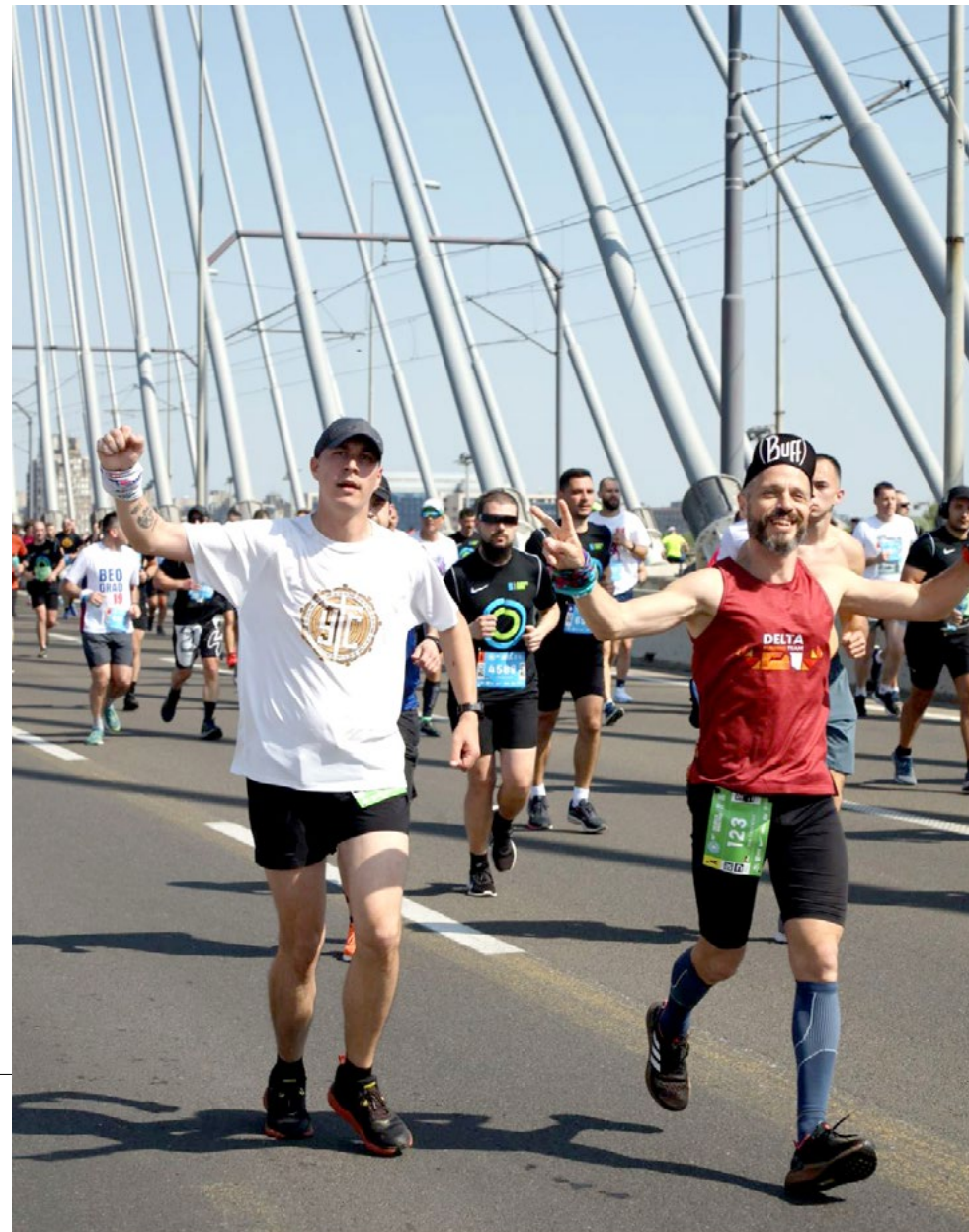
- ▶ 100 Miles of Istria - Dejan Banković 170km, Ivan Živojinović 110km;
- ▶ Jahorina Ultra Trail - Ivan Živojinović 140km (qualified for the Masters finishing as 4th);
- ▶ Vučko Ultra Trail - Dejan Banković 110km;
- ▶ Ohrid Ultra Trail - Dejan Banković 110km;
- ▶ Prokletije 50k - Ivan Živojinović 50km (runner-up).

Dejan and Ivan did not stop there - they are the only ones in the region who have run marathons in the capitals of



all six former Yugoslav republics within one calendar year, since these competitions have existed.

The costs of the registration fee for all the above races were covered by the company. Delta Holding will continue to support its employees in the coming year and encourage them to go beyond their limits in developing sportsmanship.



Investing in Knowledge and Career Development

At Delta Holding, 2023 was dedicated to investing in knowledge, primarily through the continuous development of the Tangram Academy program. In addition to the topics that were presented in 2022, a whole new stream of trainings and lectures related to digital knowledge was introduced.

Delta Holding actively follows modern flows and trends, thus recognizing the importance of artificial intelligence as an important resource for business development. In this regard, the company has organized a team of internal trainers consisting of employees of the IT sector with the aim of communicating information to other employees about the opportunities provided by the use of available AI tools. For all employees, a series of lectures was organized on the topic of getting acquainted with the concept of artificial intelligence, the use of the ChatGPT application, risks in the digital environment and modern methodologies such as RPA and Blockchain.

The success of the Tangram Academy is best evidenced by the fact that during the past year there was an increase in the number of participants and training hours, and the interest of colleagues in independent learning was extremely pronounced, which is why enviable results were recorded by employee levels:

- ▶ directors - two-day training sessions were organized for directors, aimed at developing coaching as one of the main leadership styles;



- ▶ middle management - middle management underwent two-day training focused on leadership topics, various leadership styles, and feedback skills;
- ▶ employees - about 1,500 employees had the opportunity to attend one of the offered catalogue trainings within the Tangram Academy.

A total of 19,824 hours of training were completed, i.e. an average of 79 hours of training each working day, and the training was attended by a total of 2,591 employees - 1,067 male and 1,524 female colleagues.

Within the Tangram Academy, numerous internal and external training sessions have been organized, covering various topics with a special focus on soft skills. Employees have the opportunity to develop leadership skills, including communication, management styles, reporting, coaching, presenting results, and giving feedback.

Recognizing that employee care extends beyond the workplace and includes support in various life situations, Tangram Academy programs also encompass personal development workshops such as Parent as Coach, Lectures for Future and Experienced Fathers, Creative Intelligence Technology, Emotional Literacy Program, Financial Management, and more.

Plans for the upcoming year are focused on further evolving the concept of continuous investment in employee development through expanding and enriching the offerings in the Catalog, with an increased number of sessions for all topics, aimed

Professional training in 2023	Total	Average number of training hours per year per employee
Training hours	29,584	7.18
Total number of employees	4,118	

Professional training in 2023 (women)	Women	Average number of training hours per year per employee
Training hours	14,927	8.35
Total number of women	1,787	

Professional training in 2023 (men)	Men	Average number of training hours per year per employee
Training hours	14,658	6.29
Total number of men	2,331	

at inspiring and motivating them to achieve the best business results.

Throughout the past year, member companies organized trainings, workshops, and educational sessions tailored to the specifics of their business.

Delta Agrar Group employees attended various trainings in the field of technical or professional training, while symposia and conferences were provided externally throughout the year. The weekly newsletter HR Thursday covered topics related to mental health and well-being, and organized a commendation week during which employees could publicly express their gratitude to their colleagues. Promotion of employees, highlighting their qualities,

and educating the general public about various business activities in the company, was realized through social networks in the form of interviews with colleagues from the production unit. Also, all educational activities to which the company was committed during the year were reported.

In partnership with the faculties and the Career Development Centre of the Faculty of Agriculture in Belgrade, Delta Agrar actively involved its employees in the role of lecturers, panelists and organizers of educational workshops. The aim of these activities was to provide young people with insight into the business world and operations of Delta Agrar, as well as to encourage their inspiration and motivation for future challenges and opportunities in the agricultural sector. Through direct interaction and sharing of knowledge and experiences, employees contributed to expanding perspectives and supporting the professional development of young people.

Caring for people, from all levels of management, through the sales force, to workers in production and retail remained the key basis for the construction and development of Yuhor. The expansion of the team of employees and investment in their knowledge and expertise resulted in the formation of the necessary base for further business improvement. During 2023, specialized trainings of the Mokra Gora School of Management were organized, and mandatory internal trainings were conducted according to the requirements of the HACCP, ISO and IFS standards. A total of 3,383 hours of training were implemented.

In **Delta DMD**, 2,174 hours of training were organized, while colleagues from Montenegro in **DMD Delta** and **DTS Crna Gora** realized a total of 1,205 hours. Investments were made in internal and external trainings, forums and conferences. In addition to the development of professional business education, there were also no trainings on cyber security, the use and implementation of new technologies and artificial intelligence.

Colleagues from finance and other sectors of Delta DMD provided support to colleagues from other member companies through “know how” and “best practice” trainings. A significant focus was also placed on mentoring individuals, through the talent programs Young Leaders and Delta's Future, as well as practitioners whose further professional and personal development are monitored with great care.

Effective communication between directors and employees has proven to be key to building trust and motivation, so during the past year, meetings of directors of the company and HR with all employees were held at all locations. It was about the achieved results and business strategy, as well as about the challenges in everyday work that employees face. In this way, it is possible for all employees to influence the company's operations, as well as making certain business decisions, with their ideas and proposals for improvement.

The Bulletin, an internal magazine for employees in Serbia and Montenegro that is published quarterly, reached its 12th edition in 2023. Thanks to it, employees

have the opportunity to get informed, ask questions, but also to actively participate and contribute to its further editing. For some sections, during the past year, artificial intelligence has been included as an author. In addition to educational content, the newsletter also follows company news, innovations, as well as team reinforcements, promotions and jubilees of employees, while the design is continuously improving and changing.

Investing in high-quality and skilled personnel is one of **DTS's** strategic imperatives. In 2023, DTS dedicated 3,118 hours to training on specialized topics, such as business management, decision-making, and negotiation. An important segment of training included mandatory sessions aligned with the management system, as well as professional development and technical knowledge in areas such as finance and IT.

Over the past year, DTS continued to influence the development of new staff in the labour market in

Effective communication between directors and employees was proven crucial for building trust and motivation

the field of logistics and transport by supporting the dual education system, as well as internships for final year students or graduates. In this regard, two visits were organized to the distribution centre for groups of students of the Faculty of Transport and Traffic Engineering in Belgrade from the Department of Logistics, as well as to the Faculty of Technical Sciences from Novi Sad, Department of Mechanical Engineering. On that occasion, in a pleasant atmosphere, students had the opportunity to get acquainted with the company and logistics processes in practice. Last year, we went a step further and organized a first *Case study*, which included mentoring support from company experts to logistics students in making an independent study of real business situations from practice. They successfully held their presentation in front of the company's board, and were symbolically rewarded for it.

In the past year, due to business expansion, Delta Auto Group emphasized the increase in the number of employees, as well as active work on the development and education of all its employees.

Within the Delta Auto training centre, professional trainings on the technical characteristics of new vehicle models were also realized: Honda CRV Hybrid, ZRV, CRV Plug-in EN1 introduction, High-voltage certification for Honda vehicles Level 1, and motorcycle mechanics are certified during the year for all three levels of complexity of technical training KTM: Bronze, Silver and Gold levels. Several Maserati employees attended foreign technical trainings in Modena, Italy.



Delta Motors also implemented professional trainings on the Connected Drive system, technical characteristics of new vehicle models: BMW XM and I7, as well as certification trainings on electric vehicles. Particularly important is the fact that colleagues from the innovation and training team successfully held one of the most complex trainings in BMW and certified nine colleagues from Serbia and the region on behalf of Delta Motors, who thus received internationally recognized certificates and the title of *High Voltage Technician for Battery and Drive Unit*. With this certification and the expertise of the company's team, Delta Motors received a number of commendations from BMW and the opportunity to be a leader in the transfer of knowledge to colleagues in the network and the implementation of the most complex trainings in the coming period.

In 2023, the practice of providing introductory training on getting acquainted with business operations for all

² All employees have 8 days to express interest in the offer.

new employees continued, who could on that occasion get acquainted with all brands of Delta Auto Group. For line and middle management, the planned trainings of Situational Management and Feedback Giving Skills were implemented, while within the Tangram Academy for Directors, a two-day Leader as a Coach training was held. Also, cooperation on business coaching was established.

Active monitoring and promotion of new market trends through the participation of top management at panels, conferences and forums where they promoted current events in the electrification of motor vehicles and shared their experiences is also a very important segment of the Delta Auto Group's business.

During the past year, several students from the faculties in Serbia and abroad also participated in professional development. The realization of professional practice continued with students of secondary vocational schools in Delta Auto Group services.

During 2023, **Ananas** employees attended 55 different external and internal trainings and conferences, which represents a total of 2,665 hours invested in their development. In order to improve the knowledge of employees in expert and specialist positions, Ananas paid special attention to participation in conferences and specific trainings related primarily to IT and Marketing, in order for employees to improve the necessary knowledge in the field of digital marketing and data management. A significant number of hours also consisted of

trainings intended for participants in Delta's talent programs.

In other members, employees also actively attended various trainings. In **the Fun&Fit Company**, special emphasis was placed on training that enabled employees to keep up to date with new standards related to improving the quality and safety of food, and the **Crowne Plaza Hotel** has established cooperation with Winsedswiss and Belgrade Wine School, trainers' houses specializing in the hotel industry.

At the level of the entire Delta Holding system, in the past year, active efforts have been made to improve the process of onboarding of new employees. In order to gain a better insight into the needs of new employees in the first three months of employment, the First Impression Survey was introduced, on the basis of which information will be collected on an individual basis in the future and the necessary statistical data will be successfully derived for making decisions for improvement.

For the purpose of continuous development and advancement, Delta Holding employees can continue further development in another sector, within the company through an internal competition. This competition can be initiated by the management or the employees themselves in order to meet the development needs of certain business sectors. The internal competition process allows employees to change their position and develop through horizontal advancement in various jobs within the company.²

Young Leaders

Delta Holding's Young Leaders program is an employment program that has been supporting young people in developing their careers and empowering their potential for the twelfth year in a row. Launched in 2012, this program aims to provide young people with university education, no work experience, the opportunity to step into the world of business and achieve their professional ambitions. In this way, the company continuously invests in the future of young generations. Through its long-standing implementation, the Young Leaders program has become synonymous with inspiration, motivation and the opportunity for young people to realize their professional dreams and contribute to the development of the business world.

During the one-year program, young leaders have the opportunity to participate in solving various business challenges through which they are trained and gain valuable experience. In addition to practical skills, young leaders are encouraged to develop leadership skills, creativity and team spirit, which enables them to become effective and confident in the business environment.

One of the key elements of the program is the mentoring support that young talents receive from experienced experts within the company. Mentors, who share their knowledge, experience and advice, play a key role in the development of young people, providing them with guidance and support at every step of their professional development.

After successfully completing the program, the most talented participants have the opportunity to continue cooperation with the company on a long-term basis, which opens the door to further progress and the realization of new career opportunities.

In January 2023, Delta Holding welcomed the 11th generation of Young Leaders, and 41 new colleagues began their professional development within the company.

Following the official welcome, the first week of January 2023 was devoted to getting to know the business. Participants in the Young Leaders program had the opportunity to explore different business segments through organized visits and presentations of employees from different sectors, as well as to see the broader picture of the company's business.



With an intensive training program that was a central part of the program, participants were enabled to develop a wide range of skills necessary for success in the business world. Topically, areas such as assertive communication, efficient use of Office 365 tools, personal efficiency and productivity, as well as leadership development and presentation skills are covered.

One of the most important sessions was dedicated to the business strategy, led by the members of the Executive Board. This interactive workshop provided Young Leaders with insight into the essential strategic processes and decisions that shape the company's operations while understanding the complexity of business strategies and factors that influence the company's success in the market.



The commission highlighted the project "Employer of the 21st Century: How to Attract and Retain Generation Z" as the best

Over the past five years, Young Leaders have been actively involved in the company's digital transformation process and through various projects, in which they have played a prominent role, have developed innovative ideas with the aim of improving the company's operations. Their engagement has not only contributed to the modernization of business processes, but has actively encouraged creativity and proactivity in facing the challenges of the digital age.

In June, all program participants had the opportunity to choose from 14 proposed topics and select the project that most interested them. Topics were carefully created and selected to enable young leaders to demonstrate their original and innovative approach to work. This phase of the program marked the beginning of work on eight selected projects:

- ▶ Tall buildings with wooden structural elements;
- ▶ Synergy of the congress business with the business operations within the Holding;
- ▶ Implementation of the grain cooling device in the silo;
- ▶ Meeting Legacy Sava Centre;

- ▶ Social Media Team;
- ▶ Positioning of robotic forklifts on the domestic market;
- ▶ 21st century employer, how to attract and retain Generation Z;
- ▶ Delta Rent services Electric.

The committee pointed out the project **"Employer of the 21st Century, how to attract and retain Generation Z"** as the best, and the team members, together with their mentor, were rewarded for their contribution.

At the end of 2023, the selection process for the twelfth generation of Young Leaders began, while 1,875 candidates applied for the competition. Particularly significant was the fact that for the first time, the program was selected simultaneously for both Serbia and Montenegro.

The novelty in the Young Leaders program during 2023 implied paying additional attention to specially selected leaders in the 10th generation of Young Leaders. Seven selected colleagues cooperated intensively throughout the year - they had internal mentors, workshops on goal setting, but also styles in team management.

Delta's Future

Delta's Future is a talent program dedicated to the development and preparation of selected employees for the next level of managerial positions, and is aimed at young managers and specialists who have distinguished themselves for their leadership potential and achieved results. Through the support of mentors, structured training and coaching sessions, Delta's Future empowers talented employees in the career building process, while at the same time strengthening and improving the organizational culture of the company.

The past year was marked by a major change in the selection process of colleagues who wanted to develop their leadership potential in Delta Holding.

In order to increase transparency when nominating and selecting participants, the competition was open to all employees of the company. As in previous years, managers had the opportunity to propose their colleagues with the most potential, but this time a large number of independent employee applications were also recorded. Thanks to a good internal campaign and the promotion of this development program, applications came from as many as 108 colleagues.



The selection process lasted two months and included a detailed assessment of the skills and competencies, as well as the leadership potential reported both through individual interviews and through the resolution of the case study in the selected teams. Out of over 100 applicants, 31 participants entered the program.

The path of career building towards leaders began in August at the Mokra Gora School of Management, where they worked for five days on a wide variety of topics related to the most important business skills. At the end of the year, the selected colleagues passed external assessments, and all the necessary preparations were made so that the participants of Delta's Future could receive

individual development plans during 2024.

The year 2023 was also marked by the reconceptualization of the program – a set of topics that participants will be introduced to during the two-year duration of the program was improved, while mentoring and coaching were introduced as additional tools for the development of their careers.

Delta's Experts

The **Delta's Experts** talent program is dedicated to developing and preserving a culture of continuous learning and strengthening the company's internal capacities. During 2022, 45 colleagues, who stand out for their outstanding knowledge and expertise, were selected to join the Delta's Experts team. On that occasion, they were also awarded for their outstanding contribution to the work and success of the company.

The development of Delta's Experts implied the improvement of expertise in the areas they deal with, as well as their empowerment to share knowledge with the company's employees, which has a direct impact on the long-term strengthening of the knowledge management process.

Over the past year, work has been done to further develop and promote knowledge within the company. In cooperation with HR business partners, experts attended various professional conferences and seminars during 2023, which enabled them to keep up to date with the latest trends and practices in their fields, as well as to exchange experiences.

45 colleagues, distinguished for their exceptional knowledge and expertise, have been selected for Delta's expert team



Innovation

Improving and transforming the company's operations in accordance with the foreseen changes in the market are necessary for sustainable development. That is why innovation is a key value of Delta Holding, which implies the continuous creation and implementation of new or significantly improved products, services and processes. This leading value is not only the discovery of new opportunities, but also contributes to the evolution of business, cost reduction and improvement of customer experience.

Driven by principles of sustainability and business excellence, Delta Holding continuously pursues new ideas and solutions to keep pace with the rapid changes in the business environment. By fostering innovation, the company enhances its capabilities to tackle current market challenges, shapes the future of its operations, and sets high standards in all spheres of its business activities.

Creating innovation is not just the result of chance or individual ideas, but requires a clearly structured and systematic process. Therefore, in Delta Holding, since 2017, there has been a well-defined organizational structure that enables efficient management of innovative projects, starting from the identification of market needs and internal resources, to concrete steps in the development, testing and launch of new products, services or processes, as well as the final implementation of projects in all segments of the company. Through this structured approach, the company can successfully manage risks, optimize resources and ensure that innovations are aligned with the adopted strategy.



The organizational structure also encourages cooperation and teamwork among different sectors and levels of the company. This enables the exchange of ideas, resources and best practices, which further stimulates the creativity and productivity of teams. The Innovation Committee, composed of managers from all parts of the company, proposes ideas generated by various teams within subcommittees at each of the member companies. In addition to the subcommittee, employees also have the opportunity to individually propose ideas through an internal portal. All ideas are analyzed at joint Committee meetings. On this occasion, both the need and the possibility of cross-sectoral cooperation on the development of the idea are discussed. A total of 752 ideas passed through the Committee, of which 550 were unique, and 118 were successfully implemented (21.5%) and on which a total of 15 teams worked.

One of the key motivators for this change is the desire to develop an innovative corporate culture that provides every employee with the opportunity to propose innovations and initiate changes in the company. In addition, it has been recognized that there are a large number of ideas within the corporation, which can be optimally managed only when they are approached faster, more efficiently, using a start-up approach to innovation. In order to succeed in this, the company used its great cooperation with experts from the ICT Hub, some of whom are mentors to the teams in the D Incubator.



The Innovation Committee was formed with the aim of ensuring continuous improvement in the innovation development processes, as well as monitoring the implementation of innovative ideas and digitalization processes. During 2023, there were changes in the work of the Committee in order to faster monitor and respond to changes in the environment.

Although in the previous year the focus was on internal innovations, the company, in addition to hiring ICT Hub experts, still actively cooperated with other start-up support organizations. Thanks to that, the Innovation Sector attended all CSO meetings (*Start-up Support Organizations*) as part of the "Implement an Idea". The Sector also participated in Start-up Scanner research organized by the "Digital Serbia" initiative but were also part of the "Start Me Up" event organized by the ICT Hub. During 2023, the company was also open to potential collaborations with start-ups, both domestic and foreign, which were recommended by start-up support organizations with which Delta Holding cooperates.

Following the practice of the world's major companies Google, Nike, Nestle, Volvo and P&G, which have their internal incubators for quick proposal, analysis, and realization of ideas, the company decided to make D Incubator, an externally oriented project until then, an internal project for the development of innovative ideas of employees in 2023.

The plan for next year involves further strengthening cooperation with the start-up community in order to empower an increasing number of young people to innovate and understand the needs of business for innovation.



D Incubator

After five successfully completed cycles, in its sixth year, the **D Incubator** is implemented in the form of an internal program with the aim of supporting employees within the company in their innovations. The program was organized in such a way that employees from the entire system had a chance to apply for a program in which they have the opportunity to work on the implementation of some of the ideas. Ideas came from both employees and managers, so that employees would try to respond to the needs of the company by finding innovative solutions or participate in the creation of a completely new concept.

At the very beginning, Delta Holding's Innovation Sector organized an introductory lecture for management at

which the plan of this year's program was presented to the managers and the importance of innovations for the future of the company's business was emphasized. On this occasion, the program also received the full support of the President of the Management Board.

After the selection of candidates and ideas that will be developed in the program during the year, D Incubator started its work in November 2023 with five teams, i.e. ideas, and a total of 16 members consisting of employees from different member companies, sectors and years of age. The diversity of teams based on different properties significantly contributes to the exchange of experiences and attitudes, as well as to the creative, innovative culture of the project, which the company wants to build and nurture. Seven trainings were held for members of the D Incubator in the period from the end of November 2023,

part of which is performed externally, in cooperation with the ICT Hub, Talks and Folks, Mokra Gora School of Management, and part internally, within the Tangram Academy.

In parallel with the trainings, the employees have regular mentoring sessions with consultants from the ICT Hub, as well as mentoring support from Delta's internal experts. Additionally, they were allowed to consult with a large number of external experts, from various fields, who help them in the development of projects, with the aim of obtaining the best possible basis for further development of ideas. At the very end of the program, the teams will have the opportunity to present their ideas to the Senior Vice President for Strategy and Development, who is also the sponsor of the D Incubator program, as well as to the members of the Management Board of Delta Holding.

AI Champions

In the midst of the new technological revolution and the numerous changes that the modern world is bringing, Delta Holding has recognized that there is a shift in the use of information technology tools. In order to follow the flows of unstoppable changes created by the development of artificial intelligence, the company responded to this change by creating the **AI Champions team**.

The task of this team includes researching artificial intelligence tools and implementing them in the daily work of various segments of the company. During the past year alone, a large number of projects have been implemented in which artificial intelligence is applied, and the following ones stand out:

- ▶ creating personalized offers for each user and improving the description of items on the Ananas platform;
- ▶ AI knowledge base in the Ananas finance sector;
- ▶ automatic generation of purchase order proposals and personalized special offers in DMD;
- ▶ improving customer relationships through the application of artificial intelligence at Delta Motors;

- ▶ improvement of the analysis and conclusion process in the Internal Audit Sector thanks to the application of artificial intelligence;
- ▶ application of AI tools for creating digital content in the Corporate Communications Sector.

The goal of establishing an AI Champions team is not only to apply artificial intelligence but also to educate employees on ways to motivate themselves in the performance of their tasks. The tools that this technology brings on a daily basis help to delegate repetitive and procedural tasks to novel IT solutions, while employees can shift their attention to solving problems that require creativity. Plans for 2024 include the continuation of the implementation of ongoing projects:

- ▶ Delta Holding:
 - ◆ AI transcription of meetings;
- ▶ Delta Agrar:
 - ◆ prediction of the date of commencement of the harvest of apple varieties at different locations;
 - ◆ prediction of crop yields;
- ▶ Delta Auto:
 - ◆ optimization of spare parts inventories;
 - ◆ knowledge base in the finance sector;



- ▶ Delta DMD:
 - ◆ optimization of the sales associates' route plan;
 - ◆ credit analysis of customers.

As a team available to all sectors within the system in order to improve and optimize their work, the AI Champions

team also actively participates in the Delta Sapiens project led by the corporate communications and marketing sector of Delta Holding, which involves the creation of a special AI assistant that will represent the Delta brand in an original and authentic way.

Occupational health and safety

A safe and healthy working environment is of utmost importance to all Delta Holding system member companies. Given the recognized impact of workplace quality in terms of working environment conditions, adequate equipment and tools, as well as personal protective gear, on the health and satisfaction of employees, the company continued to enhance the work environment throughout the past year. This effort aligns with the highest industry standards, aiming to create optimal working conditions.

Successful prevention of incidents and reduction of occupational injuries or work-related diseases are achieved thanks to the dedicated work of occupational safety and health (OSH) and fire protection (FP) experts employed in member companies, who perform their work conscientiously with the continuous support of the OSH and FP manager, as well as the head of the sustainable business sector.

A key step towards improving the work environment is open communication, which enables employees to notice potential hazards in the workplace, as well as to actively contribute to the improvement of their work environment through the exchange of ideas in order to reduce potential risks during the implementation of operational activities. Continuous, open communication facilitates the exchange of information between management, supervisors, and employees regarding all new procedures, safety standards, and training sessions. This contributes to employees' better understanding of the importance of workplace safety and health topics, creating a safer work environment for everyone.

Bearing in mind the importance of the impact of occupational safety on the well-being of employees, the company has, from the very beginning, developed clear mechanisms and procedures to prevent possible negative impacts. Regular revisions of the Workplace Risk Assessment Act, together with continuous monitoring and documentation of all activities in the work process that could cause injuries or adversely affect employee health, enable a clear and precise determination of the level and degree of risk in workplaces, with special emphasis on high-risk workplaces, and preventive and regular medical examinations are organized for employees in these places to monitor their health status.

A high level of safe working conditions is maintained through various activities and practices. At Delta



Holding, this includes regular procurement and use of personal protective equipment, periodic inspections of work equipment to detect and eliminate potential problems, regular testing of the work environment to identify and address adverse factors such as micro climate, lighting, chemical or biological risks, as well as regular checking of fire protection systems and equipment to ensure their effectiveness in the event of incidents. Through regular monitoring and audits, continuous work is being done to improve safety measures and reduce workplace risks.

In addition to investments in protective equipment and the work environment, the key role in maintaining high occupational safety standards is played by regular training of employees on safety and protection procedures, as well as promoting workplace safety awareness. The trainings provide employees with the necessary knowledge and skills to identify potential hazards in the workplace and reduce the risk of injury, as well as an insight to the importance of adhering to safe procedures and proper use of equipment. When starting employment or changing jobs, as well as introducing new technologies or procedures, employees are systematically trained in safe work, fire protection and emergency management. By raising safety awareness, trainings contribute to the creation of a positive work environment where health and safety are considered a priority.

Regular trainings on safety measures and procedures, while raising awareness of the importance of workplace safety, formed an important segment of investment in employees during 2023. In the past year alone, a total of

11,161 training hours were realized in the entire Delta Holding system for 4,455 employees:

- ▶ Delta Agrar Group: 3,412 hours;
- ▶ Delta Food Processing: 4,087 hours;
- ▶ Delta Real Estate Group: 960 hours;
- ▶ Delta Distribution: 2,286 hours;
- ▶ Common functions: 416 hours.

OSH and PPE training in 2023	TOTAL
Training hours	11,161
Number of employees present at the trainings	4,455

heat and moisture naturally, thus providing better working environment conditions for employees, while from the aspect of fire protection they can also serve to remove smoke from the premises in the event of a fire. Additionally, in part of the packaging unit in the pasta plant, new windows were installed, the opening of which, naturally,

ensures the regulation of temperature and humidity in the work area and better working environment conditions for employees. All these investments had as their outcome and a significant result - in the Danubius factory as many as 365 days were without injury.

Other member companies also invested in new solutions in the field of occupational safety and health and fire protection during the year. Within the Delta Agrar Group, in the logistics and distribution centre in Stara Pazova, a reconstruction of the fire alarm system was carried out by installing line detectors, which is an ideal solution for cold storage conditions, such as low temperatures and high potential for moisture generation. For the needs of Delta Automoto and Delta Motors members, as well as Delta House, fire blankets were procured, intended for extinguishing fires on vehicles, which are easy to use and enable quick response and efficient fire extinguishing.

Injuries at work, often caused by falling or slipping when manipulating objects in production facilities or moving within facilities, pose a significant challenge to work safety. In order to reduce their number and improve the safety of employees, it is planned to intensify training

focused on proper cargo handling and safe movement in 2024. In this way, all employees will be enabled to develop the necessary skills and awareness of potential hazards with the ultimate goal of creating a safer and more secure working environment.

MEMBER	NUMBER OF MINOR INJURIES	NUMBER OF SERIOUS INJURIES	TOTAL NUMBER OF INJURIES	NUMBER OF WORKING DAYS LOST
Delta Agrar Group	33	9	42	1,104
Delta Food Processing	39	4	43	932
Delta Real Estate Group	3	1	4	42
Delta Distribution	8	4	12	300
New Technologies	0	0	0	0
Common functions	0	0	0	0
TOTAL	83	18	101	2,378

NUMBER OF WORKING HOURS IN 2023	2,088h
Ratio of serious injuries at work resulting in deaths	0
Ratio of serious injuries at work ³	8,620.69
Ratio of total recorded injuries at work ⁴	46,934.87

³ Ratio of serious injuries at work: Serious injuries / number of hours worked in 2023 x 1,000,000.

⁴ Ratio of total recorded injuries at work: Total number of occupational injuries / number of hours worked in 2023 x 1,000,000.

DELTA FOUNDATION

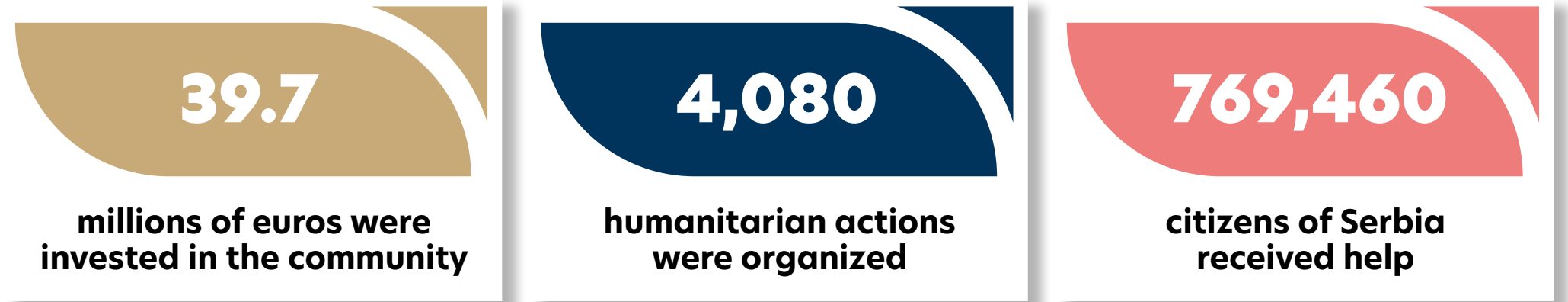


Delta Foundation integrates the diverse humanitarian activities of Delta Holding members, focusing on initiatives that provide lasting contributions to solving social challenges and developing society.

Since its establishment, special emphasis has been placed on:

- ▶ **endowments:** Supporting projects that focus on the restoration and enhancement of important cultural heritage;
- ▶ **youth:** Investing in the education of young people as a key component of the future;
- ▶ **culture:** Actively participating in and supporting cultural events, as well as contributing to the diversity of the cultural scene;
- ▶ **socially vulnerable and marginalized groups:** Providing financial and non-financial assistance to help those facing difficulties;
- ▶ **social entrepreneurship:** Encouraging the development of new enterprises aimed at solving specific community challenges.

Through its activities, Delta Foundation strives to meet the social, educational, cultural and healthcare needs of society



Endowments, as part of the cultural and social tradition, have become an integral part of Delta Foundation's mission. Through this practice, the Foundation demonstrates its commitment to preserving cultural heritage and improving the quality of life for citizens in Serbia. Besides providing material support, Delta Foundation encourages and promotes awareness of the importance of endowments as a mechanism for long-term social development, inspiring others to join in creating positive changes in the community.

Recognizing the essential needs of the social community, Delta Foundation has so far donated three significant endowments to the community:

- ▶ The "Sunce" Day Care Centre for Youth with Disabilities, located in Bežanijska Kosa, Belgrade;
- ▶ The "Iskra" Sports and Recreation Centre for Persons with Disabilities, located in Kragujevac; and

- ▶ The sculpture "From There to Here", which adorns the pedestrian bridge between Sava Quay and Kalemegdan in Belgrade.

Through its activities, Delta Foundation aims to meet the social, educational, cultural, and health needs of society. Guided by the mission of continuous improvement and care for the social community, it has organized and conducted a series of developmental and humanitarian activities and projects over the past year.

Special focus has been placed on the development of agricultural production in rural areas, support for social entrepreneurship, and providing assistance to the most vulnerable and marginalized social groups. Since its inception until the end of 2023, Delta Foundation has invested EUR 39.7 million in the social community, conducted 4,080 humanitarian actions, and provided assistance to 769,460 Serbian citizens.

Our Village

The project **Our Village** is a key initiative and unique endeavor of Delta Foundation that has been successfully implemented for the sixth consecutive year with the mission of revitalizing Serbian villages to reach the level of development and standards of modern European villages. Focused on improving agricultural production as well as the renewal of cultural and social life, this project involves long-term engagement in empowering rural communities with the ambition of creating a more favourable and stable environment for the development of agricultural production in Serbia.

After completing all project phases in two villages near Zaječar – Dubočane and Mala Jasikova, the project successfully continued in Bačko Novo Selo in Vojvodina during 2023, entering its second year of implementation.

In the past year, various activities were held in Bačko Novo Selo focusing on educating residents on improving agricultural production. These activities aimed to support local farmers in adopting new knowledge and techniques to enhance their operations and increase productivity. Events included numerous lectures on topics such as market price dynamics, innovative fertilization methods, the use of the eAgrar application, and overcoming

potential challenges residents may face in their daily activities.

In addition to the transfer of knowledge through education, individual farm visits were organized for all interested project participants. During these visits, Delta Agrar experts discussed issues related to breeding, nutrition, production, and marketing in cattle and sheep farming with residents, applying the latest technology in nutrient analysis, enabling residents to learn first-hand how to improve the selection of feed for their animals.

Erste Bank, as a long-time project partner, continued to financially support the development of agricultural farms through favourable loans for which Delta Agrar bears the interest costs. Individual development plans were carefully created for each farm with the help of Delta Agrar experts who regularly visited local farms throughout the year, providing advisory support regarding new investments and agricultural production development. Requested loans related to the purchase

of machinery, modern agricultural equipment, irrigation systems, barn equipment, and the construction of greenhouses.

Parallel to the cycle of lectures for farmers, a cycle of lectures for women entrepreneurs and



other residents interested in starting a new business was held in Bačko Novo Selo. The lectures were organized in cooperation with the "Business Innovation Programs" Association. Topics included: business plan creation; financial management and pricing; market presence; product placement and advertising. During the lectures, residents had the opportunity to assess the feasibility and profitability of their business ideas. Within this cycle, professor Dr. Zdravko Šumić, a



technology engineer from the Faculty of Technology in Novi Sad, visited Bačko Novo Selo, sharing significant advice on standards necessary for the production and sale of products derived from fruit and vegetable processing and animal products.

Support for entrepreneurship development and the promotion of domestic products from rural farms continued through the "Our Village Market" initiative by Delta Holding employees. Local eggs, honey, wine, brandy, and delicious pastries are some of the products employees could order several times a month, thus contributing to the secure placement of products and empowering their producers, mostly women.

In 2023, other actions significantly improved the quality of life in the community and supported those in need. Assistance was provided to poorer families with children through goods and financial donations, ensuring the fulfilment of basic life needs and financial support for the development of future agricultural production. Investments were also made in village infrastructure by replacing windows in the preschool and primary school to provide children with a safe and pleasant place for learning and socializing with their peers.

Recognizing the importance of cultural and social content in enriching everyday life and creating more sustainable, prosperous communities, various events were organized and supported in the past year to enhance the quality and diversity of cultural and social life in the village.

"Bosonogi na pesku" (Barefoot on the Sand), a traditional sports event in Bačko Novo Selo, was held for the 20th time last year, gathering participants of all ages at the well-known venue for sand game enthusiasts on the banks of the Danube. This time, Delta Foundation supported the event, enabling visitors and participants, especially the youngest, to enjoy various treats, sweet and savoury snacks, and refreshments, showing their sports skills.

Through dialogue, discussions, and shared experiences, people can build connections, share ideas, and feel connected to others. Therefore, in partnership with Erste Bank, a theatre evening was organized for the village residents. The play "Ručni rad" (Handmade) was successfully performed in front of a large audience, with actresses Dara Džokić, Isidora Minić, and Branka Šelić humorously depicting the complexity of male-female relationships in the modern world.

Delta Foundation supported the organization of Bačko Novo Selo's village feast, emphasizing the importance of supporting local customs and cultural events. Besides contributing to the preservation of rich cultural heritage, this initiative enabled the community to connect, gather, and enjoy local specialties.

Support was also provided for children's education, this time on the topic of the importance of recycling and waste sorting, organized at the beginning of the school year at the "Moša Pijade" primary school by colleagues from Ananas and Delta Pak. Nine preschoolers and 34 students had the opportunity to hear a presentation

on the importance of recycling and gain practical knowledge on how they can contribute to environmental preservation.

At the end of the year, for ten years, the humanitarian action "Santa's Helpers" enabled the preparation of 126 New Year's packages, which, with the help of colleagues from DTS, were successfully delivered to all three villages, bringing joy to all the children who enjoyed a specially prepared New Year's play.

Plans for 2024 include the continuation of the third and final phase of the project in Bačko Novo Selo, including:

- ▶ organizing training on the basics of primary agricultural production for all farms involved in the project, focusing on monitoring market price trends for cereals, innovations in livestock, fruit growing, and crop production;
- ▶ providing education for young people on project writing and support in the application process;
- ▶ encouraging and further developing women's entrepreneurship through professional training and lectures, supported by Erste Bank and in partnership with the Association for the Affirmation of Culture;
- ▶ helping poorer families start agricultural production through advice and support;
- ▶ renovating important communal spaces in the village to improve the quality of life for the local community.

Expanding the "Our Village" project to new villages represents an important step towards improving rural communities across Serbia. The key reasons for expanding

the project primarily include further developing rural areas, improving the quality of life for rural residents, and exchanging experiences between different villages for more efficient problem-solving and fostering solidarity among local communities. Therefore, at the end of 2023, a decision was made to include the village of Ključ in the Mionica municipality in the Kolubara district from 2024.

Including Ključ will provide all interested agricultural producers with access to training, resources, and new opportunities, while the project's expansion offers the chance for new partnerships and collaboration with local institutions and organizations.

From the very beginning of the project until today, many partners have significantly contributed to its realization and success with their support. Among these partners, institutions and companies that have greatly helped achieve the project's goals stand out: City of Zaječar, Bač Municipality, Zaječar Health Centre, Serbian Chamber of Commerce, Keramika Kanjiža, Beo vrt, retail chain Tekijanka, Telekom Serbia, and the Canadian-Serbian Chamber of Commerce (CANSEE).

More information about the project is available on the website <https://naseselo.deltafondacija.rs/>.





Digital Village

The **Digital Village project**, implemented in partnership with the BioSens Institute and Mokrin House, entered its second year of realization in the village of Mokrin in Vojvodina in 2023. The mission of the project is to create a more favourable environment for the development of easier, more efficient, and sustainable production, in line with the latest standards and driven by digital innovations and modern solutions, aiming to ensure higher yields and earnings for agricultural producers and a more attractive rural life, especially for the youth.

The digitization process is a key component of the project, opening doors for the modernization and improvement of agricultural production processes. Digitization allows farmers greater efficiency in their work, cost reduction, and better resource management. By using digital tools such as GPS technology, sensors, and data analysis software, farmers can more accurately monitor the condition of their crops, manage irrigation and fertilization, achieving higher yields at lower costs.

In 2023, training sessions for project participants included theoretical knowledge about modern agricultural methods and workshops on digital tools and new applications. They were provided with the basics of modern agricultural techniques in practice, with a focus on the use of digital tools for optimizing agricultural processes, allowing them to improve their skills and adapt their practices

according to the latest technological solutions in agriculture.

Topics discussed included variable fertilization, the use of the eAgrar portal, and price trends on the market. Participants had the opportunity to meet with entrepreneurs who successfully create new and modern solutions for improving agricultural production, such as start-ups Smart Watering and Winessense.

In the past year, OTP Bank joined the Digital Village project as a new partner, becoming the first financial partner of the project. Thanks to this collaboration, agricultural producers participating in the project will have access to all agro-services and products from the portfolio, such as investment loans, working capital loans, the use of digital bank services, and numerous financial education opportunities.

At the beginning of October, a workshop was held at Mokrin House where Mokrin residents could meet and talk with OTP Bank as the new partner, as well as with representatives of the BioSens Institute and Delta Holding, about the challenges they face and ways to address them. On this occasion, residents provided significant insights and recommendations for improving the existing AgroSens application.

Since 2022, the Digital Village project has been part of the FOSTER project of the European Commission. In 2023, project participants held meetings to

discuss improving agricultural production systems and food quality in Europe, as well as all potential challenges on this path.

During the first gathering in Novi Sad, representatives of the Digital Village project presented the project, highlighted its greatest advantages and obstacles in implementation, and exchanged experiences and ideas with other participants from Spain, the Netherlands, Hungary, Germany, and other European countries to overcome them. The second gathering was held within the summer school in Wageningen, the Netherlands, where numerous workshops and a visit to De Kleine Arde (The Small Planet), established in the 1970s as a pioneering venture in organic farming, solar and wind energy, and sustainable construction, were organized during the three-day stay.

For the upcoming 2024, ambitious plans are in place according to the identified needs of all Digital Village project participants. This includes further education on various topics and the creation of individual agricultural plans for each farm.

An important segment of the project is the development of the MokrinSens application, which would allow farmers access to precise data, the ability to connect with buyers, suppliers, expert services, banks, and financial institutions, as well as the formation of virtual cooperatives. Plans for the coming year also include intensive work by all partners on the development of this digital tool to best meet the needs of agricultural producers.

Since the long-term goal of the project is the digitization of a large number of villages in Serbia and the region, future efforts will also focus on networking with other successful farmers and rural areas to exchange knowledge between different rural communities, contributing to their sustainable development and modernization.

All current news and events related to the project can be found on the official website <https://digitalnoselo.rs/>.

Third Parent

The aim of the project is to empower families at risk of separation and to preserve the biological family. The project strengthens family bonds and prevents the separation of children and their placement into the social welfare system. Through this program, participants are provided with access to counseling, legal support, and child rights advocacy, as well as support in improving children's health and education. This initiative contributes to the overall reduction of poverty through the economic empowerment of families.

Therefore, company employees have united in the mission to support families at risk of separation and children in their normal development and upbringing. Employees prepare packages for children

for holidays, the start of school, and birthdays, organize sports and other extracurricular activities, and provide financial support for their education and training.

With the professional assistance and support of a social worker, the project also provides educational support, housing condition improvements, and economic empowerment of parents through support in establishing small and medium-sized enterprises.

The Third Parent project actively contributes to creating more functional families and empowered parents, improving their overall quality of life, and developing a support network in the local community. Children are supported until they finish their education, and the project's doors remain open to all who wish to join and take care of a child.

During 2023, 116 employees took care of 38 children. Since the beginning of the project in 2016, 79 children have participated, highlighting its significance with 48 families fully empowered and preserved to date.



Other Projects

In 2023, the Delta Foundation worked diligently to fulfil its mission of enhancing and developing the social community. In addition to ongoing projects, it focused on various initiatives aimed at improving the quality of life in the local community and providing support to those in need.

Successful initiatives included:

- ▶ donations to the "Diophant" Math School to support the organization of the summer school for young mathematicians in Čačak;
- ▶ employees of Delta Holding raised funds for the Sports Association of People with Disabilities Belgrade (SSOSIB) and ran with them to the finish line at the 36th Belgrade Marathon;
- ▶ donations to the Association of Writers of Serbia for the realization of the projects "Mladi dolaze" (The Youth is Arriving) and "Žensko pismo" (Women's Writing), which gather promising young writers and established female writers at forums and lectures;
- ▶ support to the "Gorgone" Citizens' Association for the realization of the play "Prima Facie" by Suzie Miller, which deals with the protection of women;
- ▶ donations to the "Star" Centre, which houses children without parental care, supporting their further work and promotion of products such as New Year's cards;
- ▶ collaboration with the Paralympic Committee of Serbia to prepare and donate 78 New Year's packages for children of Paralympians;
- ▶ material donations supporting the work of healthcare

institutions KBC Zvezdara/Cardiology Department and Gerontology Centre Belgrade.

As the work of the Delta Foundation represents the synergy of all Delta Holding members, the Foundation has supported the realization of individual humanitarian activities and donations from all system members, contributing to the development of the social community in which they operate. In the past year, numerous material donations were prepared, directed both at current projects and at institutions and organizations in need.

Mioni provided material donations to the Association for Support and Help to Persons with Autism "Let's Help the Invisible Become Visible" from Valjevo and the Red Cross in Mionica, and donations of water to the Association of the Blind and Visually Impaired from Subotica and the organization Europa Donna Serbia from Belgrade, which actively works on educating women about breast health and the prevention and treatment of breast cancer.

Mioni, Delta DMD, and Fun&Fit supported the organization of the first summer theatre workshop by the Brave Ideas Organization - ORHIDEJA, with the main goal of providing a quality program for underprivileged children and developing interest in art and communication skills among young people.

Throughout the year, member companies were actively engaged in traditional Delta Foundation projects, contributing to their successful realization and further development with their donations.



ABOUT THE REPORT

Delta Holding regularly publishes annual reports on sustainable and responsible business practices since 2008, with the latest report for 2023 being the 15th report in a row.

The latest Sustainability Report details activities and achievements in the field of socially responsible business, aimed at improving the company and contributing to the local community in the long term. The company implements a strategy that not only fosters its development but also achieves Sustainable Development Goals according to the United Nations 2030 Agenda.

The report is compiled for the 13th time according to the internationally recognized *Global Reporting Initiative (GRI)* methodology, ensuring that the published data is credible, verifiable, and consistent.

The data and information presented relate to the company's operations in 2023 in Serbia unless otherwise stated in the text.

The complete report is available in PDF format on the company's official website.

APPLICATION OF REPORTING PRINCIPLES

Significance of Information

Delta Holding operates with the vision of being recognized globally for its values and achieving its goals in a manner that satisfies the needs of all stakeholders. The Report on Sustainable Business contains information that may be significant for everyone directly or indirectly connected with the company.

Inclusiveness

One of the principles of sustainable development reporting is to improve business cooperation, increase overall satisfaction with the company's operations, and define plans for further development by creating conditions for effective dialogue with stakeholders. The company accepts feedback on the content and quality of this report and will consider it in the preparation of future reports. Contact information for submitting feedback is provided at the end of the Report.

Sustainability

The report covers data and activities of Delta Holding in Serbia unless otherwise specified in the text. Continuous business development

aligned with sustainability principles contributes to the further development of Serbia and the region. Numerous memberships in international organizations and active participation in international conferences, fairs, and seminars confirm the effort of the Company to bring the best global practices to Serbia. The five-year business strategy clearly defines every segment of activity, taking into account potential changes in the environment and other situations that could affect further development and business sustainability.

Completeness

The information and data presented in the Report relate to the year 2023, and where possible, comparisons are made with data from 2022. Financial and economic indicators are taken from unaudited consolidated annual financial statements for management purposes.

Balance

The report contains information on all areas covered by the presented GRI indicators, which are significant for all stakeholders. Achieved



results and the challenges the company faced during the observed period are presented, providing insight into areas that need improvement.

Comparability

By applying GRI standards and presenting certain indicators, readers can compare the Delta Holding Report with the reports of other companies. Data for the comparative period are shown wherever possible, using the same measurement methods. In cases of deviations from the methodology used in the previous report, the reason and effect of the change are clearly stated. There were no corrections to the data published in the 2022 Report.

Accuracy

The Report contains qualitative and quantitative original data from the operations of the Company, with the highest possible degree of precision and accuracy. Where the collection of original data was not possible, calculations were made with an explanation of the methodology. Financial and economic data can be found in the financial reports on the operations of Delta Holding.

Timeliness

By publishing the Report annually, stakeholders are enabled to make timely decisions regarding business cooperation with the Company.

Clarity

Respecting the principles of clarity and accessibility, the Report is written in a comprehensible and accessible language. Specific terms and abbreviations are explained in the accompanying notes.

Reliability

According to the reporting principles accepted by the Company, an audit was conducted by the authorized audit firm Ernst & Young (EY).

Report Preparation

The Report was prepared in the Strategy and Development Sector in collaboration with colleagues from the Corporate Communications and Marketing Sector, Finance Sector, Planning and Control

Sector, Human Resources Sector, Delta Foundation, Delta Agrar Group, Delta Food Processing, Delta Real Estate Group, Delta Distribution, New Technologies and Delta MC. It was published on 08 July 2024. The contact person for questions regarding the Report or its content is Tijana Koprivica, Head of Sustainable Business (tijana.koprivica@deltaholding.rs).

Additional information about Delta Holding's operations can be found on the website www.deltaholding.rs.



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INDEPENDENT PRACTITIONER'S ASSURANCE REPORT
TO THE MANAGEMENT OF DELTA HOLDING D.O.O. BEOGRAD

Scope

We have been engaged by Delta Holding d.o.o. Beograd to perform a 'limited assurance engagement', as defined by International Standards on Assurance Engagements, here after referred to as the engagement, to report on Delta Holding d.o.o. Beograd qualitative and quantitative disclosures (the "Subject Matter") contained in Sustainable Development Report for the period from 1 January 2023 to 31 December 2023 (the "Report").

Criteria applied by Delta Holding d.o.o. Beograd

In preparing the qualitative and quantitative disclosures contained in the Sustainable Development Report, Delta Holding d.o.o. Beograd applied the requirement as set in the Global Reporting Initiative Sustainability Reporting Standards' ('GRI Standards') (the „Criteria“).

Delta Holding d.o.o. Beograd responsibilities

Company's management is responsible for selecting the Criteria, and for presenting the Sustainable Development Report in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

Practitioner's responsibilities

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information ('ISAE 3000 (Revised)'). Those standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

Our independence and quality management

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants and have the required competencies and experience to conduct this assurance engagement.

EY also applies International Standard on Quality Management 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services engagements*, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems. A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the qualitative and quantitative disclosures contained in Sustainable Development Report for the period from 1 January 2023 to 31 December 2023, and applying analytical and other appropriate procedures.

Our procedures included:

- Obtaining an understanding of the structure of the sustainability organization and of the stakeholder engagement;
- Assessment of the process for conducting the materiality analysis in accordance with the GRI Criteria;
- Inquiries of personnel involved in the preparation of the Report regarding the preparation process, the internal control system relating to this process and disclosures in the Report;
- Identification of the risks of material misstatement of the Report under consideration of the GRI Criteria;
- Analytical procedures on qualitative and quantitative disclosures presented in the Report;
- Evaluation of the presentation of the qualitative and quantitative disclosures in accordance with the GRI Criteria;
- Review of the GRI Content Index and the references included therein, against the GRI Standards' requirements.

Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that need to be made to qualitative and quantitative disclosures contained in the Sustainable Development Report for the period from 1 January 2023 to 31 December 2023, in order for it to be in accordance with the Criteria.

Belgrade, 3 July 2024




Danijela Mirković
Authorized Auditor
Ernst & Young d.o.o. Beograd

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