

RESPONSIBLE BUSINESS

Report on Sustainable Business of the Delta Holding Company / 2011



DELTA HOLDING

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Editorial Policy

From the very beginning, Delta Holding has been paying dedicated attention to how its activities affect society. After the previous CSR report (published in February 2011), and along with this CSR report, we will be providing annually summarized information on policies, programs, activities and results related to the different aspects of Corporate Social Responsibility. The content of the report is defined through a series of consultations and interviews with the key managers and in cooperation with an external consultancy company. The report covers CSR activities that prevail in the whole company on one side, while highlighting specific CSR achievements in the individual companies on the other. Due to the diversified structure of the company the key performance indicators refer either to the company as a whole or to the most relevant parts of the company related to a specific subject. Although this report is mainly aimed at external stakeholders, any individual or organization interested in Delta's activities can use it to find useful information. Starting with this issue, our CSR reports will follow GRI reporting guidelines. This report contains no significant changes nor re-statements from the previous reporting periods. The table with the reference to GRI's Standard Disclosures is located at the end of the report.

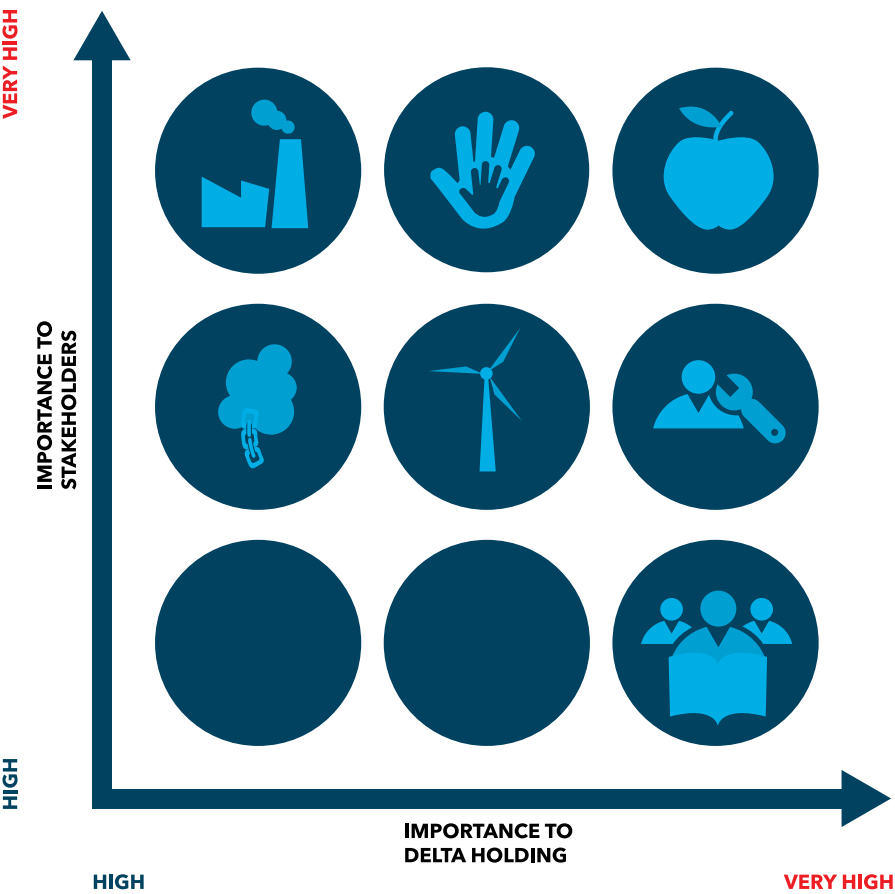


More details and regular CSR updates are available on our web pages:
<http://www.deltaholding.rs/code/navigate.php?id=19>

For any question related to this report or its contents, you can contact
Delta's Corporate Communication Department at:
korporativnekomunikacije@deltaholding.rs

Materiality Analysis

As with any other major company, through its activities Delta can influence a variety of stakeholders and they can have a strong impact on Delta’s operations as well. For this reason substantial efforts were undertaken to identify the key stakeholder groups and to compare their CSR priorities with those of the company itself. The results of these analyses are presented in the accompanying map, defining Delta’s CSR focus areas.





High quality of products & services



Support to marginalized groups
(people with disabilities, children without parental care, under-privileged people)



Development of entrepreneurship



Energy efficiency, Renewable energy sources, Recycling



Employee development programs, work - life balance
Promotion of CSR within the company



Pollution monitoring and control measures



Value chain

Our Standards

In our operations we adhere strictly to all key international standards. In addition, we take into consideration and adopt all major internationally accepted CSR guidelines and initiatives.

ISO Standards

Throughout our organization we have achieved the ISO certification 9001:2008 and ISO 14001:2004. In addition we have completed planning to introduce ISO 26000 to all key segments of our organization in the years to come.

SAM based CSR evaluation

For evaluation of our CSR procedures, actions and results, we are using methodology based on the most widely-used concepts used in the world, such as SAM, EACC and other.

Global Reporting Initiative

In reporting its CSR activities and results, we are using GRI G3 guidelines, recognized by more than 3000 of the largest companies from 60 countries as a de facto reporting standard.

Global Compact

Delta Holding and all of its constituents are members of the Global Compact organization of United Nations and provide regular annual Progress Reports to this organization.

About Delta Holding: Leading the way

Delta Holding LLC and its constituent companies comprise five different business segments integrated into a system with the same values and same ambitions for business growth. Location of the headquarters is in Belgrade (Serbia), Milentija Popovica 7b. Although most of the business activities of the company are in Serbia, there is an increasing trend of expanding the activities into the other countries of the region and wider. In 2011 the company was present in Montenegro, Bosnia, Croatia, Macedonia and Russia as well, however they are not covered in this report.

As one of the largest companies in Serbia, Delta has a specific responsibility to do things right from the start. Being publicly very visible, we do not only follow common standards and best business practices, we also establish our own, more stringent and more demanding standards than those commonly followed.

Company Organization Chart



Board of Directors



Miroslav Miskovic
President



Ivana Veselinovic
Senior Vice President



Milka Vojvodic
Executive Vice President
for Finance and Economy



Dejan Jeremic
Executive Vice President
for Operations



Jelena Krstovic
Vice President
for Corporate Communications



Dragan Filipovic
Vice President
Deputy CEO of Delta
Generali Osiguranje and
Member of the Executive
Board



Dejan Racic
Vice President
for Development



Goran S. Karic
Vice President
CEO of Delta Sport



Milorad Sredanovic
Vice President
for Agriculture



Jasminka Kiselcic
CEO of Delta Holding



Milan Grgurevic
CEO of Delta Agrar Group



Aleksandar Camparevic
CEO of Delta DMD



Ana Disic
CEO of Shopping Malls



Zivorad Vasic
CEO of Hotels and
Business Units



Nemanja Lazic
CEO of Delta Auto



Ivana Miskovic Karic
Head of Delta Foundation

Business Results in 2011

Contributing to Society Through our Business Operations

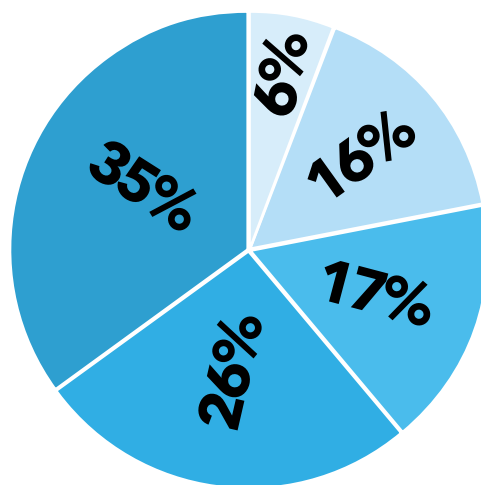
At Delta we are taking great pride in contributing to society through our core business activities. In this way we are providing society with necessary products and services, in a socially and environmentally responsible manner.

Delta Consolidated Results

Delta Holding employs a total of 7200 staff in its diversified organization. In 2011, Group's turnover reached 1.42 billion Euros. (Including the results of Delta Maxi Group (*) till its selling in July 2011).

We finance our activities from our resources as well as from commercial banks and related financial institutions. By the end of 2012, the company aims to reach a target of 850 million Euros in revenue. Although most of the business activities of the company are in Serbia, there is an increasing trend of expanding activities into other countries in the region and wider.

- Delta Real Estate Group
- Delta Generali Osiguranje
- Delta Sport
- Delta Distribution
- Delta Agrar Group



Participation of members in the total result of Delta Holding (other than a result of Delta Maxi) in 2011. year

DELTA AGRAR *Group*

Delta Agrar Group is one of the larger constituents of Delta Holding with more than 1500 people involved in primary agricultural production, cooperative and food purchase and trade, distribution of agricultural products and food processing. Delta Agrar Group reached a turnover of 256.1 million Euros in 2011.

DELTA REAL ESTATE *Group*

Delta Real Estate deals with property development, primarily shopping malls, residential and non-residential buildings, hires around 700 employees. This business group is developing properties in Serbia as well as in some other neighboring countries. Delta Real Estate Group reached turnover of 46.6 million Euros in 2011.

DELTA DISTRIBUTION

Delta Distribution hires 1000 employees in three businesses: Delta DMD, Delta Automoto and Delta Motors, first one dealing with distribution of FMCG while the other two deal with passenger and commercial vehicles. Delta Distribution reached turnover of 188.4 million Euros in 2011.

DELTA SPORT

Delta Sport employs 1300 people and has developed three business segments covering import and distribution of sporting goods, fashion goods and HoReCa activities. Delta Sport reached a turnover of 123.9 million Euros in 2011.



DELTA GENERALI
Osiguranje

Delta Generali Osiguranje is the second largest insurance company on the Serbian market dealing with various types of insurance. The overall premium income according to International Financial Reporting Standards in 2011 was 114.1 million Euros. Delta Generali Group hires 2200 employees.

* Delta Maxi was a part of Delta Holding only during the first half of 2011 and their results and CSR activities have been included only for the first half of the year.

Total number of employees does not include employees at the headquarters and those in non-core businesses companies.

Message from the President



The global crisis is posing multiple challenges to all companies, irrespective of their size and industry. The first and foremost of them is maintenance of business continuity and sustainability of a profitable operation. Profits earned in a responsible manner and distributed equally to shareholders represent a sound platform on which companies have to perform their primary economic duties: provide society with needed products and services.

Delta Holding is a market-orientated company and we consider successful business operation a first step in our corporate social responsibility. Such an operation requires adherence to the highest business standards in all aspects of professional activities: from hiring of new employees, through delivering top quality products and services to caring about local communities and the environment.

The goal of our company is to generate profit which will enable us to share them with our employees, suppliers and customers as well as with the local communities. We believe that such an approach to business operations is in interest of all stakeholders.

As agriculture and food production are our first core business, we will keep our focus on production of healthy food with high nutritional content. Using the most modern technologies we will continue to improve the production processes to minimize the effects on the environment. We will also continue efforts to develop private entrepreneurship and further increase the amount of recycled waste.

In the areas of property development, Delta Holding will continue improving building technologies and materials used. We are seriously looking into improving energy efficiency of our buildings and will give more attention to new renewable energy applications.

In each and every segment of our business we will struggle to make it fair and useful to all of our stakeholders: employees, customers, suppliers, partners and local communities.

Despite the global crisis, in 2012 Delta Holding will continue its investments in new projects. I am pleased to state that these new projects will open new positions and decrease unemployment which represents one of the largest problems today in our society.

Delta Holding is operating on Serbian market for more than 20 years. We have built our system relying on professional staff with an aim being to become a leading company in Serbia and the region. We have achieved success due to our aspiration to constantly improve ourselves by trying to respond to the needs of the market, our partners and the society we work in – this is the practice which Delta Holding will continue during the third decade of its existence.

Miroslav Miskovic

President of Delta Holding



Message from Vice President of Corporate Communications



As the person responsible for communications of Delta Holding, together with my colleagues, I have a duty and responsibility to keep all of our stakeholders informed about our CSR efforts and results, on a daily basis. We are convinced that in this way we contribute to the spreading of awareness of CSR and the benefits it brings to the business and to society at large.

As during the previous years, in 2011 in our daily business practice we have been strictly adhering to the 10 principles of the United Nations Global Compact.

Applying the principles to our operations and conducting our business in a responsible and sustainable manner, we believe that we have returned a fair part of our created value to our internal and external stakeholders. When I speak about value I do not consider merely the profit; I also refer to new technologies we develop and deploy in our production, high quality of products and services for our customers, and above all, know-how and wider knowledge that we all leave as a legacy to future generations.

In 2011 we have worked on numerous CSR projects that have resulted in:

- Employee development
- New, high quality products and services
- Use of the alternative green energies
- Increased Eco-efficiency
- Help to society through a variety of donation projects, employment assistance for marginalized groups

Due to the diversified profile of Delta Holding and its activities in a variety of business segments, in the near future we will focus on consolidation and centralization of the CSR programs and activities relevant to the whole company. At the same time, the companies which are independent entities in Delta Holding will continue to develop and implement individual plans and actions specific to their business profiles.

As a priority program for the whole company is professional development of our employees and their job satisfaction, we will try to increase the amount of training that will enable the most capable to enjoy career development and professional advancements. We will also pay greater attention to training sessions that will improve the life / work balance and positively influence quality of life. We will continue to make our contribution to the environment protection by continuing and intensifying our efforts in the domains of recycling, energy saving and development of programs with alternative energy sources.

Through various projects of Delta Foundation, we will continue to respond to the social needs, either individually or in cooperation with NGOs. In 2012, following the tradition of legacy building, we plan to donate to the city of Belgrade a major facility for children and people with disabilities. With this investment we wish to revive the spirit of this type of donation to society that has died out in the last 70 years.

During 2011 we have established Serbian Business Foundation for whose actions we will allocate 10% of our overall profit. We expect other Serbian companies to join us in this project in the upcoming year, so that we can jointly contribute to the progress of society.

One of our priorities is cooperation with leading CSR institutions, with an aim of acquiring knowledge on latest CSR trends, including CSR reporting in accordance to the highest international standards. We believe that in year we will be able to report on internationally verified data on our CSR progress.

Our mission is to contribute to CSR development in business and society with our own examples and best practice.

Jelena Krstovic

Vice President of Corporate Communications
Delta Holding

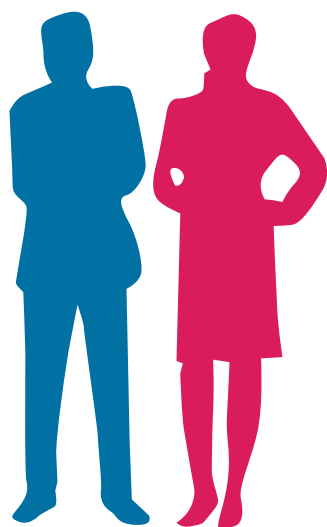


Our People

Our Key Resource

Since the very beginning, Delta Holding has been paying specific attention to our employees. We have always tried to hire the best and to assure them the best working conditions. As a result of such policies, we have a very high retention rate and employee satisfaction has been always at a very high level.

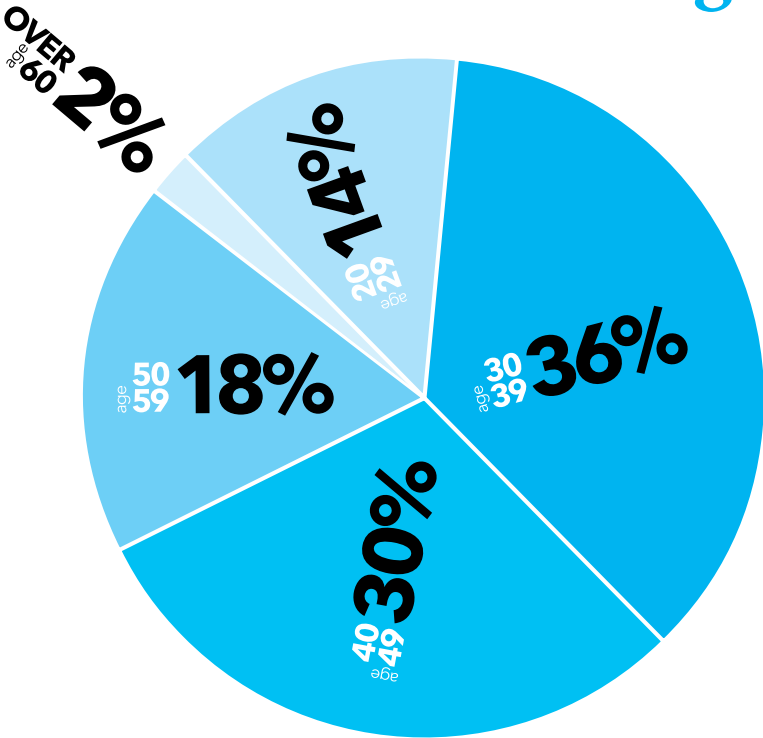
Total number of employees in Delta Holding is 7200. We have managed to achieve a very balanced gender split with a 48.5% female workforce. Age distribution also shows a balanced split.



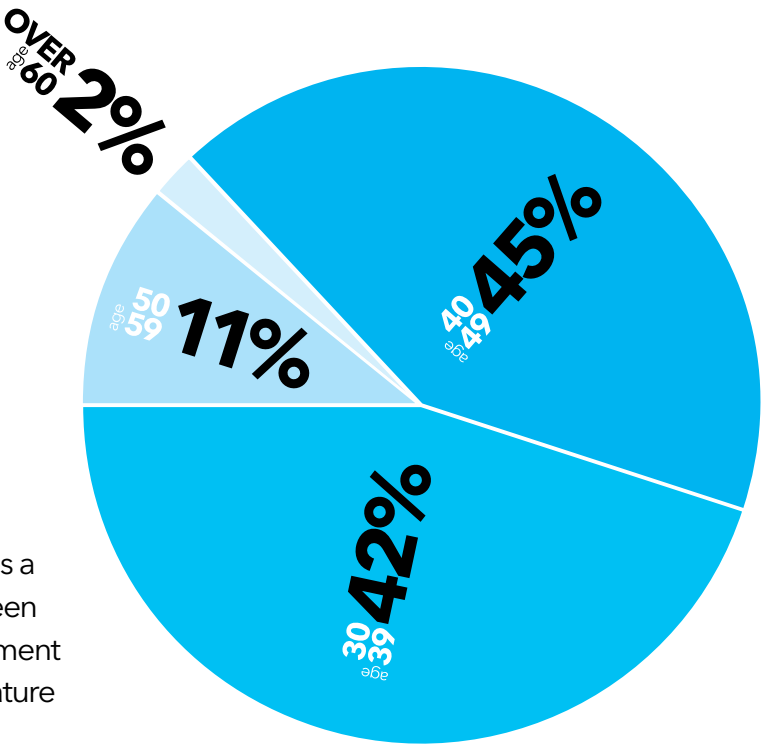
7200

Total number of Employees
at Delta Holding

Age distribution



Age distribution of all employees



Age distribution of management

Age distribution of our management demonstrates a healthy combination between dynamic younger management forces and experienced mature management skills.

Employees and Discrimination

Delta Holding pays specific attention and takes all possible measures to eliminate discrimination on any grounds. During the selection process and employment, all related staff are strictly adhering to the principles of diversity at workplace and non-discrimination. All job applicants are treated objectively and on the basis of the same objective criteria.

To confirm such an approach, each single job advertisement carries the mandatory statement:

"During the selection process, candidates will not be discriminated in any way on the basis on their health or disability, gender, race, age, nationality, religion, marital status, sexual or political orientation or any other personal characteristic."

The same non-discriminatory principles are applied to the career development of the employees within the company.

The anti-mobbing law introduced in 2010 was adopted by the company and is strictly adhered to. The company has undertaken all possible measures to inform the employees about their rights. Together with the employment agreement, an employee also receives and signs a document with his / her rights and steps that can be taken if his / her rights are deemed to be violated.

In accordance to the legal requirements, a dedicated staff is assigned to provide assistance to the employees that face any problem related to their professional activity.

There are no operations which can be identified as operations with significant risk for incidents of child labour. No case of discrimination has been reported in 2011.

So far, in the whole company, not a single case of discrimination, mobbing or any other violation of the human or labor rights has been registered.

Renumeration

At Delta Holding salaries are determined on the basis of position and responsibilities, using the Mercer's Methodology. All the positions are placed inside the framework of wages and classes and are exclusively valued by this methodology. At same positions men and woman receive the same salaries.

Solidarity Assistance

All employees are eligible for financial support in case of employee's sickness or sickness of a family member, in case of a birth of child, in a case of death or in some other cases defined by related rules and regulations.

Health and Security at Workplace

Delta Holding has established and is adhering to the policy on health and safety at workplace. This policy is designed to minimize the chances of serious injuries at work and damage of the employees health. To this end, new regulations, rules of conduct and training programs (BZR, ZOP) have been defined.

Based on the newly published risk assessment procedures applicable to all employees in the company, risk assessments have been made for all positions within the company. In addition, risk control countermeasures are planned and , where necessary, put in place. For example, there are preventive and periodical health checks

for all employees working in the positions with increased risk (e.g. drivers, heavy machinery operators etc.).

Risk assessment procedures are periodically reviewed and modified if necessary.

In addition to medical checks, employees working in positions with higher risks are regularly trained, their equipment is periodically checked and if needed they are provided with means of personal protection in the work places.

All employees enjoy a 24 hour insurance in case of an accident.

Ethical Code

On our Intranet portal, accessible to all Delta Holding employees, information regarding labor and human rights, ethical principles, and principles of the corporate social responsibility can be obtained.

Within the ethical codex (Code of Ethics), apart from focusing on the rights of the employees, the employees can get acquainted with company's view regarding the relations with business partners, environment, as well as the anti-corruption measures. Company additionally outlines that no political engagement of the employees during the working hours will be tolerated, nor the abuse of the position within the company or company's assets in terms of providing political support to a candidate or political party. Employees do have the right to take part in politics but

only after working hours and away from the working premises.

One of the rules of business ethics states that giving, offering, promising or taking money, products, rights, services, or gifts of value over 50 EUR is unacceptable, as is the possibility of being influenced by another person who is in business relation with the company. Managers, employees and external employees are obliged to execute their business chores conscientiously and in goodwill. This means that people responsible for managing the company, employees, as well as people engaged as part time employees in any part of the company are obliged to act in company's best interest, to base their assumptions on the basis of information and opinions given by experts, and to execute the chores assigned to them in a manner such as not subordinate company's interests to their own, nor to raise a conflict of interest whatsoever.

Employee Satisfaction

Understanding the importance of the role that our key stakeholder – our employee plays, in 2011 we have conducted a major survey on employee satisfaction. We wished to understand the image of Delta Holding that our employees have, their views on the working environment and working conditions and their overall job satisfaction. Almost 70% of the

employees have responded to the call for the survey and we have received a very positive feedback.

We will continue to conduct the Job Satisfaction survey on an annual basis in order to remain in continuous communication with our employees and understand their genuine thoughts and unbiased opinions.

Training and Education

Delta Holding pays major attention to its employees and their education. We believe that such policy makes our company a first-choice employer for job seekers and that it greatly increases job satisfaction and employees retention.

During the course of 2011, employees attended a variety of training programs totalling over 73704 hours of training. Average hours of training per year per employee reached the number of 10.2 hours.

10.2
hours per employee

73704
hours of training

In addition, throughout the year we have successfully continued with our Delta Academy program, established in 2006. This is a specific introductory program aimed at young people joining the company, without or with limited prior working experience. It features seven basic courses related to business conduct and competences such as Effective Communication, Presentation Skills, Team Work, Customer Care etc. All employees that have been employed by our company in 2010 have successfully attended the Delta Academy in 2011.

Delta and Persons with Disabilities

Delta Holding and its constituents take a very serious and genuine care about persons with disabilities. As the results of such policies put into practice throughout the company, in the last three years 304 persons with disabilities have been employed in Delta companies. From total 45 of them are with mental, 111 with physical and 148 persons with sensorial disabilities.

The process of promoting employment of persons with disabilities in Delta started before the introduction of the related regulations. Wishing to help persons with disabilities to lead independent lives, we have started numerous initiatives that preceded their employment in our company.

We continue to cooperate and contact with NGOs and associations of persons with disabilities with a goal to motivate persons with disabilities to release their working potentials and to seek employment. To all of our employees we provide specific training aimed at dispersing the prejudices against persons with disabilities and explaining the communication possibilities. All new buildings are designed to enable the access of persons with disabilities and the



older ones are being modified to serve such purposes.

Delta Holding has initiated a program of inclusion at workplace, aiming to enable persons with mental and intellectual disabilities to smoothly integrate. Professional activities have a variable schedule and are lasting anywhere between two and five working days a week and two to four hours per day.

A couple of months prior to their employment persons with disabilities are trained in professional workshops in the

presence of supervisor and with careful monitoring of the progress achieved.

Delta Holding has recently established cooperation with home for persons with disabilities in Belgrade from which we purchase donation boxes. In this way we gain a double CSR effect by cooperating with one organization.

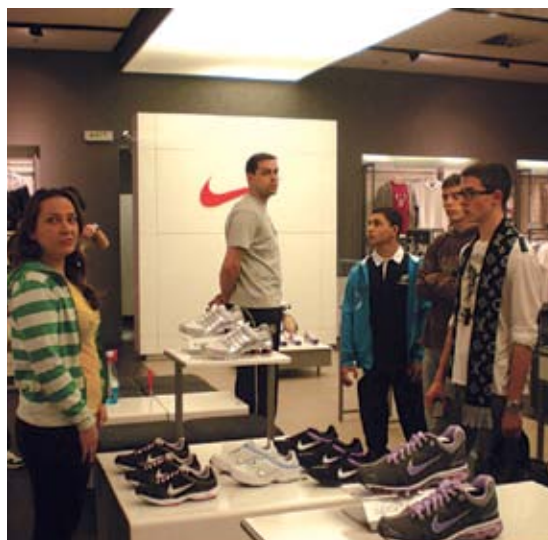
The active attitude of Delta Holding towards inclusion of persons with disabilities attracted attention from international organizations outside of

Serbia as well. Delta Holding is a member of international organization ILO Global Business and Disability Network.

In recognition to our commitment for well-being of persons with disabilities, the ILO organization awarded Delta Holding last year with the prestigious award called Disability Matters Europe which will be presented to us in 2012.

Delta Holding is also a member of a workgroup for the inclusion of persons with disabilities – Global Compact Serbia.

Engaging Students



University students were invited to do their practical training at Delta Automotive and Delta Motors companies in 2011. During the two month period, attendants were trained on different aspects of business conduct such as sales and after-sales, marketing and logistics in a real-life working environment. In Delta Agrar, the finance department has organized practical training for students from the Faculty of Economics of Belgrade University.

With such actions Delta is establishing a strong link between academic knowledge and practical applications of such knowledge, bridging gap between theory and practice.

Saving the Earth for Future Generations

Sustainable business growth under the condition of preservation of the environment is the top priority and the most difficult challenge Delta Holding is addresses as a strategic target. Different business constituents of Delta Holding are engaged in different business activities which make their impact on the environment rather different. To this extent, under the umbrella of the slogan "For Future Generations" each of the individual businesses is opting for the most effective measures to minimize the environmental impact of their products, services and daily operations.

The common environmental goals for all of the companies are:

- Steps and measures to improve energy efficiency
- Development of the projects for use of alternative energy resources
- Reduction of the emission of green-house gases
- Collection, storage and treatment of harmful waste
- Collection and treatment of office waste
- Use of recycled materials for making of bags, packing materials and cups made from recycled materials in wholesale operations
- Education of employees on simple measures for increasing energy efficiency
- Participation in the working group for Environmental protection at Global Compact in Serbia

We are doing our best to analyze the energy consumption as well as the impact we have on the environment. By developing and applying new technologies in our business processes we are effectively contributing to the reduced negative impact of our operations.

Delta-Pak Activities

Within Delta Agrar Group there is a non-profit organization called Delta-Pak, specialized in packaging and waste management. Working together with other companies of Delta Holding, Delta-Pak is developing actions on packaging waste management throughout the whole company. Particular actions on collection, sorting and recycling of packaging waste have been conducted in various segments of Delta Holding.

Combining the needs for packaging waste management on one side with the need to support local communities, in 2011 Delta-Pak has organized waste- collection actions engaging the disadvantaged communities in the city of Belgrade. The action has proven its purpose and has been a major success.

From the total of 3798,63 tons of package waste used in 2011, 26% has been recycled, which is more than the necessary percentage needed to satisfy the national goals set at the level of 10%.

Open Markets and Waste

During the last year Delta-Pak has initiated a study on the waste of Belgrade open markets. The aim of the study was to identify the status and propose measures for reduction of various types of waste (organic and packaging).

A seven-day study which has been published in cooperation with PE City Markets on various locations provided detailed information about the quantities and structure of communal waste.

Within the framework of the project a specialized seminar on the subject of Management of packaged waste has been held. 30 volunteers have been trained on this seminar. Partnership between PE City Markets and Delta-Pak is a good example of PPP, as it is done in modern European countries. The purpose of this cooperation is to ensure a more pleasant surrounding and cleaner city markets, thus improving the quality of environment in broader social community whilst contributing to cleaner and greener Belgrade.

Delta, Suppliers & Customers

It is our belief that all of our successes are based on our internal and external stakeholders. Our employees, our suppliers and our customers are the main contributors to our operations and we pay great respect and attention to them.

Our CSR principles and practices are actively promoted to our suppliers and customers, they are a part of our process of engagement and cooperation on a daily basis.

In the supply chain we select the companies with sound CSR practices giving preferable treatment to those with key CSR certificates such as ISO 9001 and HCCP. Such choices contribute to our efforts to make our products and services of maximum quality and increased added value to our customers.

All of our partners in the supply chain are provided with information related to the requirements for appropriate handling and storage of the materials, ensuring the maximum quality of the incoming goods and minimum impact on the environment.

Our long term cooperation with well known international brands has enabled us to apply world class standards in meeting the expectations of our customers and business partners.

Following our strict adherence to legal regulations, industry standards and voluntary policies, we promote our products and services following the best business practices.

We do inform our customers about our products in a consistent and transparent manner. All of our products carry information on price and content. Our advertisement campaigns are designed with careful choice of the communication style and focus on complete and truthful information. So far, we have registered no claims related to our marketing or PR communications. We are a “disability-friendly” company. Most of our facilities are equipped to accommodate the access of disabled people, who we treat as our respected customers and business partners.

In our companies we conduct regular periodical assessments of customer satisfaction. Such assessments are applied both to the B2B partners and to the end users. The results of these surveys are used to adjust the business processes or products in order to further increase customer satisfaction.

All occasional comments and suggestions of our customers we take into serious consideration. We consider such information relevant for the further improvement of our business operations.

Personal data protection is one of the issues we handle with great care and sensitivity, not only related to our own employees, but also in of our customers. We have had no cases of violations of the privacy data laws and regulations, nor claims related to this matter.

We are continuously striving to satisfy the needs of our customers with improved products and innovative solutions. With maximum quality and reasonable prices as well as with superior services, we do our best to maximize the satisfaction of our customers.

Message from Delta Foundation Director



At Delta Holding, we do not measure our success only in terms of profits made. We believe that the value of a corporation is measured by the willingness to understand and readiness to participate in improving the lives of all our citizens.

We have established Delta Foundation in 2007 in order to integrate previous and future humanitarian projects of Delta Holding with a wish to revive the spirit of strategic philanthropy in Serbia.

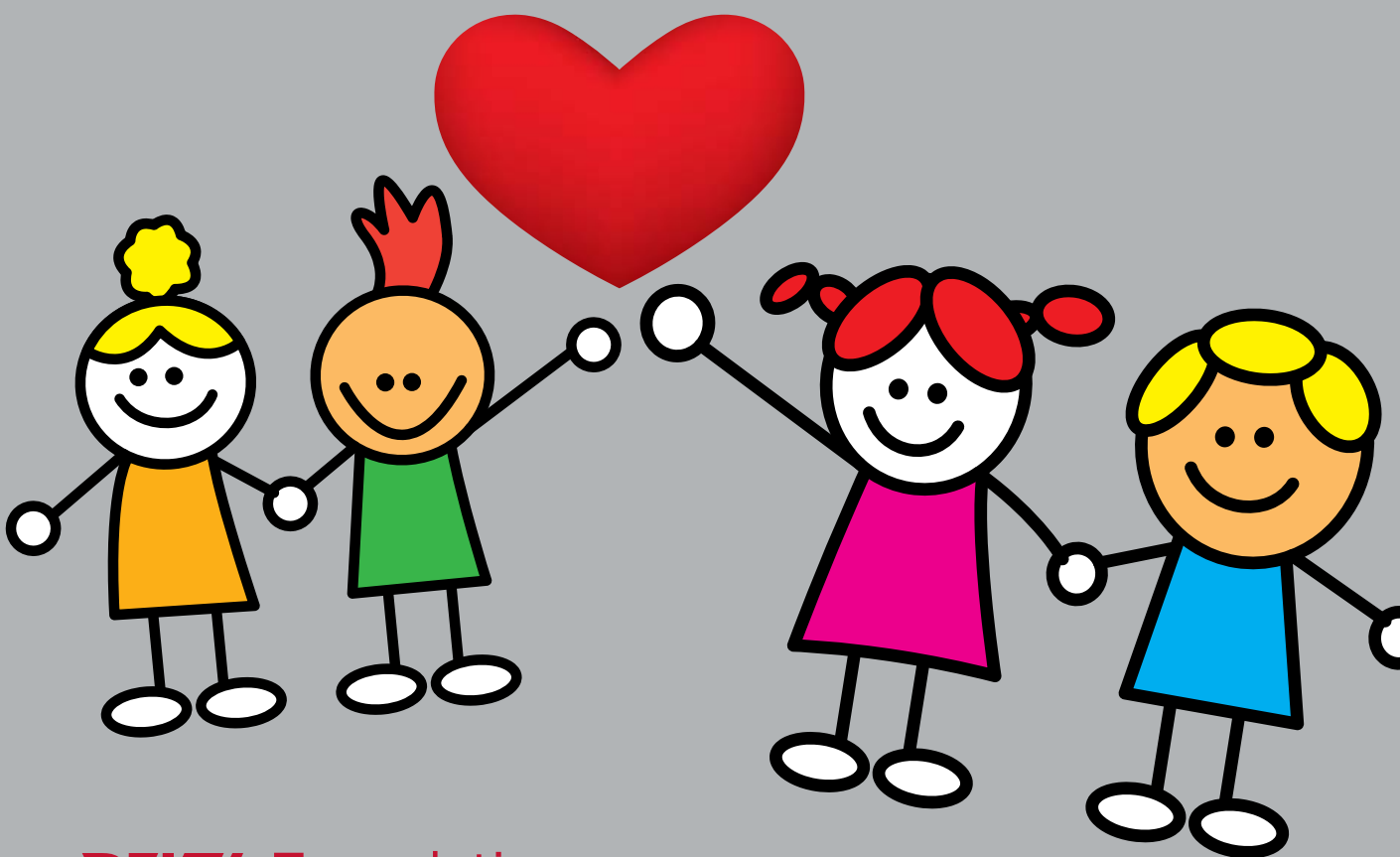
We have executed 300 projects so far, with the total value of 5.5 million Euro and helped an estimated 65000 people.

We carefully plan and release our activities because we are aware of the fact that: "Anyone can give or spend money; but to give to the right person, to the right extent, at the right time, with the right motive, and in the right way, can not be done by everyone nor is it easy." – Aristotle

Ivana Miskovic Karic

Head of Delta Foundation

A stylized, handwritten signature in black ink.



DELTA Foundation

The Delta Foundation was established as an institution that provides help and assistance to people in need. Although the Foundation assists a variety of social structures and groups, the main focus of support is dedicated to children without parental care and people with disabilities. The purpose of such assistance and support is to contribute to the solution of specific problems and to improve the quality of life.

In addition to particular event-driven actions, Delta Foundation is involved in long-term strategic projects with an aim of solving some long term issues, particularly in the domains of social welfare, health, education and culture. In 2011 Delta Foundation has conducted 90 programs and actions with more than 10000 beneficiaries in which over 950000 Euro has been invested.



Daycare Center for Children with Disabilities

In February 2011, a groundbreaking ceremony for the Daycare Center took place in Belgrade. This facility, financed by the Delta Foundation will be finished in April 2012 and presented to the city of Belgrade. The facility will feature a modern space of 3000 m² and will cost an estimated 2 million Euro.

This is the first action in Serbia of this kind in the last 70 years. With this action, in addition to its obvious humanitarian goal, Delta Foundation is trying to revive the spirit of legacy buildings, traditionally present in Serbia at the beginning of the 20th century.

“Do Not Laugh at Me”

Delta Foundation acquired copyright permission to arrange and translate the song “Do Not Laugh at Me”, an unofficial hymn of marginalized groups. Numerous friends, artists and public personalities (Kiki Lesandric, Voja Zanic, Leontina & Filip Pat, the Carolia children’s choir and many others have taken part in this endeavour on a voluntary basis. The music video has been recorded in several institutions with children and adults with disabilities and can be seen on YouTube:

<http://www.youtube.com/user/deltafondacija?feature=mhee>

Helping the Earthquake Victims

Delta Foundation has participated in relief programs for helping the victims in the Kraljevo earthquake. In February, three families were given the keys of new houses in Vitanovac village, that were severely damaged. The beneficiaries were a large family and two families with a member with a degree of disability. In addition a donation in corn seed, estimated at 9000 Euro was given to the city of Kraljevo.

Helping with Hearth

The action called “Helping with Hearth” was conducted together with Delta Sport. More than 2 Million Dinars, donated by Delta Sport from its profits were planned for improvement of education and living conditions of persons with mental disability. Collected funds were used for refurbishment of the daycare institution for handicapped children in Belgrade and purchase of equipment needed for daily operations. In addition, from the same resources, financial support was granted to similar facilities in Nis and Trstenik.



Fund for Future

Established in 2006, the Fund has continued its activities in 2011 involving 45 high school children and five students from parentless children facilities in Belgrade, Krusevac, Nis and Sremska Kamenica. The purpose of this program is to increase employment opportunities by providing professional guidance, training and scholarships to the children in need.

At the end of the year, the fifth generation of scholars has successfully ended the education program.

Upon graduation, the students have a possibility to be employed in Delta Holding. As a part of the program "Friends of the Fund", even the children that did not attend the "Fund for Future" program are supported to seek a job in Delta.

Help to Hear

Resulting from a humanitarian action in 2010, last year Delta Foundation has donated more than 1 Million Dinars to the school for children with impaired hearing "Stefan Decanski" in Belgrade. The money was used for the purchase of new furniture and new teaching equipment (computers, projector, TV set, video / photo camera) as well as for training on use of the multimedial board.

Financial funds for this donation were obtained through a humanitarian auction held to mark the third year of Delta Foundation's operation. Twelve photographs showing children communicating certain terms as love, strength, trust, in sign-language were sold at the auction.

Ambulance Vehicle Donation

Financed from the Delta Maxi's action in 2010, last year Delta Foundation has donated an ambulance vehicle to the institution for persons with mental disabilities in Kulina. The ambulance vehicle will serve the purpose of safe and efficient transport of disabled people to ambulances and hospitals.

Wind Instruments for Philharmonic Orchestra

As part of its actions for supporting culture and related institutions, Delta Foundation has donated 5.5 Million Dinars to Belgrade Philharmonic Orchestra for the specific purpose of purchasing wind instruments. From this donation, the orchestra has purchased five clarinets, two oboes and two flutes in the Netherlands, France and Germany.

Good Things & Good People

In May 2011, Delta Foundation and Yuhor have initiated a common action under the name of "There is always place (ili room) for good things and good people". The aim of the project was to raise the consciousness of the society towards children with disabilities through education, expression of creativity and activities that children realized with famous persons. Actor and a pantomime artist Marko Stojanovic tends to not only have fun with children but also inform them of the advantages of healthy nutrition. In regards to this initiative Yuhor has donated products worth 700.000 RSD and has visited six different schools.

DELTA AGRAR *Group*

Delta Agrar Group comprises of 14 companies, involved in four main areas of business:

- Primary agricultural production, namely crop farming, production of fruit and vegetables and stock farming
- Cooperation with external agricultural producers and redemption of their products
- Agro commerce and distribution of seed, pesticides and agro mechanization food production in four facilities:
 - Yuhor factory (meat, canned products and poultry, beef and pork meat products)
 - Danubius factory (flour and pasta production)
 - Florida bel packing center (appetizers, cereals, muesli, basic food items, dried fruit)
 - Gala (bottled water)

Since 2009, Delta Food Moscow is organizing the distribution of the Delta Agrar products in Russia and Belarus. In its international operations, Delta Agrar is partnering with leading international companies ensuring the top quality of its products and services.

In line with fulfilling its primary function to serve society with high quality products and services, Delta Agrar has released in 2011 a whole new series of products, following carefully established market needs.




Vision & Mission

Our vision is to be recognized as a domestic and regional leader, and a globally respected business partner.

Our mission is to provide high quality agricultural and nutrition products and be a trusted partner by satisfying the expectations of our customers, employees, and community in which we operate and society as a whole.

Our overall goal is optimization and continuous improvement of operational performance as an answer to the existing market challenges.



In accordance to its primary function to provide society with high quality products, Delta Agrar offered a number of various new products in order to meet new and existing customers' needs in 2011.

In 2011, we have introduced MODI® apple to the market, making Serbia one of few countries in the world where such exclusive product is available. MODI apple production is limited and highly controlled.

Our packing center Florida Bel has introduced 78 new products to the market, most of them in the category of basic food with completely new sorts of muesli and cereals, unique on Serbian market.

The Danubius factory released to the market four new types of flour with substantially increased nutrition value.

Furthermore we have improved our production processes to increase energy efficiency and reduce environmental impact. At the same time these processes and facilities have further contributed to the increased quality of our products. For instance, new storage space for onions, with the capacity of 1000 tons features the technology that can keep the product fresh up to 220 days. At Florida Bel factory, two containers with new fumigation technology have been put in operation, improving the production process and quality of the final products.

We are very proud of quality and safety of our products, constantly reaching the highest standard levels. In addition to EN ISO 9001:2008 and EN ISO 14001:2004, we align to the requirements of several other international standards pertinent to our operation, such as GlobalGAP, EN ISO 22000:2005 and NSF.



Delta Agrar is dedicated to its employees, their wellbeing and their professional competences. In 2011 we have organized 25 trainings for 137 employees with almost 2500 training hours, with classes in foreign languages, IT, team building and corporative culture.

It resulted in positive feedback and we plan to continue with these actions in future as well.

Also we value safety and security of the workplace very highly. Beside all the necessary technical details, instructions are given on personal hygiene, risks and safety at work.

Environment Management System (EMS)

In 2011, Delta Agrar has initiated a new project of Energy Management. The advanced TEAMS software based solution will enable monitoring of the raw materials, energy and water consumption, as well as the resulting CO₂ emissions. The data will be used for the regular CO₂ reporting.

Green Energy at Delta Agrar

Delta Agrar is proud to be one of the pioneers in renewable energy in Serbia. The company has deployed biomass boilers for heat production on two farms. The units (1 MW each) are producing the energy for farm heating. Based on the successful operation, savings achieved and positive environmental impact, the company plans to continue such development in future as well.

Energy Efficiency

Having in mind that agricultural production is energy consuming, in 2011 Delta Agrar has initiated the increase of energy efficiency in its operations. The main goal of the Ecoprofit project is optimization of resources usage in order to reduce environmental impact and improve economic results. It is expected that the project will expand on all members of Delta Holding in future.

Local Communities

In 2011 Delta Agrar has continued its involvement in local community development by focusing on direct support and cooperation with individual food producers. Delta Agrar provides necessary know-how assists with the business planning, financial advising and support, production start-up and guaranteed yield redemption in the period of 15 years. Such assistances is provided both to livestock and to fruits producers.

As a part of these activities, in 2011 more than 2000 individual producers were trained on the key aspects of the food production. The subjects covered most important aspects of food production, such as state of the art production technologies, product quality and safety, effective crop protection, health issues etc. We believe that with this approach we are contributing to the growth of small and medium local enterprises as well as development of community in general.

Donations

Due to the nature of its business, Delta Agrar is supporting the local communities by donating its products to those in need. From a half a ton of apples were donated to the children in need in November 2011 to three tons of apples for the charity event organized by city of Novi Sad.



DELTA REAL ESTATE *Group*

Delta Real Estate Group is dedicated to state-of-the-art property development featuring a unique combination of four main development segments: retail (shopping malls), residential and hotels. As such, the Delta Real Estate Group is the largest business of this kind in Serbia and in the wider region. Today, the company is conducting its professional activities in several countries: Serbia, Montenegro, Bosnia and Herzegovina, Macedonia, Albania, Croatia and Bulgaria. The main focus of Delta Real Estate Group has been deployment of new technologies and quality materials, with specific attention being given to space, functionality and energy efficiency.

In 2007 Delta Real Estate has opened Delta City, the first shopping mall in Serbia, featuring 85000 m² of shopping space with 127 shops, including retail facilities, restaurants, cinema, children's playgrounds, a three-level garage etc. Delta City Montenegro, opened on 1st October 2008. , is a unique shopping mall in Montenegro.

Belville is a major modern residential complex located in the centre of New Belgrade and represents an entirely new concept of a residential quarters.

Hotel Continental in Belgrade is the first five star hotel in Serbia and is located at a prime location in New Belgrade. The hotel provides world class service, based on the highest international standards.



Vision & Mission

Our vision is to provide better quality of life constructing green and safe real-estate facilities.

Our mission is to develop and execute projects in accordance to highest international standards and requirements.

Our company goals are:

- Establishing of new professional standards related to the properties development
- Providing high quality with integrated sustainability considerations
- Creating of in-house competence and establishment of world-class professional teams
- Creating of the custom-made, unique business proposals for our business partners

Environmental Concerns and Energy Consumption

Optimizing energy consumption in Delta City is primary concern of our operation. Actions that we have undertaken substantially reduced the consumption of electricity and gas.

The key steps undertaken were:

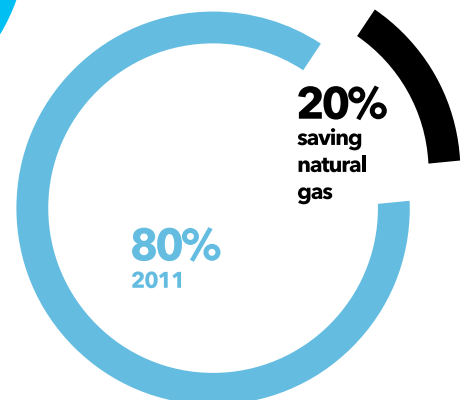
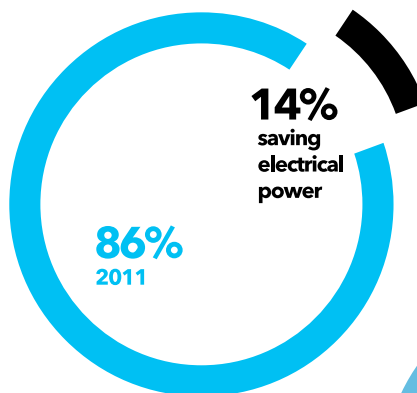
- Optimization of the HVAC operation, based on the attendance fluctuation of visitors in Delta City as well as on the weather conditions, working hours and events held.
- Optimization of lightning in all facilities
Introduction of the "Free Cooling" system for the night regime.
- Thermal losses assessment of the heat losses through roof and external walls using thermo vision recordings.

Total energy savings in the period 2009 - 2011 amounted to 5.5 mill KWh of electricity and more than 0.5 mill m³ of gas. The cumulative effects of energy

savings were calculated to 340000 Euro and CO₂ emissions were reduced by over 4500 tons.

With these and future measures related to energy reduction, we estimate that the cumulative savings will reach the level of 3 - 5 mill Euro.

Continental Smoke and exhaust gas emissions from all hotel facilities are monitored on daily basis. Hotel has established sound environmental practices related to the replacement of linen and towels and in cooperation with the hotel guests is achieving visible improvement on this front. In addition, we carefully choose chemicals used for hygienic purposes with minimal impact on the environment. A program which rationalizes the electricity and water usage is being conducted in the hotel by introducing energy efficient bulbs, turning off electrical appliances and lighting when not in use, rationalizing the usage of tap water and using technical water from own depots.





The Global warming awareness action took place in Belville in 2011, with assistance and support from the Ministry for the Environment and National Geographic Serbia. A large ice block was left outdoors with a challenging question for the public, which was to estimate the melting time. After almost 20 hours, when the ice block was completely melted, the winner was announced and awarded 100000 Dinars. During the whole action, Belville complex was hosting presentations and workshops on some burning environmental issues such as air pollution, CO₂ emissions, global warming and climate change. The attendees were numerous pupils from elementary schools.

Recycling

From the very beginning Delta City is recycling packaging waste and oil. Since last year we have started the recycling of cooling chemicals and have made preparations for recycling of electronic waste as well. As a part of regular activities, the hotel is recycling paper, plastic and glass packaging materials as well as all sorts of oil, metal and technical waste. Bio-waste from the hotel grounds is classified with a goal of producing bio-fertilizers.



Customer Realations

At Continental Hotel we treat our guests with care and respect. Our regular guest satisfaction surveys help us to assess current and future customer needs and to adjust our offers accordingly.

Extra added value to Belville residents is the housing estate management which provide services of green and clean public areas, technical maintenance, administration of the village, while particular priority is the safety of the neighborhood.

Basic orientation of Delta City Shopping mall is a diverse and quality offer and variety of services, which provide high quality and enjoyable stay for our visitors. In 2011, the shopping mall improved its service with ten new tenants.

Contributing to the Society

Delta Real Estate Group took an active part in many actions in 2011, in order to contribute to raising awareness of some social problems.

Delta City in 2011 has participated in various humanitarian activities such as collecting food and clothing for underprivileged groups, necessary assets for



people with mental disabilities, organization of fairs for companies with people with disabilities in order to promote social entrepreneurship etc.

Several educational and cultural events have been organized at residential complex

Belville in 2011, such as consultancy for pregnant women and young mothers, environmental awareness action etc.

At Continental Hotel we are hosting practical training for the students of several professional schools, combining knowledge transfer with hands-on real life experiences.

Delta City shopping mall and residential complex Belville are designed to enable the access of persons with disabilities. People with physical or sensorial disabilities can have access to all shops, toilets and elevators in Delta City shopping mall. Particular attention was given to the entrance to the buildings, elevators and parking places at residential complex Belville.

DELTA DISTRIBUTION

Delta Distribution comprises of three different business segments: Delta DMD (distribution of FMCG), Delta Automoto (import and servicing of Fiat, Alfa Romeo, Lancia i Honda) and Delta Motors (import and service of BMW).

Delta DMD's core operations are sales, logistics, brand management and merchandising of the FMCG. Delta DMD commands a network of over 7000 business customers by distributing world known brands like Nivea, Ferrero, Mars, Johnnie Walker etc.

Under the name DTS (Delta Transport Systems), Delta distribution has established an independent logistics company with a modern fleet of low polluting vehicles, thus reducing negative impact on the environment.

Delta Motors was established in 2006 as the importer of BMW and MINI vehicles brands for Serbia. The company sells cars and manages complete service and maintenance activities.

Delta Automoto was established in 2007, stemming from the Delta Auto business unit of Delta Holding. Delta Automoto sells and services vehicles of the Japanese brand Honda.

Vision & Mission

Vision: To be a synonym for premium distribution and a respected business partner of all of our clients. Responsible to our employees, market and environment, as well as all the communities in which we perform our business.

Mission: To become a reliable partner to all of our cooperates with constant improvements of our distribution services, partnership with the market and optimal offers of global and domestic brands.

Goal: By constantly improving our services to keep the existing and attract new customers and ensure their satisfaction and loyalty. Our aim is to increase our market share by introducing new high quality products, with clear differentiation of the brands in clients' perception, and by positioning ourselves as a market leader in innovations.



Our Ecological Credentials

At Delta DMD our primary ecological concern is waste separation and recycling. In addition to the separation of paper and plastic, last year we have introduced separation and recycling of electronic waste, glass, batteries, rubber, metal and wood. The whole recycling process is managed together with the certified recycling partners.

Our main achievements in 2011 are:

- Established Recycling Plan together with Delta-Pak
- More than 20 tons of waste recycled
- Office waste recycling project with paper recycling boxes in our office premises
- “Eco-yard” with boxes for waste separation

In addition, we are doing our best to minimize our impact on the environment caused by logistics and transport. In addition to keeping our own fleet equipped with the most modern low-polluting vehicles, we are applying the same standards to our external logistic partners. A special bonus scheme has been established that rewards our partners with low polluting trucks and other transport vehicles.

Customer Satisfaction & Customer Support

Delta DMD considers its relationship with the customer as a precondition for business success. To this effect, twice a year a tailor-made customer satisfaction survey is conducted. In order to address specific customer needs different surveys are designed for the traditional (individual shops) and modern trade (wholesale and retail chains). Based on the results of those surveys, the company is taking steps and measures (employee trainings and others) to further improve its operations and meet the requirements of even most demanding customers.

The company has an active info-telephone line that serves the purpose of informing both business partners and individual customers about products and services. Customers can also use the info-line to make comments or give suggestions on possible improvements in our operations.

Supporting Those in Need

Most of our donation programs are planned and executed together with Delta Foundation. Some of the most prominent activities in the last year were:

- Donation to the Centre for development of Roma children (computers and computer peripherals)
- Donation to the School for mentally disabled children (confectionery and water)
- Donation to the Children Olympic games for the children with special needs (confectionery and water)
- Donation to the sport event "Tournament 8" (confectionery)
- "Sunday Cakes" donation to the children without parents and children with special needs (cakes and cookies)
- Donation to the homeless children's houses (4t of washing powder)

Transport services were completely provided by DTS company.

Care About the Environment

Two automotive companies have a high regard for the impact of their business operation on the environment. As transportation represents roughly one third of the total energy consumption, each action resulting in efficient energy usage and reduction of CO₂ emissions contributes to solving energy and climate issues.

To support the promotion of the low-emission cars (less than 100g /km of CO₂) the companies have taken part in the “Eco Friendly” campaign supported by the Serbian government. Together with the Fund for the Environment, Delta Automotive is giving a special discount of 100000 RSD.

In accordance to company policies, the facilities management is taking continued measures in all premises aimed at efficient energy usage, such as control of the doors and windows, reduced heating during the weekends, light control, etc.

In its daily operations, the companies strongly promote use of electronic communication, reduction of paper documentation and two-sided printing. Consistently conducted, these small measures have a visible impact on the usage of office supplies. Reduction of the operating costs means a smaller carbon footprint.

Waste Management and Recycling

Our automotive companies take special care about the treatment of harmful oily waters prior to their release into the natural water chain. In the special separation units the oil is extracted from the mix and treated water is released into the eco systems. Rigorous laboratory control is put in place and is conducted four times per year by a certified laboratory.

Plastic containers and other plastic packaging materials (PET packaging) are systematically collected and forwarded to an authorized recycling partner, beyond the mandatory regulatory requirements. In 2011 as much as 50% of

the total PET packaging in use has been either reused or recycled which is more than two times higher than the legal requirements. In addition, the companies are active in recycling of the IT equipment and other electric / electronic equipment, in cooperation with certified recycling companies.

Two companies are actively cooperating with Delta-Pak by supporting their packaging waste collection, separation and recycling activities, participating in the related programs of Delta Holding and conforming to the existing government policies on environmental protection.

Customers Satisfaction

Delta Motors is applying international QMA standard in its operations. Also Delta Motors has KR report customer report as customer satisfaction monitoring. Customer satisfaction survey is done on a monthly basis both for the service and sales clients and includes all of the customers that have purchased or serviced a car in the previous month. The BMW questionnaire has been

slightly modified due to some specific characteristics of the Serbian market. The survey results are provided for consolidation to BMW, which return feed back of the overall and specific results to the individual organizations. Access to the survey results is accessible by the managers, sales and service staff as well as the claims and complaints department.

DELTA SPORT

Established in 1993, Delta Sport is a business group of Delta Holding active in wholesale and retail of sport goods and HoReCa.

Delta Sport is an exclusive distributor of the Nike company and features a leading retail chain for such goods in Serbia and the wider region. At the same time, the company is a franchising partner of the Canadian fashion house Aldo, Spanish fashion house Mango and Italian brand Yamamay. Delta Fashion, as an integral part of Delta Sport is an importer of some famous international fashion brands such as Monsoon, Monsoon Children, Accessorize, Sergeant Major and Staff Uniforms. In addition, Delta Sport has a franchising contract with Costa Coffee, a multinational coffeehouse company from the UK.

In retail network of Delta Sport are also Sport Impulse shops, a multi-brand chain of sports equipment. In addition to the own brands Addiction and Gecco, the chain is offering some of the most famous world brands: Nike, Adidas, Converse, Lotto, Helly Hansen, North Face and others.

Under the name "BUZZ", Delta Sport has developed a new urban-sport concept, offering products of Franklin & Marshall, De Puta Madre, Ringspun and other international brands.

Vision & Mission

Vision: As a modern and dynamic company which represents and promotes lifestyle, we wish to become a highly profitable and secure retail system in the region. Our success is based on professionalism, reliability and innovations which we value and wish to offer to our clients, partners, customers and employees.

Mission: To offer our clients an authentic retail experience, by developing new ideas and concepts, enriching their lifestyle and become partners of choice in the retail sector in this region.

Goal: Within the retail business we want to ensure the availability of lifestyle philosophy concept. By the means of assured quality and the uniqueness of the service, products and ambient, we strive to offer original retail experience to our customers, as well as a long-term alliance in creating, realization and continuous enrichment of their lifestyles.

Delta Sport and Social Responsibility

Delta Sport fulfils its responsibility towards society by practically addressing the needs of several categories of external stakeholders, namely young talents, people with disabilities and other categories of people in need.

Together with Delta Humanitarian Fund our company has participated in numerous actions for children in need. In the New Year's Card action, parentless children have designed New Year's cards that Delta Sport sent to its domestic and international business partners. As a result of this action Delta Sport has donated to a home of parentless children furniture, sports clothing and footwear as well as articles for exercising.

In cooperation with Delta Foundation project „Believe in Yourself“ has been continued. In June 2011, children without parental care have spent a sport's day with the athlete Olivera Jevtic and a water polo player Danilo Dacic. Through carefully designed and chosen motivation activities, play and games, the sportsmen have talked with more than 50 children about what makes the life of a professional sportsman – motivation to practice sports, dedication to training, believing in one's capabilities, self-confidence, support, lack of support, success and failure. Delta Sport Group has provided gifts for all the children, T-shirts

and traditional bracelets of the „Believe in Yourself“ project.

The company has developed the External Talent Pool program in cooperation with middle and high schools. University students are invited to do the mandatory practical training in one of the Delta Sport companies, to participate in the actual company's projects and to do their research and diploma works with the company's support. Students from high schools can do the practical training in the retail shops during the course of the school year. The best are offered employment upon successful graduation in their respective schools.

The company is looking forward to supporting persons with disabilities through a variety of programs and actions. Together with Delta Foundation and KEC MNRO (Creative Educational Centre for People with Development Disabilities) Delta Sport participates in the program of employment and social inclusion for young adults with developmental disabilities. In addition, the company is actively promoting employment of people with disabilities in a variety of positions (retail outlets, storage houses, financial departments etc.). In this way we are enabling them to become contributing members of society on one hand and to become partly or fully self-sufficient on the other.

Environmental Credentials: Responsible with Waste

Due to the nature of its professional activities as an importer of clothing and footwear, Delta Sport pays full attention to the packaging waste and its management. We are giving a very strong preference to manufacturers using bio- degradable paper and plastic for the packaging of their products. For example, the Nike company is packaging their footwear in 100% degradable cardboard boxes. Products of companies Mango and Accessorize are not packed into cardboard boxes at all, as purchased items are packed into fully degradable sacks. Delta HoReCa activities are taking care about packaging waste as well. All products delivered to the customers (paper napkins, boxes, sacks) are packaged in degradable packaging. Recycling signs contribute to rising awareness of environmental issues with the customers and population at large. Delta Coffee cooperates also with recycling company for management of

the glass waste. I

n daily operation Delta Sport takes measures for waste reduction and increasing energy efficiency such as:

- Steps for reducing the number of printed documents
- Controlled recycling of the printer toners
- Use of energy saving light bulbs in all premises and facilities
- Use of air curtains in the shops and other sales outlets
- Use of fan dryers as a replacement for paper towels

Delta Sport is committed to continue and further intensify implementation of the programs, steps and measures aimed at environmental protection and energy efficiency.

Delta Sport's packaging waste is managed in cooperation with Delta-Pak organization and authorized recycling companies SWIFT and Papir Servis. In addition to the packaging waste collection, SWIFT is providing information on the waste movement and recycling process. The cooperation with SWIFT contributes not only to the environmental protection. It also plays a social role as it provides for social inclusion of underprivileged populations in line with the Poverty Reduction Strategy. With almost 40 tons of recycled waste, all companies of Delta Sport have fulfilled the target of recycling more than 10% of imported packaging waste.



DELTA GENERALI

Osiguranje

Established in 1998, today Delta Generali is the second largest insurance company on the Serbian market and at the same time the largest private-owned company in terms of premium income and assets.

Headquartered in Belgrade the company network consists of 46 branches in 7 regional centers across Serbia. The overall market share of Delta Generali in Serbian insurance market in 2011 was almost 20%.

Delta Generali is registered for providing all types of non-life and life insurances. Among the clients of Delta Generali are individuals, small and medium enterprises, banks and large companies. Currently, the company sells a wide range of products including, among others, motor insurance, property, accident, health as well as life products.

In Serbia Delta Generali Osiguranje is the shareholder of Delta Generali Reinsurance, Delta Generali Voluntary Pension Fund Management Company and Health Center Jedro. In Montenegro Delta Generali Osiguranje has three subsidiaries: Delta Generali Holding d.o.o. Podgorica, Delta Generali Osiguranje Podgorica (Insurance Company), Delta Generali Životno Osiguranje Podgorica (Life Insurance Company).



Vision & Mission

Vision: Company vision is to become a regional leader in development and introduction of new products and in setting efficiency standards in claims handling.

Mission: Delta Generali Osiguranje mission is to offer professional and top quality insurance service to the clients and to become their major financial consultant always following market requests but also taking care of company's efficiency and profitability.



Employees and Education

For our employees we have been organizing in-house as well as external trainings. In 2011 we have established Delta Generali Academy with the goal of further improving the professional skills and competences of the employees. The main courses are aimed at improving communication and presentation skills, negotiating skills, project management and management skills. We believe that a competent and motivated employee is the company's main asset and a key contributor in reaching the company's goals. In 2011 we have held a large number of training sessions amounting to 70000 hours.

Socially Responsible Business

Our Company rules and regulations explicitly forbid any form of discrimination on any grounds. Any form of discrimination is categorized as a serious violation of behavior at work place and can lead to dismissal. In addition, safeguards are put in place to ensure that applicants for the jobs in our company are not subjected to any discriminatory treatment. The same stringent rules apply for any kind of harassment, including sexual harassment.

Ethical Behavior

Delta Generali Insurance has adopted the Ethical Codex of Assicurazioni Generali S.p.A. and integrated it in the company rules and regulations.

The codex has detailed the main premises on which ethical behavior is based:

- Leading ethical principles of the group
- Guidance for relationship management
- Rules of monitoring and control

The ethical codex specifically states that social responsibility is a key principle in the corporate business conduct.

Safety on the Roads

During 2011 we continued the long term projects "Apples and Lemons", aimed at improving children's knowledge about the basic traffic rules and safety on the roads. The program is organized in cooperation with schools and local police departments. Last year the program was conducted in 51 towns and included more than 8000 school children.

Delta Generali Insurance is committed to continue its business operations based on the integrity, transparency and sound business principles and at the same time to continue and further develop CSR programs and activities.

DELTA MAXI

Delta Maxi is retail chain, and the first one opened in Belgrade in 2000. Over the years, the Delta Maxi chain was growing, introducing standard supermarkets as well as some new formats such as Tempo hypermarkets and Mini Maxi shops designed for the smaller city quarters. As a response to the economic crisis, Delta Maxi has introduced its own private label "Premia", offering to customers a wide spectrum of possibilities to purchase quality food at attractive prices. At the moment of purchase of Delta Maxi from the Belgium company Delhaize Group in July 2011, Delta Maxi featured 450 supermarkets.

Mission & Values

Mission: To be the retailer of choice, the one most preferred by the satisfied consumer.

Corporate Values

Focus on the Consumer: Creating a future whereby the wishes and needs of the consumers are looked after with continuous and ongoing improvement in the quality of goods and services.

Initiative: Introducing innovations that improve business and increase our efficiency.

Integrity: To apply the ethics of consumers, employees and business partners, and the community that is the very company itself.

Team Work: Building confidence and safety of employees through a transparent and fair exchange of opinions, knowledge and ideas.

Customer Relationships

The most important business concern for Delta Maxi is customer relationships. A special department has been formed and is in charge of communication with the customers on issues such as questions, complaints and suggestions related to Delta Maxi operations.

Environmental Concerns

During the first half of 2011, Delta Maxi was taking seriously the impact of its business operations on the environment. Amongst the other actions coordinated by Delta-Pak organization, continuous actions have been taken for the collection, separation and recycling of packaging waste. In addition, energy-saving light bulbs were installed in all premises.

Maxi is the first retailer from Serbia which has implemented boxes for gathering used batteries in 39 of its retail centers. This project was carried through in cooperation with the Ministry of Environment, Mining and Spatial Planning.

Social Responsibility



In order to provide access to its retail shops to people with disabilities, the action of facilities adjustments has continued during 2011. Delta Maxi was also actively participating in Delta's program for social inclusion for people with mental disabilities.

Maxi has continued to cooperate with NGO Bank of Food throughout 2011 to which 400kg of food was donated for numerous Municipalities in need in Serbia. In the first half of the year 2.4 tons of food was donated. Cooperation with National Kitchen in Vranje also continued, by donating it with food for preparing meals for a couple of hundred poorest inhabitants from this region.

Delta Maxi has been a permanent donator of money and goods to the programs that Delta Foundation has coordinated (collection of money for Belgrade Phillharmony, donation of goods for breakfast of disadvantaged children at Sveti Sava elementary school etc).

It is certain that Delta Maxi will continue their CSR programs and actions under the new ownership of the Belgian company Delhaize Group.



Expert Opinion

Delta Holding is a large Serbian corporation with some of its activities extending beyond the country's borders. Within the period of two decades the company has grown to be one of the largest in the country, covering multiple segments of economic activities, from food production to car sales and maintenance and from real estate development to sporting goods, fashion, HoReCa and banking.

The management of the company is sound and transparent, combining youth and dynamism with experience and maturity. A large number of females in the middle and top management as well as the well-balanced age structure ensures the management diversity and optimizes the use of the management's human capital.

The company's CSR programs and action plans are numerous and diverse, reflecting the company's structure and nature of the individual business operations. Often they are initiated by the businesses themselves rather than being a part of a centralized long-term CSR strategy.

As a part of Delta Holding, Delta Foundation plays a major role in the development of CSR programs (predominantly in the area of social responsibilities), initiating and coordinating individual actions. In addition, Delta Holding is the initiator and leader of the new Humanitarian Foundation in which it will be investing 10% of the annual profits with a view to joining forces and financial resources with other major companies in the country. With such a public and concrete commitment to CSR, and contribution to society, along with its leadership attitude, Delta Holding is continuously confirming its long term CSR commitments.

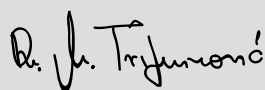
In the near future I would expect Delta Holding to develop a clear CSR strategy on the corporate level, to establish a dedicated CSR management and to consolidate similar actions carried out throughout the company while preserving some specific approaches of the individual companies themselves.

Based on the 12 interviews with the CSR related managers of the company and after a study of the related documentation, I can confirm that this CSR report complies to the GRI "C" level and that the statements herein are accurate and truthful. With the continuation and further development of the CSR programs and with continuous monitoring of the most important KPIs I believe that the next year's report will reach "B+3p" level.

Dr. Miroslav Trifunovic

General Manager

CSR Expert International (*)



* CSR Expert International is a Dutch company registered at KvK Netherland, No. 31036813

About the Report

This Report has been prepared in accordance with the requirements established by the Global Reporting Initiative (GRI) organization. The current reporting guidelines of the third generation (3G) require companies to report on company profile, management approach and selected key performance indicators. For level "C" the report needs to provide information on the company itself (G3 Profile Disclosures) as well as information on the more than 10 selected indicators related to the company's economic, environmental and social performance (G3 Performance Indicators).

GRI Standard Disclosures, Application Level "C"

No.	GRI Indicator Description	Pages
G3 Profile Disclosures		
1.1	Statement from the most senior decision-maker of the organization	12
2.1	Name of the organization	08
2.2	Primary brands, products, and/or services	11
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures	08
2.4	Location of organization's headquarters	08
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report	08
2.6	Nature of ownership and legal form	08
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)	11
2.8	Scale of the reporting organization	08, 10, 11
2.9	Significant changes during the reporting period regarding size, structure, or ownership	10
2.10	Awards received in the reporting period	15
3.1	Reporting period (e.g., fiscal/calendar year) for information provided	02
3.2	Date of most recent previous report (if any)	02
3.3	Reporting cycle (annual, biennial, etc.)	02
3.4	Contact point for questions regarding the report or its contents	03
3.5	Process for defining report content	01

3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance	02
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope)	02
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations	03
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers / acquisitions, change of base years/periods, nature of business, measurement methods)	03
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report	66
3.12	Table identifying the location of the Standard Disclosures in the report	07
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight	09
4.14	List of stakeholder groups engaged by the organization	04
4.15	Basis for identification and selection of stakeholders with whom to engage	04

GRI indicator References, Application Level "C"

No.	GRI Indicator Description	Pages
G3 Profile Disclosures		
EC4	Significant financial assistance received from government.	10
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	19
EN 6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	38
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	42
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	25
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	38
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	22
LA10	Average hours of training per year per employee by employee category.	18
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	21
LA14	Ratio of basic salary of men to women by employee category.	18
HR4	Total number of incidents of discrimination and actions taken.	19
HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.	19
HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor.	19

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