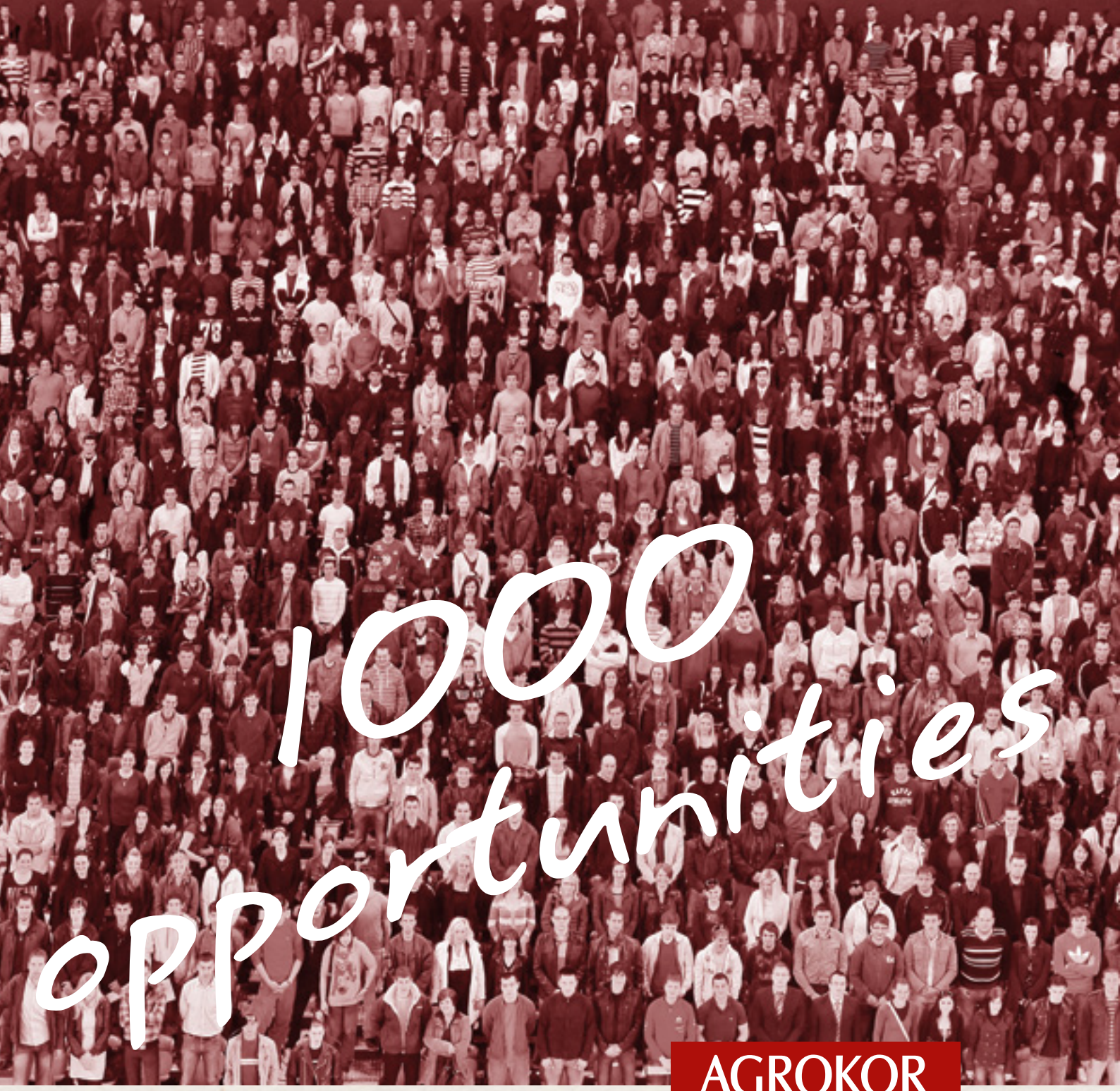

AGROKOR

2010 & 2011

SUSTAINABILITY REPORT

Table of Contents

Ivica Todorić
President, Agrokor Concern

Message from the President

Dear Ladies and Gentlemen,

It is a pleasure for me to present the second sustainability report for the Agrokor Concern companies. As we defined when preparing the preceding report, this covers a two-year period, 2010 and 2011. The report was prepared according to version 3.0 of the Sustainability Reporting Guidelines within the Global Reporting Initiative (GRI). As version 3.1 of the GRI guidelines was published in March of 2011, we took into account the requirements for additional sectoral indicators and included them in this report.

The Agrokor Concern is surely the most complex business group in Croatia, which prepares its sustainability report in accordance with the GRI requirements. This is why our report is structured to present consolidated information for the entire group for different economic indicators, labor relations indicators, employee indicators, human rights indicators, community indicators, and product responsibility indicators. We presented our environmental indicators separately for each company to preserve their value and allow for them to be compared against the information provided in the preceding report and business entities in the same agriculture and food sectors.

As you will read in the Report, our focus on socially responsible business practices has become part of how we conduct our business in all segments. The progress is more than obvious and is reflected both in the achievements recognized by external factors that have presented us with numerous awards, and in our shifts toward standardization of activities, the savings achieved, and our overall financial results.

The global crisis period, when each business entity aims to find optimal solutions and the pressure is higher than ever in our history, requires that we focus special attention on identifying impact of our business on society as a whole. Both years covered by this report were very challenging, and each sector within our group was exposed to sector-specific challenges. Globally, the result achieved by the Agrokor Concern showed that, even in such times, it has successfully adjusted its business strategy to more complex circumstances and is able to create new value in such conditions. Of course, this would not be possible without begin focused on the greater community in which we operate. This is why we decided to highlight the retail segment in this report, and Konzum – the flagship of our success in the segment. Retail accounts for two thirds of Group's revenue and its impact on all stakeholder groups within the Concern is dominant.

Our focus on social responsibility during the reporting period is also demonstrated by the fact that we established Agrokor energija in 2010, a company with a primary purpose of disposing of agricultural waste and waste generated by our production industries. Production of energy from renewable sources is unquestionably a confirmation of our efforts to reduce the environmental impacts of our operations to a minimum.

Creating a long-term sustainable business and living environment remains our priority. We in Agrokor Concern, the largest business group in its segment in the entire region, still believe that our role as leaders in many business segments imposes on us a responsibility for promoting conduct patterns positively affecting the entire society. This is why we also kindly ask you to provide your comments and suggestions with respect to this Report

Ivica Todorić
President, Agrokor Concern

Opinion on the 2010 & 2011 Agrokor Concern Sustainability Report

Agrokor Concern's Sustainability Report for 2010 and 2011 follows its decision to monitor its environmental and social impacts on an ongoing basis. In this second Report, the Concern included more impact indicators and made a self-declaration regarding Application Level B of the GRI reporting framework. Having reviewed to what extent the respective impact indicators were represented, we can confirm the declared level of GRI framework application and acceptance of sustainable development principles. The structure of the Report is very complex as it presents the operation of a complex business organization comprising a number of Croatian and foreign companies, which made the preparation of this Report highly demanding.

Complying with the principle of comparability, the Report retained its reporting concept used in the first Report and was supplemented with additional indicators. This Report is very comprehensive and requires great efforts of the reader because of its complex organization, however, the GRI reporting system ensured that the Report was clear and orderly. The first part includes aggregate information about the organization, governance and social indicators across the Concern. The Report demonstrates that Agrokor incorporated in its business strategy the ten principles contained in the UN Global Compact. They also incorporated their commitment to sustainable development and business growth and socially responsible business in their corporate values, these being separately defined for the portfolio, the workforce, partners, the environment, and communities they conduct their business in.

During the reporting period, Agrokor made progress in relation to the customer segment and the quality of its approach to customers, both by ensuring product and service quality and by designing loyalty programs to achieve a win-win result. The ''Work to Overcome the Crisis'' project also represents a highly valuable initiative in these times of crisis and recession in Croatia, with unemployment rates still rising.

The second part included elaborate information about environmental impact indicators for the respective organizations within the Concern. The environmental impacts were given the most space in the Report because the Concern includes a number of production activities with significant environmental impacts. Such a large number of indicators confirms that the management and the shareholders are well aware of the need to preserve our environment, so it was a pleasure to find information about increased investments in prevention and ongoing improvement of the environmental management system in each company. In addition to the abovementioned efforts and results, plans for further improvements and intended investments in the environmental protection segment are specified for each company. We can see the Concern is committed to economical energy management and intensive usage of renewable energy sources.

In this Report, the authors decided to provide indicators for a two-year period, however, the information provided in this Report is two or even three years old. The principle of timely reporting implies regular publishing and currency of information, so we recommend that the next Report be in compliance with this principle.

What sheds a positive light on this situation is that these voluntary activities involve a number of employees, thus spreading and promoting good social responsibility practices. Also, numerous employees were involved in the preparation of this Report by monitoring and measuring impact indicators, and these employees can now attest to the multiple benefits arising from the use of sustainable business principles.

The objectives set in the Agrokor's Report for the next period are clear and attainable, so we are very keen to see the new Report. In this report, Agrokor demonstrated it was aware of the challenges it has not fully addressed yet, but also its preparedness to conduct its future business to contribute to both its own economic success and sustainable development of the community and society where its diverse business activities are undertaken.

Committee, Steering Board, Croatian Business Council for Sustainable Development

PART 1

AGROKOR CONCERN AND SOCIALLY RESPONSIBLE BUSINESS

Mission, Vision and Values of the Agrokor Concern Companies

Agrokor's Development

Organizational Profile

The Shareholding Structure for all Companies within the Agrokor Concern

Operating Organizational Structure

Konzum's Development

The Most Important Brands and Products

Mission, Vision and Values of the Agrokor Concern Companies

The mission of the Agrokor Concern companies is to ensure the highest quality standards in the production and distribution of food and agricultural products, and to provide our customers with the best value for money through our retail network, adhering to the principles of competitiveness and social responsibility.

The vision of the Agrokor Concern companies is to be an internationally relevant company setting new standards of excellence in all its areas of activity.

We will attain our objectives by focusing on sustainable development and business growth, complying with our values in each aspect of our activity:

PORTFOLIO

we manufacture healthy, innovative quality products for our customers, respecting the tradition and their needs and preferences. By using vertical integration from agriculture to manufacture of end products, we provide the customers with a wide range of fresh, healthy domestic products. We offer a superior service and pleasant shopping at reasonable prices through our own network of modern and functionally equipped retail facilities.

EMPLOYEES

we believe our employees are the foundation of our success. We provide them with a safe and stimulating working environment and the opportunity to achieve their professional objectives and strivings, where their contribution will be recognized and appropriately valued.

PARTNERS

our companies' success is closely related to the creation of partnerships with suppliers and customers. Our common goal is to increase added value in a sustainable manner.

ENVIRONMENT

we choose energy-efficient technologies for our business to reduce our impact on the environment we operate in to the minimum. We put a special emphasis on waste disposal and wastewater treatment, as well as preservation and sustainable utilization of biodiversity, in accordance with the socially responsible business practices.

COMMUNITY

our activities in the community where we operate encourage the creation of a transparent and stimulating environment. Our relationship with the community is also based on donations and sponsorships by which we support humanitarian activities, sporting and cultural events, preservation of cultural heritage, scientific and educational institutions, and activities focused on children and young people.

Values

The Agrokor Concern companies form a business group whose activities have been based on the values and principles still governing our growth and development from the very beginning of formation. We are aware that our business progress is related to the welfare of the community in which we operate and to the protection of the environment in which we perform our activities. The sustainability of our business model is based on the values and principles presented in our Corporate Principles of Social Responsibility (available at www.agrokor.hr), and we have additionally confirmed our focus by joining a community of companies in the Republic of Croatia that have accepted the socially responsible business principles as a foundation for their activities.

Agrokor's development

Agrokor d.d. is a stock company having its registered office at Trg Dražena Petrovića 3, Zagreb. Its majority shareholder is the founder, Mr. Ivica Todorić, holding a share of 91.67%. The remaining shares are held by the European Bank for Reconstruction and Development. Agrokor is registered as a concern for the management of companies and agricultural manufacture and product trade. Information on the shareholdings and registration of the company is available in the court registry of the Commercial Court in Zagreb under Reg. No. (MBS) 080020970. Agrokor's development into its present form is presented in the figure below:

'09-'11 Focus on **efficiency, core businesses and capital optimization**

'07-'08 Further food **retail business expansion** in primary markets

2006 **Capital structure strengthening** EBRD 8.33% equity stake

2005 **Further expansion** - SERBIA: Retail and Wholesale (IDEA), Edible Oil and Margarine (Dijamant), CROATIA: Agriculture (Belje) and Meat Processing (PIK Vrbovec)

2004 **2004 Entering EU market** – Hungary: Ice cream&frozen food (Baldauf), Water and Beverages (Fonyodi); **Retail expansion**, Konzum BiH

2003 **Entering Serbian market:** Ice cream&frozen food (Frikom)

2000 **Starting regional expansion:** Ice cream&frozen food (Leo Čitluk), Water and Beverages (Sarajevski kiseljak)

'95-'00 Integration of acquired businesses and focus on organic growth

'93-'94 **Entering New Businesses:** Water and Beverages (Jamnica), Ice cream&frozen food (Ledo), Retail and Wholesale (Konzum), Edible Oils and Margarines (Zvijezda)

1989 Ivica Todorić registers **Agrokor** as a joint stock company

1976 **Ivica Todorić** founded Agrokor as a flower cultivation and trading company

Organizational Profile

According to the sales revenue criterion, the Agrokor is the largest company in the Adriatic Region. The Concern includes leading food and beverage manufacturers and leading retail and wholesale entities in Central and Eastern Europe, with Croatia, Serbia, and Bosnia and Herzegovina as our primary markets. In addition, operating on neighboring markets allows us to reach over 30 million customers.

Total Revenue of the Agrokor Concern in 000 HRK

	2009	2010	2011
Total Revenue	26.624.459	27.033.884	29.362.179

Source: Consolidated Profit & Loss Accounts as at 31 December 2009, 2010 and 2011

Total Liabilities Structure Classified by Internal and External Source in 000 HRK

	31.12.2009	31.12.2010	31.12.2011
Total Liabilities	24.379.350	26.522.603	29.164.204
Liabilities	18.548.350	20.412.500	22.549.170
Equity	5.831.000	6.110.103	6.615.034

Source: Consolidated Financial Position Report as at 31 December 2009, 2010 and 2011

The Agrokor Concern is a vertically integrated business system including food production and processing, retail and other activities. Our focus on integrating everything from production of our own raw materials to providing finished products has allowed us to maintain quality control across the chain and to achieve such product characteristics that best meet customer demands. In our daily contacts with our customers, both in retail and wholesale, we are able to keep track of changes in market demands and preferences as they occur and appropriately respond to them.

We believe our ongoing investments in state-of-the-art technologies and equipment, research & development and employee training have set new standards of conduct and business, the impact of which on our common future and business sustainability in general is unquestionable. Such focus is important for improving the overall competitiveness of our economy and the ability to compete in a greater environment, and for preserving the communities we operate in, affected by our business activities.

As at 31 December 2011, the Agrokor Concern employed a total of 36,894 in all countries of the region it operates in. The Republic of Croatia continues to account for most our employees – 26,349.

Organizational Profile

The shareholding structure for all companies within the Agrokor Concern

Agrokor - Upravljanje ovisnim društvima

BUSINESS GROUP Food		BUSINESS GROUP Retail		OTHER BUSINESSES	
Agrofructus d.o.o.	100.00%	Bootleggers d.o.o.	100.00%	Acro d.o.o.	100.00%
Agrofructus d.o.o. Čapljina	100.00%	Euroviba d.o.o.	75.27%	Agrokor AG	100.00%
Agrokor vina d.o.o.	100.00%	Idea d.o.o.	100.00%	Agrokor energija d.o.o.	100.00%
Agrokor - Zagreb d.o.o.	100.00%	Jadrankomerc d.d.	77.63%	Agrokor kft.	100.00%
Agrolaguna d.d.	85.22%	Jamnica d.o.o. Beograd	80.44%	Agrokor - trgovina d.d.	100.00%
Agroprerada d.d.	67.92%	Jamnica d.o.o. Maribor	80.44%	eLog d.o.o.	80.55%
Belje d.d.	67.92%	Konzum d.d.	80.55%	Lovno gospodarstvo	
Dijamant a.d.	73.08%	Konzum d.o.o. Sarajevo	80.55%	Moslavina d.o.o.	100.00%
Dijamant agrar a.d.	45.20%	Krka d.o.o.	66.38%	mStart telekomunikacije d.o.o.	100.00%
Frikom a.d.	95.83%	Ledo d.o.o. Kosovo	78.85%	Unex MPG d.o.o.	50.00%
Fonyodi kft.	80.44%	Ledo d.o.o. Ljubljana	78.85%		
Irida d.o.o.	78.85%	Multiplus card d.o.o.	60.41%		
Jamnica d.d.	80.44%	Slobodna dalmacija-trgovina d.o.o.	54.15%		
Kikindski mlin a.d.	75.79%	Tisak d.d.	54.15%		
Ledo d.d.	78.85%	TPDC Sarajevo d.d.	51.00%		
Ledo Čitluk d.o.o.	78.85%	Zvijezda d.o.o. Ljubljana	51.84%		
Ledo kft.	78.85%	Zvijezda d.o.o. Sarajevo	51.84%		
Ledo d.o.o. Podgorica	100.00%	Žitnjak d.d.	72.03%		
Mladina d.d.	48.98%				
Nova Sloga a.d.	95.83%				
PIK Vinkovci d.d.	70.87%				
PIK Vrbovec d.d.	99.99%				
Plodovi fructus d.o.o.*	50.00%				
Sarajevski kiseljak d.d.	80.98%				
Sojara d.d.	51.84%				
Solana Pag d.d.	96.49%				
Vupik d.d.	55.76%				
Zvijezda d.d.	51.84%				

Operating Organizational Structure in 2011

Agrokor

FMCG					Retail	OTHER
Belje Pik Vinkovci Agrolaguna Solana Pag Agrofruktus	Ledo Frikom Ledo BiH Ledo Kft Irida	Pik Vrbovec Solana Pag	Zvijezda Dijamant Sojara	Jamnica Sarajevski kiseljak Fonyodi Nova Sloga Mladina	Konzum Idea Konzum BiH Tisak	Agrokor trgovina

Konzum's development

Prvo Konzumovo samoposluživanje u Ilici 22 u Zagrebu,
ujedno i prvo gradsko samoposluživanje u Jugoslaviji

Konzum d.d. Konzum d.d., trgovina na veliko i malo, having its registered office at Marijana Čavića 1, Zagreb, was established in 1957 and has been part of the Agrokor Concern since 1995. The shareholding and registration information is publicly available in the court registry of the Commercial Court in Zagreb under Reg. No. (MBS) 080000926. Once a local chain in Zagreb, Konzum has become a leading national retail chain present in all parts of Croatia, despite ongoing arrival of international retail chains on the Croatian market and an increasingly intensive competition. Its 28% market share that has increased continually best indicates the proper business strategy focused on the customer and governed by selecting the best locations, providing a superior service and achieving high customer satisfaction levels. Our offering is based primarily on a range of fresh, mostly local products, where our partnerships with local producers play a key role. In addition to developing our own store brand and our own distribution, our competent management and synergies with other members of the Agrokor Concern, Konzum's business policy is focused on sustainable development and providing value added to all stakeholders.

Konzum's development

2011	Opening of the Logistic-Distribution Center in Dugopolje, the largest and the most modern center of its kind in the region. Opening of the Super Konzum store in Sesvete, Konzum's 1000th store in the region.
2010	Launch of MultiPlusCard - the first coalition loyalty program. Launch of Konzum Online Shop.
'08-'09	Retail network expansion in the largest format, Super Konzum stores. Construction of the new Logistics-Distribution Center in Zagreb (Žitnjak) with an additional area of 36.000 m².
2007	Opening of 67 new stores (amongst which there are 6 Super Konzum stores).
2006	Opening of **IDEA Extra** in Belgrade - the first hypermarket in Serbia.
2005	Opening of Oaza Center in Belgrade – the first retail store in Serbia.
2004	First expansion into the region - opening of the first retail store in Sarajevo in B&H. Entrance into the Serbian market – establishing of the company Belgrade Wholesale Center.
2002	Launch of Konzum Plus Card – the biggest loyalty program in Croatia
2001	Opening of new headquarters and the biggest Logistics-Distribution Center in this part of Europe at Žitnjak in Zagreb. Opening of the first VELPRO Center in Croatia – VELPRO Center Španska in Zagreb.
2000	Expansion of the retail network outside of Zagreb, on the whole Croatian market.
1995	Change of name from Unikonzum to Konzum, restructuring of business operations. Opening of the first Croatian supermarket – SUPER KONZUM Vukovarska in Zagreb.
1994	**Agrokor Group becomes majority owner of Konzum.**
1957	Opening of the first Unikonzum self-service market in Zagreb and in the former Yugoslavia in Ilica 22 in Zagreb.

Organizational Profile

Our Most Important Brands and Products Presented According to the Relevant Groups of Companies

Water and Beverages

Retail and Wholesale

Ice cream and Frozen Food

Meat and Meat Products

Wine

Edible Oils and Margarines

Other Businesses

Organizational Profile

Agrokor Concern's Awards

In 2010 and 2011, the Agrokor Concern companies received numerous awards for their products:

Jamnica
QUDAL 2011 for the highest quality level; iTQi, Superior Taste Award, Exceptional Product 2011, Superbrands Award 2011, 2010
Jana
QUDAL 2011 for the highest quality level; Best Buy Award 2011; Cropack 2010 industrial design of the year for Jana 5 l; Superbrands Award 2010
Sarajevski kiseljak
Superbrands Award 2011, 2010
Mivela
iTQi, Superior Taste Award 2010; Regpack 2010; Dobar dizajn 2010
Ledo
QUDAL 2011 for the highest quality level; Cropack 2011 – the best Readymade Foods packaging on the Croatian market; IICC 2011, the most innovative ice cream in the world for Chocolate Cake on a Stick; and the best ice cream in the world for King Truffles; ICC 2010, the most innovative ice cream in the world for King Extra Amadeus
Zvijezda Oil
QUDAL 2011 for the highest quality level for margarine, mayonnaise, ketchup, vegetable oil, olive oil; Superbrands Award 2010
Ol Istria
Extra Virgin Olive Oil World Championship 2011 – winner in the medium-intensity extra virgin olive oil category; LA Extra Virgin Olive Oil Competition 2011 – gold medal for blend of varieties; Honorary Award for oil with the best chemical composition; Armonia 2010
Ol Dalmatia
Gold medal for quality in the extra virgin olive oil category at the ''Days of Young Olive Oil'' in Dalmatia in 2011
PIKO Wurst
QUDAL 2011 for the highest quality level
PIK Ham Premier
Best Buy Award 2011
PIK Fresh Packaged Meat
QUDAL 2011 for the highest quality level
PIK Bologna
QUDAL 2011 for the highest quality level; DLG 2011 – gold medal; Best Buy Award 2011
Panona
DLG 2011, gold medal
PIK Smoked Ham
Best Buy Award 2011
PIK Boiled Ham
Best Buy Award 2011; QUDAL 2011 for the highest quality level
PIK Ham Fina
Best Buy Award 2011
PIK Delikates Ham
Best Buy Award 2011
Baranja Kulen
iTQi, Superior Taste Award 2010
abc cheese
iTQi, Superior Taste Award 2010; Quality Champion, Novi Sad 2011
Vina Belje
International Wine Challenge 2011, bronze for 2009 Graševina; Mundus Vini 2011, silver for 2009 Graševina; Emozioni dal Mondo: MerlotCabernet Insieme 2011 – gold for 2007 Goldberg Cabernet Sauvignon; Decanter World Wine Awards 2010 – gold and regional trophy for 2008 Premium Merlot Belje
Vina Laguna
Emozioni dal Mondo: MerlotCabernet Insieme 2011, gold for 2009 Festigia Cabernet Sauvignon
Podrum Mladina
Vinalies Internationales 2011 – 2009 Traminer Gaj; Terravino 2011 – gold medal for 2010 Traminer Gaj; Decanter Award 2010 for POJ Sparkling Wine

Organizational Profile

Konzum's Awards

Reader's Digest:
Trusted Brand Hrvatska, 2010, 2011
Konzum was presented with the award in the Retail Company category, as the Croatian retail chain/brand most trusted by customers.

Superbrands Organization:
Superbrands, 2010
Konzum has won this award for the past few years as one of the strongest and most distinctive brands on the Croatian market.

Axios – Best Buy Organization:
Best Buy Award, 2010, 2011
The award was presented to the retailer that, in customers' opinion, represents the best price to quality ratio and the best store with discount prices.

Green City Project:
Green City Awards, 2011
An award for corporate achievement in environmental protection

PART 2

REPORT PROFILE

Report Scope and Boundary

Governance, Committments and Engagement

Stakeholder Engagement

Konzum Stakeholders

Report Parameters

Reporting Period and Reporting Cycle
We present Agrokor's second sustainability report pertaining to our activities in 2010 and 2010, in line with the reporting schedule we selected when we prepared our preceding (first) report of this type. In our case, a business year equals a calendar year. Accordingly, the next report will cover the years 2012 and 2013.

Contact point for questions regarding the report or its contents
If you have any questions concerning this report, please contact:
Marta Bogdanić
Agrokor d.d.
Trg Dražena Petrovića 3, 10000 Zagreb, Croatia
marta.bogdanic@agrokor.hr

Report Scope and Boundary
We once again determined the content of the report in consultation with the most important stakeholder groups of the Agrokor Concern, in accordance with our sustainable development strategy and its key aspects. The report was prepared according to version 3.0 of the Sustainability Reporting Guidelines within the Global Reporting Initiative (GRI). As version 3.1 of the GRI guidelines was published in March of 2011, we took into account the requirements for sector supplement indicators and included them in this report.

report application level	C	C+	B	B+	A	A+
GRI 3 profile review	Report for 1.1 2.1-2.10 3.1-3.8, 3.10-3.12 4.1-4.4, 4.14-4.15	Report verified by an external source	Report for al criteria specified for level C plus 1.2 3.9, 3.13 4.5-4.13, 4.16-4.17	Report verified by an external source	Same criteria as level B	Report verified by an external source
GRI 3 review of management approach	Not required		A review of the approach to governance for each of the specified categories		A review of the approach to governance for each of the specified categories	
GRI 3 performance indicators and sector supplements performance indicators	Report according to at least 10 performance indicators, including at least one of the following: social, economic and environmental		Report according to at least 20 performance indicators, including at least one from each of these groups: economy, environment, human rights, labor relations, community, product responsibility		Report for each key GRI 3 and sector supplement with a review of the relevance principle by: a) reporting according to the indicator, or b) explaining the reason for its absence	

Report Parameters

What makes the Concern's Sustainability Report special is that we adhered to the same logic in its preparation as we do when preparing our financial statements – the Report is consolidated for the entire group with respect to the economic indicators, labor relations indicators, employee indicators, human rights indicators, community indicators, and product responsibility indicators. We are restating our environmental indicators in a dedicated part of the Report, separately for each company, to make them comparable against the data previously reported by us, but also to maintain their material value and relevance. This allows us to monitor the environmental impact of each presented company during the reporting period.

This Report is based on data collected from the following companies:

- agriculture: Agrofructus, Belje, PIK Vinkovci, Vupik, Solana Pag
- ice cream and frozen food: Ledo, Irida, Frikom, Ledo Čitluk, Ledo Kft
- oil, margarine and mayonnaise: Zvijezda, Dijamant, Sojara Zadar
- water and beverages: Jamnica, Sarajevski kiseljak, Fonyodi, Nova sloga, Mladina, Agrolaguna
- meat and meat products: PIK Vrbovec
- retail: Konzum, IDEA, Konzum BiH i Tisak
- other activities: Agrokor trgovina.

Companies engaging in a number of activities are classified into one of the above groups on the basis of the prevailing activity's financial value. For example, Agrolaguna engages in agricultural production, vegetable farming and olive and grape farming, but also produces olive oil, cheese and wine. It is included in the manufacturers of water and beverages because winemaking is their most important business financially. We adhered to the same principle for classifying other such companies in their respective groups.

This Report highlights our company Konzum. By presenting its practices, we aim to demonstrate that the retail segment is building its market position in these times of crisis and recession, under constant pressures from global competition, with a special emphasis on responsibility to customers and the community in which Konzum operates. In line with such selection, our future reports will also highlight a particular business segment and additionally describe the specific circumstances it encounters in terms of operations and our strategic focus on sustainability.

This Report is based on level B application of the GRI Sustainability Reporting Framework. We will use our best efforts to additionally improve and expand the scope of our next report.

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<tr><th></th><th></th><th>According to 2002</th><th>C</th><th>C+</th><th>B</th><th>B+</th><th>A</th><th>A+</th></tr>
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<tr><td>Verified by GRI</td><td></td><td></td><td></td><td></td></tr>
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Governance

Governance Structure of Agrokor d.d.

The Supervisory Board

The Supervisory Board of Agrokor d.d. comprises five members. Four were elected at a shareholders' meeting by a simple majority of present votes, and one member is appointed by the European Bank for Reconstruction and Development (EBRD). The Supervisory Board members are appointed for a term of 4 years. The Supervisory Board members elect the Chairman and Vice Chairman of the Supervisory Board. Supervisory Board's functions include supervising the Management Board's work, appointing and removing Management Board members, reviewing and approving long-term strategies, the annual investment budget and important financial agreements, and policies regarding the structure of the Concern companies and their commercial, financial and production policies.

Considering the size of the Supervisory Board, it has no special subcommittees. All members share the same responsibility for the strategy, organizational supervision and business sustainability, as well as for other areas relevant to the Concern companies' business.

In 2010 and 2011, Ivan Todorić was the Chairman of the Supervisory Board and Branko Mikša was his deputy.

The Management Board

According to the Articles of Association, the Management Board of Agrokor d.d. may have up to nine members. Management Board members are removed and appointed by the Supervisory Board for a term of 5 years and they may be reappointed without any limitations. The Management Board regularly reports to the Supervisory Board, especially regarding the business policy and strategy, profitability and current operations of Agrokor Concern companies, as well as any extraordinary issues relevant to its business.

The Management Board of the Agrokor Concern in 2011:

Ivica Todorić,
President of the Agrokor Concern

Ljerka Puljić,
Senior Vice President,
Strategic Business Groups,
Marketing and Agriculture Business Group

Ante Todorić,
Executive Vice President,
Retail Business Group

Damir Kuštrak,
Executive Vice President,
Export Markets

Mislav Galić,
Executive Vice President,
Food Business Group

Piruška Canjuga,
Executive Vice President,
Operations and Business Development

Tomislav Lučić,
Executive Vice President,
Finance and Controlling

Ivan Crnjac,
Executive Vice President,
Strategy and Capital Markets

Gordan Radin,
Executive Vice President,
Human Resources, Legal and Common Affairs

Governance

Governance Structure of Agrokor d.d.

Supervisory Board, as a company organ, is responsible for election and recall of Management Board members and for supervision of the management of company business. Supervisory Board members are elected and recalled by the General Meeting and employees are entitled to appoint one member pursuant to the provisions of the Labor Act.

In those companies within the Agrokor Concern where minority shareholders hold over 10% of the shares, the shareholders refer their recommendations and guidelines to the Supervisory Board via their representative/Supervisory Board member, elected at the General Meeting on the basis of their proposal. In those companies where the shareholders hold less shares, they exercise their rights at the General Meeting as defined by the Companies Act and constituting documents of such companies.

Most companies within the Concern employ over twenty people who are entitled to decide on their economic, labor-related and social rights and interests according to the Labor Act. For this purpose, employees freely elect a labor council, which appoints an employee representative to the Supervisory Board. The Supervisory Board member who is the employee representative protects employees' interest at Supervisory Board meetings and promotes proposals and guidelines presented at employee meetings, which are convened twice a year by the labor council in accordance with the provisions of the Labor Act.

Governance in Konzum

Supervisory Board of Konzum d.d. comprises five members, four of whom were elected at a Shareholders Meeting by a simple majority of present votes and on is appointed by the representatives of employees. They are appointed for a term of four years and elect the Chairman and Vice Chairman of the Supervisory Board amongst themselves. On expiry of their terms, Supervisory Board members may be reappointed without any limitations as to the number of terms.

Supervisory Board's functions include supervising the Management Board's work, appointing and removing Management Board members, and reviewing and approving long-term strategies, the annual investment budget and important financial agreements and business policies. Konzum d.d. has a single-member Management Board comprising only the Chairman of the Management Board – Darko Knez. The Management Board is appointed by the Supervisory Board for a term of five years and removed by it. The Management Board regularly reports to the Supervisory Board, especially on business policy and strategy, profitability and current operations, and any extraordinary business-relevant issues.

Governance

Stakeholders

Stakeholder Inclusiveness

In their mission and vision statements, the Agrokor Concern companies specify the stakeholder groups with which they are in contact on a daily basis and which they believe to be essential to their business and success. Individuals and groups making certain requests to a company or having interest in it are identified in each business location and each environment and, as each of our companies is closely related with the environment in which it operates, such requests are regularly recognized. Based on our mutual interest and understanding, we regularly communicate with the stakeholder groups identified below:

Consumers:

Consumers are a very important stakeholder group to all companies within the Concern. Their observations collected in various surveys are used as a basis to improve our present products and develop new ones. We adapt our products and services to the needs of consumers and changes in their life habits and trends. Special attention is focused on product quality, so our consumers have toll free consumer lines available in all our companies and are able to make suggestions and observations by e-mail and through our web interface. In addition, individual consumer habits and needs are followed using the consumer card, and specific promotions, discounts and benefits for consumers in our retail chains are designed on the basis of such information we collect.

Employees:

The Agrokor Concern companies never stop emphasizing and proving that our employees are our most valuable asset. We use developed and ongoing career development and educational processes and systems to motivate our employees in order to increase their satisfaction and efficiency, at the same time facing them with expectations of the highest excellence standards. Our employees take active part in suggesting and creating the best solutions on all levels, and the working environment provides them with an opportunity for constant business and personal development.

Unions:

The companies within the Concern in Croatia are the first private companies to incorporate collective bargaining in their employee and union relations business models. We follow the same practice in other countries of the region, in accordance with local laws and regulations. The unions are involved in the making of Management Boards' decisions via their labor councils, and in the supervision of business via memberships in Supervisory Boards. The Agrokor Concern supports and finances humanitarian, educational and sporting activities based on union initiatives – the Sport Games on a Concern level, organized in cooperation with all unions in the region, have become a tradition.

Suppliers and partners:

We work closely with our suppliers and partners to create values adapted to the needs of our consumers and other stakeholders. Common commitment to sustainable development and compliance with high quality standards is the basic requirement for the Concern companies, which we also set for the business partners we cooperate with. We create and improve business relations by intensive cooperation, thus contributing to the achievement of not only direct business results, but also our long-term objectives regarding sustainable development

Shareholders and financial institutions:

The long-term strategy used by the Agrokor Concern companies is focused on creating higher value of the share capital. We have acquired the trust of our shareholders, investors and financial institutions for years, confirming our focus on creating new value by our results. Regular reporting and providing access to information on our business, and interaction with the said stakeholder groups fulfill our common needs and requirements and creates the trust on which this relationship is based.

Governance

Stakeholders

Local and central government:

Each company within the Concern is closely related to the environment in which it operates because it participates in developing and raising the quality of life by employing the local population and paying local levies. On the other hand, as one of the largest business entities in the region, the Agrokor Concern has an additional responsibility to create a transparent, fair and stimulating business environment. Our employees and companies continuously cooperate with all institutions in the countries where we operate and provide the necessary assistance and business expertise as required and needed by state institutions. We help create business conditions in favor of all interest groups in interaction with the local and central state governments.

Community:

The Agrokor Concern is closely related to the community in which we create new economic value, so participation in local initiatives is part of our corporate culture. Our employees undertake various activities to affect development and quality of life in their environments and propose financial support to activities they believe are exceptionally important. These are activities in the area of charity, preservation of cultural heritage, environmental resource care, art and culture, and projects associated with children and young people. By actively participating in the work of the local community, our employees and companies help its further development on all levels and in all spheres as necessary. We thus create a positive and sustainable business and living environment.

Considering the size of the Concern, it would be difficult to list all individual cases of communication with shareholder groups, but we will underline as a an example our interactions with the local community that preceded the construction of the Gradec biogas plant. Following the concerns raised by the residents and representatives of environmental organizations with respect to the disposal of pig manure in the plant and doubts expressed as to the regularity of the process of obtaining environmental documents and building permits, representatives of Agrokor energija met with stakeholder groups on several occasions in the local community premises in Gradec, responded to a local radio station's invitation regarding the subject, and responded to written inquiries regarding the investment. By presenting the process of obtaining the permits and building the plant, the company representatives transparently described all steps in the implementation of the investment and demonstrated that it led to a better quality of life in the local community, especially as a result of reducing unpleasant odors originating from the formerly existing manure lagoons.

Governance

Konzum and Stakeholders

Konzum recognizes the same social groups that the Concern recognizes as its stakeholders, but we would like to underscore the activities focused on the customers:

Konzum is a company operating in accordance with the highest global retail practices and know-how, which is then reflected in a number of additional customer benefits. We continue to raise the standard of retail offerings and services. Only during the reporting period, Konzum invested over a billion HRK in its retail network, distribution and logistic processes, state-of-the-art technologies, implementation of new services and renovation and redesign of its present retail stores.

Affordable Prices and Loyalty Rewarding

Konzum has been recognized as a company that offers the best value for money to its end customers because it is guided by a policy of providing a quality service and offering renowned brands at affordable prices. As regards Konzum's pricing policy, we guarantee our customers the best prices on the market, which results in lower general price levels on the Croatian retail market and lower living costs for Konzum's customers.

Furthermore, Konzum's retail stores offer promotions on a daily basis to provide our customers with the best value for money and to address their needs and habits in the best possible way. Our regular promotions include weekly and weekend promotions, discounts on particular product ranges, and an invariably attractive offer from Konzum's regular catalogs. Konzum thus ensures low prices for its customers every day of the week, offering the best value for money. We choose customer-relevant products for our promotions, and what makes Konzum truly special is the fact that these are mostly brands and domestic products our local customers are used to, including a substantial number of fresh products.

As a socially responsible company, we take special care of the most vulnerable social segments, as confirmed by Konzum's traditional campaigns where **all pensioners are rewarded with a 10% discount on their shopping once a month.**

As of 2002, Konzum has continually rewarded its customers' loyalty by providing them with numerous savings and benefits. In 2010, Konzum launched the MultiPlusCard, the first loyalty rewarding alliance program on the Croatian market, in cooperation with Zagrebačka banka and its partners T-Mobile, Tisak, Tisak Media, Kozmo and Atlas Airtours. The aim is to reward MultiPlusCard holders and holders of Zagrebačka banka's Maestro and MasterCard cards at over two thousand retail stores in Croatia and abroad. The MultiPlusCard loyalty rewarding program is the first to offer its users an opportunity to receive rewards from several program partners for a single purchase. The loyalty rewarding program is also known for rewarding its users' trust by offering occasional discounts, numerous promotions and benefits that can be used at all program partners. For each settlement period, approximately 500,000 regular cardholders receive a MultiPlusCard booklet listing the benefits and including coupons and other benefits supplied by all program partners. **Sixty-three percent of all Croatian households** use the MultiPlusCard and 60% of Konzum's revenue is generated using the MPC card. The objectives of the first alliance rewarding program are multiple: setting new customer service standards for over a million MultiPlusCard holders on the local market, providing a more diverse and extensive assortment for consumers, and developing and maintaining a long-term relationship between partners and users. In the next period, we expect more partner companies to be involved, which will enable further enlargement of the offer and additional benefits for our customers.

In addition to all this, Konzum provides its customers with a number of additional benefits: other loyalty rewarding programs where customers are allowed discounts on designated products by collecting stickers, participating in numerous prize contests with valuable prizes and a number of other activities providing very specific and substantial savings to each customer. All this makes Konzum the best choice for everyday shopping.

Within our 2011 loyalty program, we rewarded our users with over **eighty million HRK in savings**. If we add the **price cutting effects that reach over a hundred million HRK annually across**

Governance

Konzum and Stakeholders

Konzum's retail network, we can see that this is a truly respectable overall investment in price cutting and enhancing customers' living standards. Using its comparative advantage with regard to fresh meat, fruits and vegetables, Konzum offered its customers the lowest price of a quality daily meal during the reporting period by using economies of scale and waiving a part of its margin, which it transferred to price competitiveness.

Service

is the customer service and service level improvement segment where Konzum made progress through its **''We Are Here For You''** project. All Konzum's customers are provided with additional protection of consumer rights and the highest quality level, which makes Konzum a representative example in the entire Croatian retail and service industry. By implementing additional high service standard that exceed the legal requirements, Konzum ensured quick and efficient resolution of any customer complaints in the store, which additionally enhances customer satisfaction. By selecting such name for its initiative (We Are Here For You), Konzum once again demonstrated that its customers and their preferences and needs are in the center of its business and that Konzum's ongoing business and service level improvements are based on their suggestions.

In addition, Konzum's toll-free consumer line 0800 400 000, e-mail address konzum@konzum.hr, Facebook page *http://facebook.konzum.hr*, Konzum's website *www.konzum.hr*, and boxes for suggestions at all stores are available to Konzum's customers for any questions, information, suggestions or complaints. All these channels of communication with our customers ensure timely and effective two-way communication. In addition, Konzum continually measures the quality of its service using different analysis methods – from focus groups to mystery shoppers – and uses the results of such measurements to further improve its business. We aim to be the first choice for customers and a retail chain being a synonym for service quality.

INNOVATIONS – New Services

To create value added and provide benefits to all its customers, Konzum has been continually developing new services. Customers are now able to **pay their utility and other bills using a 2D barcode** at over 330 Konzum's stores, which provides significant money and time savings. The service has been continually developed and gradually implemented at an increasing number of retail stores and program partners, whose bills are payable at Konzum's cash registers.
What is important is the fact that Konzum's retail stores provide customers with **a larger choice of different payment options** and accept payment with more cards in installments, free of interest or fees (Maestro, MasterCard, Amex, Diners) compared to previous options.

The customer Web Shop has been continually developed, registered more and more users and included new delivery areas, so the service is presently available to customers in Zagreb, Rijeka, Split and Osijek. Shopping in the Konzum Web Shop is also available to all smart mobile phone users through a single application allowing all users of iPod Touch, iPhone, iPad, BlackBerry and Android mobile phone to integrate the service using social networks.

The need to accelerate the shopping process and implement new innovative solutions tailored to the demands of an increasing number of customers has resulted in the implementation of new technological solutions that allow customers to optimize their shopping and payment process. In addition to the present POS systems for its cash registers, Konzum has introduced a so-called self-scanning and self-checkout services in some stores. Customers using the self-scanning service use a manual scanner to scan the products they want to buy and, when they are finished, they go to a dedicated cash register where shopping is completed by reading the manual scanner. The self-checkout service provides the customer to finish his/her shopping himself/herself by scanning the items and paying at special self-service cash registers. Both of these new technological solutions make shopping quicker and save plenty of time.

Belje Winery

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IMPACT INDICATORS

Economic Impact Indicators

Social Impact Indicators

Environmental Impact Indicators

Impact Indicators

Economic Impact Indicators

The highly competitive business environment in these times of crisis has proven to be a challenge we were able to overcome in our business in the past two years. The Agrokor Concern has maintained its position as the largest corporation in the Adriatic Region during the period, while its growth in consolidated sales revenue was accompanied by a simultaneous, relatively higher growth in profitability. The companies within the Concern generate most of their revenues on the Croatian market, where the Concern employs most of its people. We aim to achieve improvements in all countries of the region where we operate, which results in creating new and greater values for our employees, investors and the entire society.

Aspect: Economic Impact

A deepened crisis throughout 2010, higher unemployment rates and a lower GDP on the regional markets have created a business environment full of challenges, to which we responded by exercising rigorous control of our investments and better cash flow and debt restructuring management, while our operations are focused on achieving higher competitiveness levels. Although our result is significantly affected by the successful 2010 tourist season, the overall trends in consumption and more reserved customers directed us to use a strategy to maintain and attain price competitiveness. Using additional efforts to increase our efficiency, a slight increase in revenue compared to 2009 resulted in 11.85 percent higher operating income.

In 2011, Concern's consolidated sales revenue was 9.6% higher and exceeded HRK 29 billion. Both its core activities – food production and retail – grew on all markets where we are present, and the growth was almost entirely organic. The global crisis continued in this year and directed us to maintain our financial stability that could have been under pressure as a result of decreased growth rate risk. This is why we continued to pursue our policy of reducing investments and limiting ourselves to the present markets where growth potentials have not been exploited yet, and to improving the efficiency of our present operations. In addition, such successful results were partly affected by the timely implementation of the recession-specific strategic business measures, including financial restructuring and balance sheet strengthening, better cash flow management, cost and business process optimization, innovation, active and effective marketing and promotional campaigns and strategies, expansion of the product range and store brand offerings, increasing efficiency and profitability and, consequently, enabling higher competitive levels in all companies.

	2009	2010	2011	
	(000 HRK)	(000 HRK)	(000 HRK)	
Direct generated economic value	**26,624,459**	**27,033,884**	**29,362,179**	
a) Revenues	26,624,459	27,033,884	29,362,179	8.6%
Distributed economic value	**25,767,812**	**26,170,555**	**28,373,548**	**8.4%**
b) Operating costs	21,883,979	22,125,640	24,010,467	8.5%
c) Employee salaries and benefits	2,821,804	2,811,532	2,977,329	5.9%
d) Payments to capital providers	838,754	1,015,493	1,148,521	13.1%
e) Payments to the government	214,075	205,148	222,914	8.7%
f) Investments in the community	9,200	12,742	14,317	12.34%
Retained economic value	**856,647**	**863,329**	**988,631**	

(calculated as generated economic value minus distributed economic value)

Source: Strategy and Capital Markets, Agrokor d.d.

Impact Indicators

Economic Impact Indicators

Revenues comprise sales revenues, other revenues, interest revenues, net revenues from sale of tangible assets and subsidiaries, Group's share in the profit/loss of affiliates, revenues from dividend, and surplus fair value of acquired assets over the acquisition cost, minus goodwill written-off. In 2011, direct generated economic value was HRK 2.328 million or 8.6% higher than 2010. This substantial increase, achieved despite unfavorable macroeconomic indicators in the surrounding areas, is a result of our strategic focus on growth in revenues and higher profitability, timely measures to adapt to unfavorable market and macroeconomic conditions, an excellent tourist season in Croatia with an 8% increase in arrivals and 7% increase in overnights (Source: National Bureau of Statistics), and the stabilization of the Serbian dinar in relation to HRK.

Please note that the sales revenue generated by the Retail business group was 9.5% higher than 2010, primarily as a result of exploiting the growth potentials on the regional markets of Bosnia and Herzegovina and Serbia, which were expected as a result of intensive investments in earlier years and further organic growth based on the potential and low saturation of these markets. The increase in the Retail segment is a result of a combination of several factors, including: opening of new stores, increased spending as a result of an excellent tourist season, and aggressive promotion and marketing activities supported by continuous investments in prices in the form of promotions and discounts. The greatest increase in absolute amounts comes from Croatia and Serbia. Relatively speaking, our sales in Serbia increased up to 24.3% and our retail in Bosnia and Herzegovina was up 8.0 percent. The growth in Serbia and Bosnia and Herzegovina derives from a strong expansion of the retail network and an increasing number of customers. Our retail newsstand chain Tisak contributed to our growth with 9.3 percent.

Sales revenue in the Food Production and Distribution business group increased 14.2% year-on-year. Such sales growth is mostly a result of higher revenues in the Meat and Agriculture segment, driven primarily by substantial investments in this segment in earlier years, higher prices of livestock and animal feed, a substantial increase in animal feed production and sales, increased production of fruits and vegetables, increased sales of dairy products, and an extended dairy product range. The edible oil, margarine and mayonnaise segment and the ice cream and frozen food segment also contributed to increased sales: the former as a result of higher edible oil prices, and the latter as a result of changes in the pricing policy and an excellent 2011 tourist season.

Operating costs comprise the costs of materials, services, other costs (exclusive of salaries, taxes and contributions on salaries and amortization costs), investment value adjustments and net exchange rate variations. The costs of materials increased 10.1% compared to 2010. As a percentage of sales revenue, material costs increased from 69.9% in 2010 to 70.2% in 2011. This is mostly a result of inflation, promotions and discounts in the Retail business group that exceeded the price increases, and increased contribution of the edible oil, margarine and mayonnaise segment and the meat and agriculture segment due to increased prices of raw materials. Service costs increased 6.1% year-on-year. This increase is primarily a result of increased sales, as reflected in a decrease in that cost group; the share in sales revenue decreased from 8.7% to 8.4% as a result of implementing cost optimizing measures. Other costs increased 4.7% compared to the same period in the preceding year. However, our ongoing implementation of measures to optimize our business processes, increase our efficiency and minimize our costs resulted in a decrease in other costs; the share in sales revenue decreased from 17.1% in 2010 to 16.3% in 2011. Within the other costs group, the costs of salaries and levies on salaries increased 5.9% as a result of more employees due to organic growth, but also due to early retirement, following a 0.4 percent decrease in 2010 compared to 2009.

Payments to the government comprise the settled part of corporate income tax, which increased in 2011 compared to the same period in the preceding year as a result of a higher taxable income amount. Payments to capital providers include interest accrued and dividend paid. As a result of these factors, but despite unfavorable economic

Impact Indicators

Economic Impact Indicators

and financial conditions on the market in 2011, Agrokor managed to increase its retained economic value by as much as 14.5% compared to the value attained in the preceding year.

For the purposes of the Report, we classified our suppliers as local and international. Our local suppliers of raw materials, products and services are those headquartered in Croatia, Serbia and Bosnia and Herzegovina. Whenever possible, we choose local suppliers for our supply chain because we thus intentionally channel our added investments to the local economy. On the other hand, our indirect investments in our local partners support their growth and development, thus ultimately achieving a greater mutual scope of business and improving their service levels.

Most of the revenue in the Agrokor Concern (approximately 2/3) is generated by retail, which ultimately contributes around three billion euros to the aggregate result. We also tend to use local suppliers in this segment – 51% of the products sold under our store brands (K Plus, Volim najbolje, Rial and Standard) are purchased on the local market. A total of 65% of all raw materials, supplies, products and services come from local suppliers.

In agricultural production, we have a combination of commodity sources. Approximately 80% of our protective agents for agricultural production and seeds come from international suppliers. We purchase an equal share in crops on the local market, while locally grown fruits and vegetables account for 80% of our fruits and vegetable sales.

As a concern, we often emphasize we are focused on satisfying our customers' needs, so we aim to offer our customers the best value for money. This means that, even in these economic circumstances, we are not willing to compromise the quality of the products we offer. Sometimes such strategic decision will lead us to choose an international supplier offering a better product at the same price. Generally speaking, we aim to exploit the advantages of global leaders in their segments that offer an optimal price-to-quality ratio, and local suppliers that are able to quickly respond to market needs.

As the Agrokor Concern has developed more and more as a regional corporation, we have observed that the number of local suppliers has dropped, although each local supplier will always be an important partner. Over the past few years, our growth management resulted in price and quality criteria, but has brought in other criteria we are governed by when making purchasing decisions. They include previous experience in cooperation with a supplier, their environmental and community impact, and their financial performance. We thus not only support the sustainability of our own business, but also ensure that we have no adverse impact on local suppliers, the community and people in the process. A healthy growth is imperative not only for our Concern and our natural environment, but also for all groups we encounter and affect in our business process. Such conduct is not supported by a written supplier selection policy, but is part of how we operate.

Risks and Opportunities Concerning Climatic Changes

Year after year, climatic changes have had an increasingly important and clear impact on our business. As companies within the Concern make their own agricultural products, any variations in temperatures, normal precipitation amounts in a year or season, or absence/disruption of normal climatic seasons within a year are reflected negatively in yields and the quality of produced inputs. Globally, such disruptions result in lower yields and higher prices of raw materials being inputs for the processing industry, and generally make production costlier. To minimize the adverse impact of climatic changes in general, companies within the Concern invest in irrigation systems and ensure proper disposal of agricultural and food industry waste. Consequently, the establishment of Agrokor energija and the ongoing construction of the Gradec biogas plant are a good indicator of the changes that have occurred in our business planning and activities intended to reduce the consumption of fossil fuels and enhance environmental care.

Impact Indicators

Economic Impact Indicators

Pension Plan

All employees are covered by the state pension fund. Provisions for severance pay are formed for retirement payments, anniversary rewards (received on the basis of the length of service) and compensation to heirs in case of employee's death. The amount of severance pay depends on whether the employee is fully eligible for retirement, and the amount of anniversary rewards depends on the number of years of service with the company. The amount of compensation is determined on the basis of the relevant monthly salaries.

In Croatia, the pension contribution rate is still 20% and is divided, depending on employee age, to the compulsory 1st pension insurance pillar of 15% and the voluntary 2nd pension insurance pillar equaling 5% of the contribution calculation base. Pension contributions are paid by the employer in the name and at the expense of the employee.

Financial Aid Received from the Government

The Croatian Government financially stimulates certain economic activities of all business entities in their respective segments. Most of the subsidies provided by the Republic of Croatia to Agrokor Concern companies were received for activities in the area of agricultural production and cattle farming. The government is not directly present in the shareholding structure of any of Agrokor's companies.

	2009	2010	2011
Total financial aid (000 HRK)	169,556	202,975	173,789
Tax benefits/tax credits	10,422	0	429
Subsidies	143,475	173,130	146,669
- Cattle feeding	68,851	90,560	67,831
- Agricultural production (harvesting, orchards and vineyards)	74,624	82,570	78,838
Aid for investment, research and development	211	0	0
Rewards	0	0	0
Exempted of paying license fees or royalties	0	0	0
Financial aid from export credit agencies	0	0	0
Financial incentives	15,448	29,845	26,691
Other financial benefits	0	0	0

Source: Strategy and Capital Markets, Agrokor d.d.

Impact Indicators

Social Impact Indicators

Human Resources

Our strategic focus on excellence, business development, implementation of new technologies, and launching numerous investments, requires intensive efforts to improve our processes and systems, and planned direction and management of human resources toward achieving strategic objectives in each company and in the Concern as a whole. As a socially responsible company, we actively monitored, complied with and contributed to the extent possible to the improvement of our working environment, employee health and safety, and the possibilities for their development. The success of our people is a success of the Concern, which additionally encourages all of us to continue operating as one of the best and most socially responsible employers in the region.

According to a survey on first-choice employers in the Republic of Croatia conducted by the MojPosao portal in 2010 and 2011, the Concern is number 3 on the list and was identified as an organization offering opportunities for professional promotion and leadership in all its segments of business.

As a result of its development, the number of employees of the Agrokor Concern has also grown – the number of employees increased 7.38% since the 2009 report, which supports our long-term strategy and policy in the region and its viability in these times of global and regional crisis.

The structure of employees by employment contract type, age, qualification and sex and their shares by type of business and country varied between 1% and 2% in 2010 and 2011. Around 70% of our employees are in the Republic of Croatia, 18% in the Republic of Serbia, 9% in Bosnia and Herzegovina, and 2% in other countries where we conduct our business. Most of our employees work in retail (64%), followed by food (19%), agriculture (12%), and other industries (5%).

An increasing number of women employed by the Concern is a continuing trend. Women account for 54% of all employees, primarily because of the female employees working in retail and newsstand operations. In 2010, the women's share in retail was 80.89%, but was reduced to 79.48 percent in 2011.

Secondary education degrees (60-61%) and ages between 25 and 34 (31%) prevail, which is also a result of the type of our business. Around 80 percent of our employees are employed on a permanent basis.

The age structure of governance bodies shows that all age groups are represented, but it is also important to mention that the share of women in management increased by 7%, reaching 47% in 2011. A typical manager in the Agrokor Concern is between 30 and 50 years old, but there are also many employees above the age of 50, which has always been the natural success ratio – younger generations introduce new working methods and are more inclined to changes and innovations, while older generations are appreciated for their knowledge and experience.

Employees between the ages of 30 and 50 prevail among the men in senior management (57%), while female top management is equally (40%) divided among women younger than 30 and those between the ages of 30 and 50. In middle management, most women are between the ages of 30 and 50 (64%), which is also the case in male management (60%). Most men and women in junior management are also between the ages of 30 and 50 (67%).

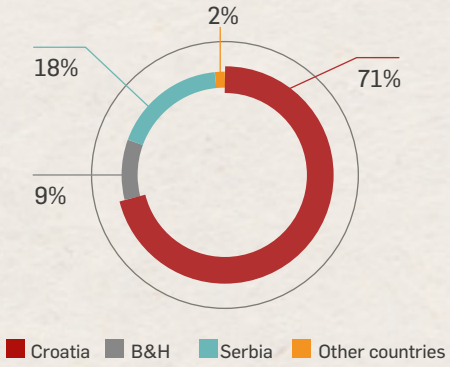
The required number and structure of employees are planned for each company and across the Concern in all forms of employment, and plans and estimates are also in place for departing employees. The staff turnover rates in the Concern are directly related to different types of business, development growth of each industry, introduction of new technologies and improvement of business processes, but also to the need for seasonal employment in our prevailing activities.

Impact Indicators

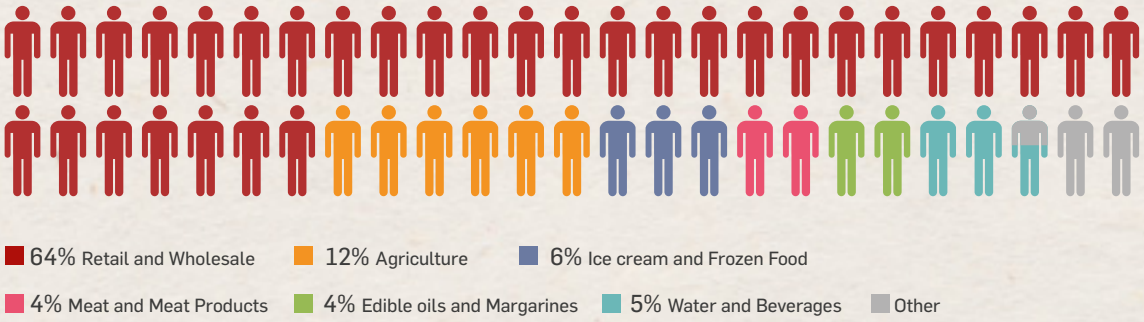
Social Impact Indicators

Number of Agrokor Concern employees,
2000-2011 trends

Agrokor Concern employees,
shares by country of operation, 2010 and 2011



Agrokor Concern employees, by business type, 2010 and 2011



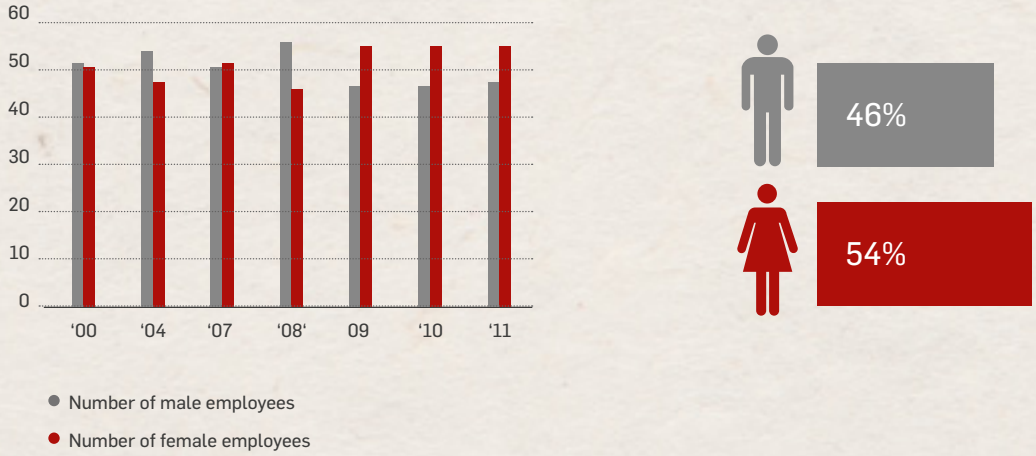
Impact Indicators

Social Impact Indicators

Number of Agrokor Concern employees by region and employment contract type, 2010 and 2011

COUNTRY 2010	Total number of employees with employment contracts	Employees with permanent employment contracts	Employees with temporary employment contracts
Croatia	25,369	20,615	4,754
Bosnia and Herzegovina	3,259	2,275	984
Serbia	5,824	4,308	1,516
Other countries	291	187	104
TOTAL	**34,743**	**27,385**	**7,358**
2011			
Croatia	26,349	21,351	4,998
Bosnia and Herzegovina	3,378	2,643	735
Serbia	6,566	5,011	1,555
Other countries	601	362	239
TOTAL	**36,894**	**29,367**	**7,527**

Agrokor Concern employees, sex trends and shares (%), 2010 and 2011

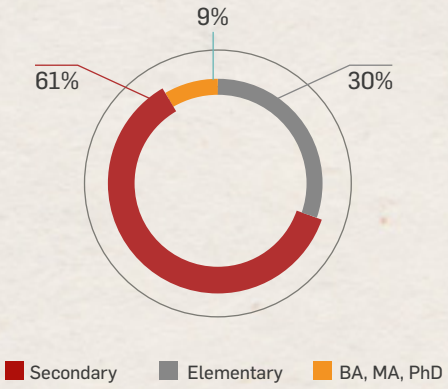


Impact Indicators

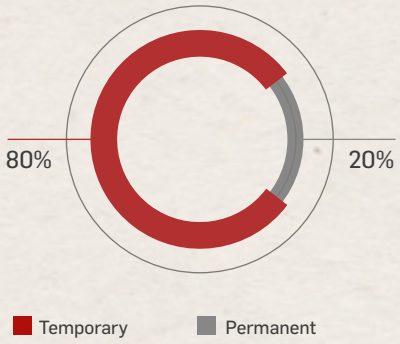
Social Impact Indicators

Agrokor Concern employees, age structure, 2010 and 2011

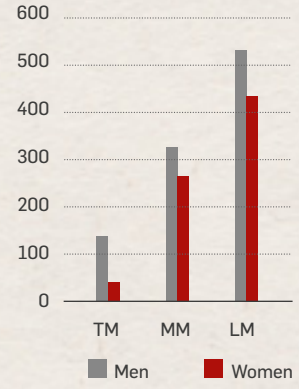
Agrokor Concern employees, education degree structure, 2010 and 2011



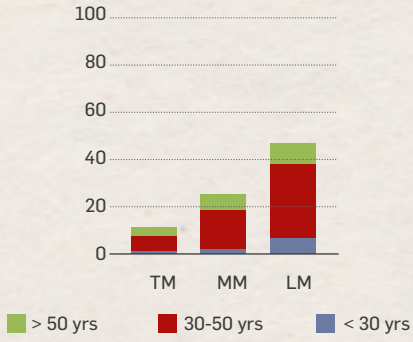
Agrokor Concern employees, shares of different employment contract types, 2010 and 2011



Management structure by gender 2011



Management age structure 2011



TM = Top Management, MM = Midle management, LM = Light Management

Impact Indicators

Social Impact Indicators

The staff turnover rate

The staff turnover rate calculated according to the requirements of the GRI reporting standards includes all employees who left the Concern during the observed period. As the activities performed by Concern's companies are largely dependent on seasonal labor, we believe the true indicator of turnover is the indicator that shows turnover rates for employees under permanent employment contracts, which is why that rate is stated separately below.

Business group / year	2010	2011
Food	27.28	25.26
Agriculture	31.45	35.07
Retail	16.87	16.83

In 2010, we maintained the 2009 turnover rate (21.76). In 2011, it significantly decreased, to 15.99. Compared to 2009, the turnover rate of retail employees was reduced from 25.16 to 16.83. 75.58% of all departures pertain to employees under temporary employment contracts; the average turnover rate of permanent employees was 8.89 in 2010, but was reduced to 7.82 in 2011.

The turnover rates are mostly affected by seasonal employment, which is why employees (both male and female) under temporary employment contracts account for most departures. The greatest need for seasonal employment arises during agricultural activities and during the shopping seasons commonly associated with holidays. The annual number of seasonal employees in the Concern ranges between 1830 and 1960. It is the seasonality of our business in the areas of agriculture, food and beverage production and retail that equally affects the ratio between the overall turnover rates of men (21.27) and women (21.70) in the Concern.

Employees under permanent employment contracts above the age of 50 mostly leave the company to retire. Our companies comply with all rights and obligations under collective bargaining agreements and the labor laws of the countries in which we operate, while timely information and advice provide support to our employees who are approaching the end of their working lives.

Impact Indicators

Social Impact Indicators

Agrokor Concern employees, seasonal employment, 2010 and 2011

Sex/Employment contract type	2010		2011		2010		2011	
Age	Men	Women	Men	Women	Permanent	Temporary	Permanent	Temporary
< 30	58.72	43.7	54.61	37.76	11.54	90.99	6.71	89.51
30 - 50	21.29	18.63	18.88	17.96	6.29	70	5.5	78.08
> 50	26.26	26.04	19.15	18.97	21.11	70	10.25	93.76

Turnover rate across the Concern, 2010 and 2011

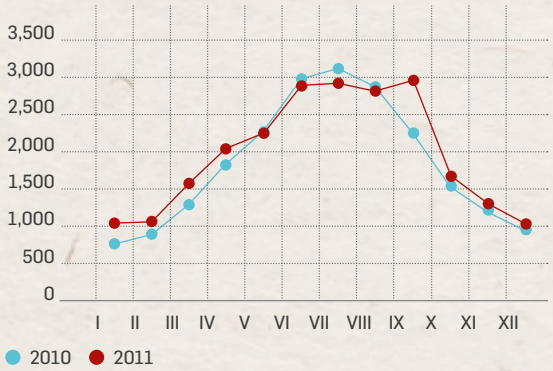
2010	Men	Women	Permanent contract	Temporary contract	Men	Women	Permanent contract	Temporary contract	Men	Women	Permanent contract	Temporary contract
< 30	50.20	40.91	5.54	86.79	45.96	25.16	13.97	68.33	30.50	16.49	7.59	28.07
30-50	16.26	14.45	3.89	78.47	21.86	18.28	6.31	68.89	23.24	11.74	17.44	31.23
> 50	23.88	24.58	19.83	87.22	9.32	12.33	6.42	44.78	14.44	11.16	10.22	42.42
	Croatia				Serbia				Bosnia and Herzegovina			
2011	Men	Women	Permanent contract	Temporary contract	Men	Women	Permanent contract	Temporary contract	Men	Women	Permanent contract	Temporary contract
< 30	66.94	46.62	5.51	87.20	44.17	36.98	10.02	86.61	20.72	9.40	6.24	23.17
30-50	17.45	17.15	4.48	79.30	20.40	23.33	5.29	81.31	28.68	15.52	15.73	58.55
> 50	20.28	19.73	10.49	88.02	12.83	18.91	6.99	89.33	20.99	12.23	14.10	57.14

Impact Indicators

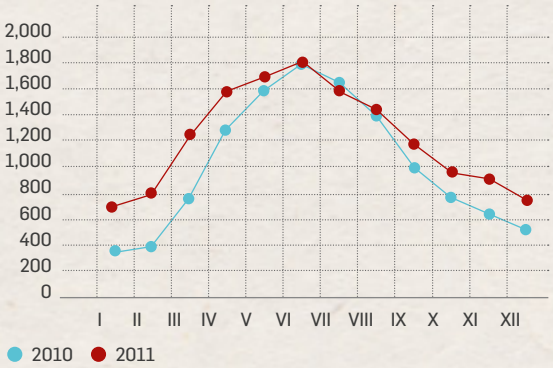
Social Impact Indicators

Agrokor Concern employees, seasonal employment, 2010 and 2011

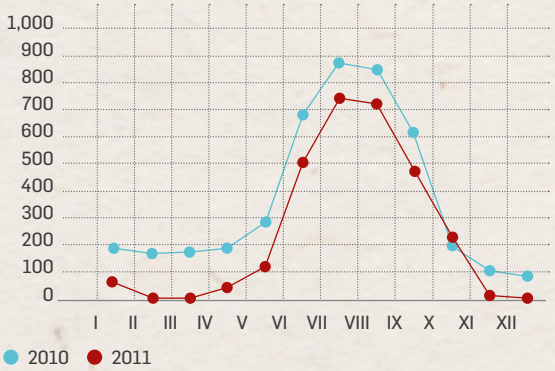
Seasonaal employment 2010 and 2011



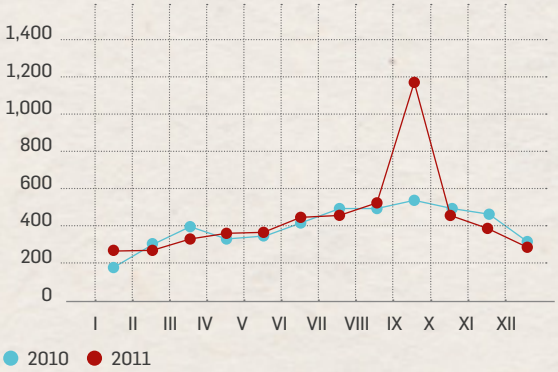
Business Group Food 2010 and 2011



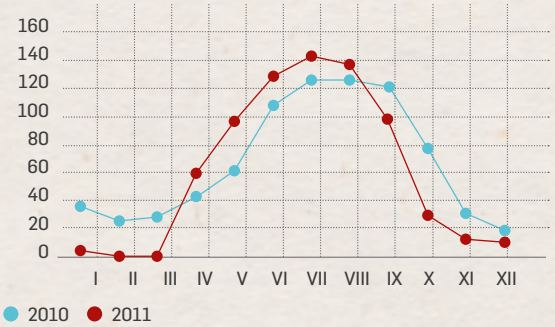
Business Group Retail 2010 and 2011



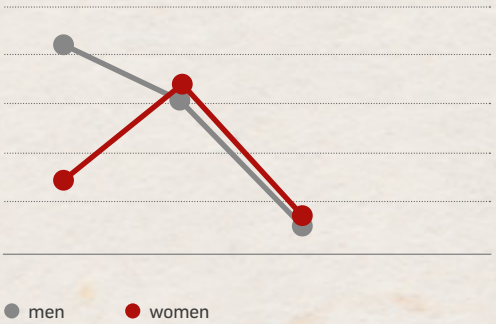
Business Group Agriculture 2010 and 2011



Other Businesses 2010 and 2011



Seasonal employeese by Gender



Impact Indicators

Social Impact Indicators

The Agrokor Concern continually employs and enables the development of young highly educated people and employs specialists and experts in all areas of business.

In 2011, we launched a campaign titled "Work to Combat Crisis''. On 16 March 2011, certain companies within the Concern (Konzum, Jamnica, Ledo, Belje, PIK Vrbovec, PIK Vinkovci and Agrolaguna) announced 3-month vacancies for 1,000 young people of different professions and education levels, for candidates with no or less than a year's work experience. 15,613 candidates applied. After a selection process, 1,000 people were employed across Croatia, from Vukovar to Dubrovnik. A meeting was organized between the new employees and the Management Board and management of the Agrokor Concern headed by the Chairman of the Management Board Ivica Todorić, who said to the new employees: „People are the most valuable asset of any business, company or country. Although this is temporary employment, our greatest desire is that you use your best efforts and work hard to remain with us and achieve professional progress".

How much the opportunity meant is perhaps best illustrated by the words of young Ivana Balaban, 24, who works at SuperKonzum in Sisak: *„I come from Petrinja, where it is almost impossible to find a job. I was very happy and excited when they contacted me after my interview and said I was the one to be given an opportunity to work at Konzum among several hundred young people. I like my job at SuperKonzum in Sisak very much and I would like to remain part of this team. I have curiously explored all tasks and my new surroundings".*

At the end of 2011, 500 people employed through the campaign still worked in Concern's companies.

This is how Zvonimir Šimunović, department assistant manager, describes his working experience at Konzum after obtaining employment through this project: *"I started working at Konzum on April 4th, 2011 as the department assistant manager of Household Needs, the Party Program and the Kiosk. As of February 2012, I became the department assistant manager of Hygiene and Paper Products and Kids' World. I completed my undergraduate and graduate degree in Communications. After my schooling, I gained experience by working in the media and in PR agencies, and then I decided to register as a candidate within Agrokor's project called "work to Combat Crisis." At that point, I thought I was going to be working in the PR department, but I ended up getting a job offer within Konzum's buying department, which provided a great challenge for me. Shortly afterwards, my decision to take the job within the buying department proved to be a good one.*
Now, after just over a year and a half at Konzum, I work alongside the department manager and create business plans for our department. I do everything that is related to product offer management, price determination, project and sale management, communication with suppliers as well as operations. I hope that I will justify the trust that I have been given at Konzum in the future as well, and that I will gain the necessary skills and experience with this job to move up."

The candidate base created during the campaign is very valuable and will be used in future regular employment processes.

Impact Indicators

Social Impact Indicators

Employee Valuation

Average gross salaries in Concern's companies vary according to economic, social and other impacts in countries of operation, but are also under the influence of market averages within specific sectors such as retail and food production. The average gross monthly salaries received by Concern's employees during the reporting period were 30.98 to 47.42% higher than the average gross monthly salary in their respective countries of operation.

The salary specifying system is based on criteria set by each company that signed the Collective Bargaining Agreement concerning the terms of employment. The Collective Bargaining Agreement specifies the lowest amount of base salary determined according to the Tariff Collective Bargaining Agreement on the basis of the complexity and responsibility of activities performed by employees in normal working conditions. Our companies use a coefficient system. The classification and evaluation of specific jobs based on complexity and normal working conditions are provided in the Employment Policy of each company.

There are no difference in the rights and base salary amount between men and women, however, men do receive higher salaries on a Concern and regional basis as a result of a high share of women in retail and newsstand operations, which account for 65% of all Concern's employees (2010 – 80.89% women, 2011 – 79.48% women).

Managerial contracts lay down manager's rights, obligations and remuneration and are negotiated separately, on the basis of the present needs and market condition. It is important to mention that the average salary received by women in middle management on a Concern basis were 14% higher than those paid to men in 2010, and 10 percent higher in 2011.

According to the type of business each company conducts (food and beverage production, retail and wholesale), employee rewarding depends on business objectives achieved and the achievement of personal development goals. In addition to cash bonuses awarded for achieving extraordinary business results, there are also different forms of pecuniary and non-pecuniary bonuses: enabling professional development through additional training, providing opportunities for promotion, and other benefits (employee recreation, good healthcare, etc.).

Protecting our employees' health and safety in all segments of our business is carried out under strict supervision, certification and audits of our health & safety management system, in accordance with the standards set by our integrated management systems and laws of the countries we operate in. Maintaining occupational health is a necessary and elementary right, unquestionably required for the biological and social viability and promotion of the social community. As employers, our companies fulfill all their obligations, adopt preventive and corrective measure plans, provide regular statutory and additional training, inform their employees, and ensure that all necessary measures are undertaken to protect their health. This includes training for safe work, training for safe work for hazardous jobs, first aid training, evacuation and rescue training, fire prevention and protection training, training for saving people and property, implementing and maintaining all technical security systems, management of protective agents and equipment, regular checks and maintenance for the purpose of maintaining all technical security systems (beyond the legal requirements), etc.

Rates of injuries, occupational diseases, lost days and absences associated with workplace accidents

Agrokor Concern	Reporting period
Number of injuries*	716.5
SORM*	3.25
SPB *	0.775
SID*	91.58
SI*	4191.105
SORM muškarci*	6.105
SORM žene*	8.675

*average for the Agrokor Concern for the reporting period (planned days and hours of work)

Impact Indicators

Social Impact Indicators

Additional medical examinations, prevention and controls of risks of certain injuries or diseases are available to our employees working under special working conditions.
One event of death was recorded during the reporting period: a fatal workplace injury was sustained in August 2011 at Nova Sloga a.d. Trstenik by an electrician during the time he was on duty at the Mivela mineral water bottling plant.

During the reporting period, we achieved the objectives set in our preceding report:

Our obligations for the reporting period	Results
Building, equipping and opening a new facility for the Selection and Training Center – Konzum Academy	Konzum's Selection and Training Center was opened on 15 July 2010 and has been used by all companies within the Concern. Employee selection and training processes take place on a daily basis in our modernly equipped and attractively designed Center that stretches across almost 1,500 m^2. All activities take place in three modernly equipped modular classrooms, an amphitheater lecture room, two IT classrooms and an IT lab.
Studying the organizational climate and culture for the purpose of increasing employee satisfaction	Activities for the measurements of organizational climate and job satisfaction were undertaken in Konzum, Ledo, Dijamant, Jamnica, IDEA and Frikom.
Development of the Tisak Academy	In 2010 and 2011, the Tisak Academy continued to develop its components with a special emphasis on retail and wholesale, while intensive training sessions and communication between sectors largely contributed to sound and efficient management od sales and business processes.
Preparations for the Internal Knowledge Academy	Ledo d.d. was the first to implement the Internal Knowledge Academy project, organizing presentations and employee conventions for the purpose of learning about business processes within the company, business performance, development strategies, and novelties in business.
Introducing and implementing Talent Pool Management and Mentoring Systems in companies that do not have them in place yet	The mentoring systems within Dijamant, Frikom, Jamnica, Sarajevski Kiseljak, Konzum BiH and PIK Vrbovec were improved and upgraded, while good practices and methods of the Mentoring System and Talent Pool Management were transferred to all companies within the Concern.

Impact Indicators

Social Impact Indicators

Talent management and career development are very important to the Concern, opening room for their progression ensures a better future, further progress and development of our companies. Identifying, developing and guiding potentials and talents ensures that the right people are in the key positions within the Concern, while our career monitoring and planning systems provide ample opportunities not only for vertical and horizontal advancement within a company, but also in different industries and countries.

We implemented our good mentoring and talent management practices in the companies that had not used them for the purpose of enabling our employees business and individual development. To provide career support to individuals by transferring organizational competences and values, we improved and upgraded the mentoring systems within Dijamant, Frikom, Jamnica, Sarajevski kiseljak, Konzum BiH and PIK Vrbovec. Activities for the measurements of organizational climate and job satisfaction were undertaken in Konzum, Ledo, Dijamant, Jamnica, IDEA and Frikom. In Konzum, we conducted an organizational climate and job satisfaction survey among all employees, which was determined to be a tool that would from then on be used once a year. The key dimensions measured by the survey relate to surveying employees' opinions regarding corporate culture, internal communication and organization, views concerning changes and innovations, opportunities to learn and develop, relationships with superiors, subordinates and interpersonal relationships in general, the bonus system, the working environment, and the balance between work and life.

Frikom and IDEA conducted organizational climate and culture surveys. IDEA conducted it survey across the company, per organizational sector, each of the key business sectors (retail and wholesale), and for education level of employees. The results of the survey and due diligence clearly showed the present cultures and subcultures, dominant team and individual styles within the company, organizational values, expectations, performance and orientations. The development of an ideal culture resulted in strategic plans and activities in all business segments so that we could come as close as possible to such ideal projection and thus ensure employee performance and satisfaction and future business success of the companies. The projects and action plans developed according to the survey results will be implemented in 2012 and 2013, while the next due diligence task is scheduled for 2014.

Investing in New Knowledge and Ongoing Training

Employee training is based on a career planning system and is provided using external and internal training sources and enabling further training in the country and abroad. We thus enable promotion and development within the Concern and acquiring new skills and knowledge, and promote a lifelong learning culture. Agrokor's training and education systems, a notable increase in interest in training, the results achieved and development of the Academies are investments we expect to yield long-term results. We plan to continue our intensive work on the planning, designing and implementing programs that will ensure that our employees relevant to the achievement of strategic and business objectives are continuously trained in a timely manner. One of Concern's greatest advantages is the speed of transferring knowledge and information, while our internal trainers' work and development in all areas are among our key guidelines and activities.

Average annual number of training hours per employee by employee category

LA 10	2010		2011	
	Training hours	LA 10	Training hours	LA 10
Senior management	6,270	31.67	3,936	18.83
Middle management	15,968	27.67	13,414	22.10
Junior management	24,768	21.94	23,648	19.16
Employees	323,759	10.23	339,089	10.34

In 2011, the Agrokor Concern recorded 53,040 participants in internal and external training programs, while the number of participants in 2010 was 30,312. The average share of senior management in training is 1.75%, middle management's share is 5%, junior management accounts for 6.62%, while the rest of the employees participate with 86.75 percent. By cooperating with educational and other institutions, Agrokor continues to support an active employment policy and a society of knowledge.

Impact Indicators

Social Impact Indicators

According to our established practices, the academies within the Agrokor Concern responded to the needs of business and development of key employees in this reporting period. The present role of the academies is not merely to provide training programs and ensure the use of the most recent knowledge, but also to set new and higher standards in process and resource management, change management and implementation, and generating individual knowledge on a company level.

Our Agro Academy, intended for employees of Concern's agricultural companies, but also for our suppliers and all interested institutions, started to operate in the second half of 2011.

The basic objectives of the Agro Academy are: organize and implement high-quality professional training in the area of agriculture, constantly improve and expand knowledge in the area of agriculture, convey the best local and global practices, convey knowledge and skills with regard to the implementation and use of state-of-the-art technologies in agriculture, and present and implement top achievements and highest standards in agricultural production.

Agro Academy's target groups are employees of Agrokor Concern's agricultural companies, suppliers and other partners in agriculture, members of the Croatian Chamber of Agriculture (farmers associations, agricultural estates), representatives of agricultural corporations, and agricultural education institutions.

Our practical and theoretical training programs in the areas of farming and machinery, cattle farming, and vegetable and fruit growing are provided by Agrokor's top experts in agriculture, renowned experts from local and international agricultural institutions. The Agro Academy enables learning about innovations, latest trends, best practices in agricultural production, and their practical use in farming, cattle breeding, and vegetable and fruit growing.

Training our employees and suppliers on landmine hazards is one of the most important projects of the Agro Academy. On 20 December 2011, an agreement was signed at the Special Police Home in Zagreb for the implementation of a project to train and inform employees and suppliers of Agrokor Concern's companies (Belje d.d., Vupik d.d. and PIK Vinkovci d.d.) on landmine risks. The agreement was signed by Damir Kuštrak, Agrokor's Executive Vice President for Export Markets, and Đurđa Adlešić, Director of the Foundation for the Humanitarian De-mining of Croatia ''Mine-Free Croatia''.

The project was launched to educate and inform citizens on mine hazards, but also to instruct residents of rural areas how to react in case a mine is found, who to inform, and how to protect oneself in such situations.

Konzum Selection and Training Center

One of the goals set for the reporting period was to open the Konzum Selection and Training Center. The center was opened on 15 July 2010 and is used by all Concern's companies. Selections and trainings for employees within the system are carried out on a daily basis in the modernly equipped and attractively designed Center stretching across almost 1,500 m^2. All activities are conducted in three modernly equipped classrooms, an amphitheater lecture room, two IT classrooms and an IT lab. Since the opening of the Center, over 7,500 persons passed the selection process and over 750 training sessions were held for over 10,000 Konzum's employees. The Konzum Academy thus provided exceptional benefits to the company: the first part of the new ERP with Oracle Retail modules as implemented, the KAIZEN operating method was introduced in stores and warehouses, wireless Wi-Fi scanners are now used in stores, operation of fresh product departments was standardized in all stores, and HACCP and ISO 14001 standard were implemented in all stores.

Kaizen is a working philosophy focused on ongoing improvement of al processes within a company. Kaizen means ''a change for the better'' in Japanese. Konzum launched its Kaizen implementation

Impact Indicators

Social Impact Indicators

process with the Kaizen Institute consultancy group for the purpose of maximizing its efficiency and optimizing its processes in its daily operations. According to this philosophy, all these processes are divided into their tiniest fragments to see what is really necessary in the process, and what could be eliminated or improved. The objective is to maximize all processes by eliminating losses previously incurred in the process, which results in better time management and better work organization. This is achieved by using several elements, the most important of them being sorting, cleaning, storage, standardization and visual communication that additionally emphasizes and reminds of all relevant process phases and that everything in the process has its place.

Using the Kaizen philosophy, Konzum launched three projects in mid-2011:

- replenishing Packaged Food and Nonfood 1 at Super Konzum 220, Oporovečka
- Fruits and Vegetables Department at Super Konzum 208, Velika Gorica
- Fruits and Vegetables Warehouse in Warehouse H1, Zagreb.

As of September 2011, daily Kaizen activities were conducted across the retail network and in all warehouses. Further implementation of the Kaizen project provides for further implementation of daily Kaizen in retail and warehouses, which will contribute to further improvement of working processes. The planned activities include:

- implementation of retail projects in all Super Konzum stores in Croatia,
- implementation of the fruits and vegetables project in Warehouse H1 in all other fruits and vegetables warehouses in Croatia,
- extension of daily Kaizen in retail and warehouses – further process improvement.

All these projects aim to raise awareness of what creates value added in a company and its customers by eliminating all inefficiencies. Kaizen would therefore be best defined as a new operating method in Konzum that has brought changes in existing opinions, involvement of the entire team, different work ethics, on-the-spot resolution of problems, and efforts to achieve ongoing progress.

Tisak Academy

In 2010 and 2011, the Tisak Academy continued to develop its constituents (TisakMANAGER, EXPERTisak), with a special emphasis on retail and wholesale (MOSTisak). Intensive trainings and inter-sector communication largely contributed to efficient sales and business process management for the purpose of increasing sales, performance and competitive advantages of Tisak and Tisak media. In retail, the focus was on sales skills, active sales, a unified service for customers across all regions, introducing new work processes and procedures, and knowledge of legislation, and these programs duly followed TIsak's new services and the associated modern technologies. This resulted in Tisak's and Tisak Media's distinctiveness among customers because of service quality and professional and informed sales staff that is in contact with customers.
In 2010, training was provided to 3,435 people within the Tisak and Tisak Media system and to 4,880 in 2011.

Ledo d.d. launched the Internal Knowledge Academy project, which organizes presentations and employee conventions for the purpose of learning about business processes within the company, business results, development strategies and novelties in business. The Internal Knowledge Academy aims to enhance employee networking within the company and to create internal networking on all levels, develop employees based on best internal practices and experience, inform employees, teach them about processes and issues in other sectors/departments, exchange experience, allow proposals and involvement in processes, develop Ledo competences, develop internal communication using the Intranet, develop internal trainers, enhance the understanding of the importance of all functions and position within the company, and to provide information on different aspects and diverse contents that encourage creative thinking and is a condition precedent to creating a learning organization culture.

Impact Indicators

Social Impact Indicators

No events of child and/or forced labor were recorded during the reporting period in any of the countries or territories where we operate.

At the same time, the Concern cooperates with institutions across the region on professional training and practical work for secondary school and university students in order for them to acquire timely and specific knowledge in our companies, which greatly contribute to their future with their technology, experience, professionals and mentors.

During the reporting period, our companies employed 323 disabled persons, accounting for 0.8% of all employees. In 2006, Zvijezda d.d. launched a project for the employment and mentoring of disabled persons in cooperation with the Inkluzija association. These are persons with serious mental difficulties who work ancillary jobs. In 2011, Zvijezda received a ''Crucial Difference'' award in the disabled persons' equality category. Nine persons with serious mental difficulties have been employed through the project so far.

Employee Care and Cooperation with Unions

Agrokor Concern's social partnership with unions and their representatives in our companies is on a high level. We regularly conduct dialogs with union representatives in all countries where we operate, and special attention is focused on meeting the prerequisites and undertaking measures to duly adjust and apply the provisions of collective bargaining agreements, employment policies, and other regulations and internal documents pertaining to labor-law status, employment rights and obligations and working conditions. The unions are regularly informed of all important decisions and business results and Agrokor continues to implement its longstanding strategy of supporting union initiatives, humanitarian campaigns and organizations, and educational and sporting events. We act together in a timely and preventive manner and, in case of any outstanding issues, we use mutual dialog to come to rational and mutually acceptable solutions.

As a company that operates on the regional market and other markets, we also exercise our social responsibility by providing all available forms of protecting the economic and social rights of our employees, preventing all forms of harassment and discrimination in the area of labor, labor relations and employment. Using the statutory obligations of an employer as a baseline and ensuring that all aspect of providing appropriate working conditions are covered for the purpose of enhancing prevention, we intend to provide additional training for persons authorized by their employers to monitor the protection of employee dignity in all companies within the Concern.

The terms and conditions of the Collective Bargaining Agreement are more favorable than those imposed by the Labor Act, especially with respect to overtime, annual holiday, allowances, severance pay, transport costs, health insurance and healthcare, special benefits, holiday allowance, Easter Bonus, Christmas Bonus, children's gifts, etc.

Impact Indicators

Social Impact Indicators

The substantive rights of Agrokor Concern's employees in excess of those required by law, as agreed in the collective bargaining agreements of the respective companies, are: recognition of service continuity within the Concern as a condition precedent to acquiring certain employee rights; supplemental private health insurance at the expense of the employer; protection of employees with impaired working capacity required by collective bargaining agreements; special allowances and bonuses for overtime, night shift, work on holidays, two-shift work, work on Sundays, work in locations with aggravated working conditions; the number of annual holiday days exceeds that required by law; aid for holiday expenses – holiday allowance; a reward for 10 years of service in the company, followed by a reward every five years; Christmas Bonus, Easter Bonus, gifts for employees' children (on holidays and other occasions), solidarity (additional aid is granted to employees or their families in case of employee's or his/her spouse's or underage child's death, in case of parent's death, employee's serious disability, in case of temporary inability to work in excess of 90 days, while the children of an employee who dies on duty receive monthly aid until they complete their secondary education).

The collective bargaining agreements included 28,820 employees (82.95%) in 2010 and 33,880 (91.83%) in 2011. Management is not included in the collective bargaining agreements.

Signatories to collective bargaining agreements:
2010.: *Agroperada, Agrolaguna, Ledo, Jamnica, Zvijezda, PIK Vrbovec, Belje, Solana, Sojara, Mladina, Irida, PIK Vinkovci, Konzum, Tisak, Slobodna Dalmacija, Znanje, Vupik, Konzum -Sarajevo, Sarajevski Kiseljak, Frikom, Dijamant, Nova Sloga, Kikindski mlin;*
2011.: *Agroperada, Agrolaguna, Ledo, Jamnica, Zvijezda, PIK Vrbovec, Belje, Solana, Sojara, Mladina, Irida, PIK Vinkovci, Konzum, Tisak, Slobodna Dalmacija, Znanje, Vupik, Konzum -Sarajevo, Sarajevski Kiseljak, Frikom, Dijamant, Dijamant-Agrar, Nova Sloga, Kikindski mlin, Idea.*

A list of major unions operating within Agrokor is provided in *Appendix 1.*

Investing in the Community

In line with its socially responsible business policy that has been implemented for years, Agrokor continued to support a number of sport clubs, cultural institutions, local associations and individual projects improving community development in different segments. In addition to the projects and organizations it continuously supports, in 2011 Agrokor included in its strategy of supporting socially responsible projects some new ones, where it recognized value added. The most substantial sponsorships and donations during the reporting period were provided for the purpose of preserving cultural heritage, stimulating humanitarian projects, supporting ethnic minority associations, rewarding sport success, and distributing knowledge and experience by financing scientific and professional conferences.

Having regard for cultural heritage protection, Agrokor sponsored cultural projects such as the Boat Race on Neretva, Dubrovnik Summer Games, Vinkovci Autumns and the Kajkavian Culture Week. Donations were made to the Croatian Village Singing Society Šestine and the Culture & Art Association „Prigorski dan". In addition, a contribution was made to help scientific institutions on the occasion of the 150th anniversary of the Croatian Academy of Sciences and Arts.

Agrokor and the rest of the companies within the Concern recognized the importance and value of helping those who need it the most, so this year was marked by numerous humanitarian donations such as those made to the Hrabri telefon association, the University Hospital Centers Dubrava and Osijek, and the Clinic for Women's Diseases and Obstetrics Petrova. In addition, Agrokor joined the Pride of Croatia project as a partner, the project aiming to draw attention to people who have demonstrated great courage, humanity and honesty in difficult and dangerous situations.

Agrokor's most important sponsorships include those encouraging the understanding and preservation of social values and acceptance of ethnic minorities. Such sponsorships include support provided to the Croatian Helsinki Committee for Human

Impact Indicators

Social Impact Indicators

Rights, the Croatian Hunting Association, the Croatian Society of Victimology, the Community and Association of Roma, and the Jewish Cultural Scene Bejahad. In addition to these donations, Agrokor funded the celebration of the 20th anniversary of many Homeland War veteran associations. In 2011, substantial funds were donated to stimulate the development of small localities such as the Municipality of Rogoznica in Šibenik-Knin County and cities like Vukovar and Knin.

Agrokor's major brands have traditionally supported some of the most popular sports in Croatia, so our cooperation with the Croatian Handball Federation, Croatian Football Federation, and the Croatian Chess Federation continued in this year. In addition to these federations, sponsorships were provided to may important sport clubs in Croatia and the region such as the Dinamo and Hajduk football clubs, Zagreb, Šibenik and Gospić basketball clubs, and the Medveščak ice hockey club.

Scientific conventions and trade conferences were identified as an important factor in the development and progress of the entire society with respect to conveying information and new knowledge. This is why Agrokor supported many trade and scientific conventions such as the European Strategy Forum, Southeast Management Forum, Great Plans Day, Annual Conference of the Croatian Public Relations Association, the Hoteliers Congress in Zagreb, and the FMCG & Retail Conference.

To encourage scientific development, Agrokor once again supplied a cash award for a competition launched by the Faculty of Electrical Engineering and Computing for a concept of a product interesting to the general public, and made a donation for ''The Challenges of Europe'' conference organized by the Faculty of Economics in Split and Ruđer Bošković's memorial.

The socially responsible objective the Agrokor Concern strives to attain is a better future for the entire society in which it operates, so it will continue to act in the same direction in the next period by stimulating and supporting different segments of social life.

Konzum in the Community

For the purpose of improving the retail trade and making its contribution to the education of young salespersons, Agrokor started to intensively cooperate with secondary schools for salespersons in Croatia and the Agency for Vocational Education and Training and Adult Education. In 2011, Konzum donated equipment for six secondary schools for salespersons in Zagreb, Bjelovar, Rijeka, Osijek, Split and Dubrovnik to improve the practical part of teaching in a safe environment. The donated equipment includes cash registers and counters, shelves for fruits and vegetables, bread and rolls and packaged food shelves, delicacy displays, baskets and shopping carts. By donating this equipment, but also by conveying its own knowledge and experience, aims to contribute to quality education and preparation of students of secondary schools for salespersons for work in retail.

Combining its cooperation with vocational schools and the relevant Agency with activities within the Konzum Academy in staff selection and training, Konzum contributes to better education of young salespersons who are also potential candidates for jobs in Konzum because we believe people are a key factor of our success.

In 2011, the principals of the abovementioned vocational schools and teachers of vocational classes visited Konzum's logistic & distribution center to learn about the processes and technologies we use in our business. A training session was organized for teachers in the modernly equipped Konzum Academy to teach them proper use of all donated equipment and the processes used in Konzum's stores, reflecting the best global practices.

Konzum has also continuously supported national competitions for senior students of secondary schools for salespersons, emphasizing the importance of tis vocation for the future of the Croatian economy. In addition to various multimedia lectures and round tables with relevant topics, Konzum presents its retail practices in line with the most modern global business practices and rewards the best students.

Impact Indicators

Social Impact Indicators

Konzum's projects such as playground opening, donating equipment to educational and other institutions, sponsoring successful Croatian national and local sport clubs, athletes and sporting events are part of our socially responsible business policy. Konzum also helps numerous Croatian families, charity foundations and institutions by donating the needed food and clothing, and by providing financial or education aid to those who need it the most. Children and young people have always been in Konzum's focus, as confirmed by the recently reactivated project "Let's Put Children Back on the Playgrounds".

The "Let's Put Children Back on the Playgrounds" Project

The "Let's Put Children Back on the Playgrounds" project was launched a few years ago when 20 playgrounds were reconstructed or built in Zagreb, Zadar and Lovran. The project aims to build and reconstruct new children's playground, thus providing safe havens for all children across Croatian to play in. In 2011, Konzum continued with the project and reconstructed or built seven more playgrounds in Velika Gorica, Varaždin, Osijek, Šibenik, Krk, Poreč and Sesvete. City administrations propose publicly available areas for the construction of new playground facilities or reconstruction of existing ones that need reconstruction. Such playground projects and their equipment are adapted to children at each location and allow all children to play, develop their motor skills and spend time together, while a part of each playground has special equipment for disabled children. Installed playing equipment is accompanied by the renovation of the entire municipal equipment, supply of waste baskets and landscaping. In cooperation with cities, Konzum thus contributes to improving the quality of life in local communities. All children's playgrounds included in the project are equipped in cooperation with local manufacturers of playground equipment. A mandatory safety zone is located below each device (swings, seesaws, slides, combined devices), i.e. a special anti-traumatic and anti-stress surface that absorbs falls and mitigates injuries and each piece of playground equipment

Impact Indicators

Social Impact Indicators

is in compliance with the highest safety, quality, design and environmental standards.
The project promotes and emphasizes the importance of spending time outdoors, paying sports and spending quality time with playmates of the same age as prerequisites for a happy childhood. With its "Let's Put Children Back on the Playgrounds" project, Konzum actively lives the roles of a responsible corporation in the greater community as the best way of expressing our gratitude to our customers, but also to maintain effective cooperation with cities and local communities and make long-term investments in entire community's quality of life.

Computers for Schools
As part of its ongoing initiative titled "Computers for Schools", Konzum has donated over 1,000 computers to primary schools across Croatia. As part of its "Konzum to Children..." initiative implemented in Osijek, Rijeka, Split, Šibenik-Knin County and Varaždin County and during the opening ceremonies of new Super Konzum stores, numerous computers were distributed that directly affected the quality of education provided to Croatian primary school students. The project is also important with regard to investing in knowledge and skills of future generations, as computer literacy and knowledge of at least one foreign language are key requirements for future employment.

Sport Sponsorships
Konzum has been a sponsor to Croatian sports and national teams for years. As a leading Croatian retail chain, we aim to contribute to the development of Croatian sport because it is the sport and Croatian athletes' successes that made Croatia well known across the world. Konzum is a sponsor to football clubs and the Croatian national football, handball, basketball and ice hockey teams, as well as associated sporting events on local and national levels.

Humanitarian projects implemented in cooperation with business partners
In 2010, Konzum, Henkel Croatia and the charity foundation "RTL Helps Children" jointly launched a project called „A Corner for a Moment of Music". The project was designed as a competition intended for all kindergartens in the country and children attending them that submit their proposals for lyrics. According to jury's decision, the best 30 songs are rewarded with a music corner – a set of carefully selected children's didactic instruments. The project „A Corner for a Moment of Music" intended to encourage creativity in kindergarten children using different forms of expression and was implemented with consent of the Ministry of Science, Education and Sport.
In 2010, Konzum and Procter & Gamble launched a humanitarian campaign called "Butterfly Children Need Their Wings". The purpose of the project was to procure equipment necessary to help the Debra association that assists children suffering from epidermolysis bullosa and their parents. The funds raised within the project were used to purchase a new car for Association's needs and an additional rehabilitation week and summer holiday were provided for all patients. Epidermolysis bullosa is a serious genetic disease resulting in fragile and vulnerable skin, like the wings of a butterfly, which is why a simple touch can hurt and cause damage to butterfly children. The daily routine of such patients involves new wounds, new dressings, constant pain, surgical procedures, constant dependence on and help, care and accompaniment of other people, which affects the whole family. There are over 50 families in Croatia whose members are affected by this disease; according to statistics, there is one butterfly child in every 17 thousand newborns. This initiative of Konzum and Procter & Gamble provides a small contribution to the activities of the Debra association and help for the patients.

In late 2011, Henkel and Konzum launched a project for donating seedlings to forest the island of Brač on the occasion of the International Year of Forests. The project was endorsed by the Ministry of Regional Development, Forestry and Water Management and Hrvatske šume that will be the implementer of the foresting project on Brač. The project provides for the purchase of 10,000 seedlings and reforesting the fire-devastated area on the island of Brač damaged in a fire in the summer of 2011, when over 5,000 hectares of Brač forests disappeared in the fire.

Impact Indicators

Social Impact Indicators

As an example of activities supported by Konzum, below is a list of some specific investment in 2010 and 2011 for each strategic component::

CHILDREN AND YOUNG PEOPLE

- construction of seven children's playground in Velika Gorica, Varaždin, Osijek, Šibenik, Krk, Poreč and Sesvete
- equipping 30 kindergartens with a music corner within a joint project of Konzum, Henkel Croatia and the "RTL Helps Children" charity foundation
- purchasing equipment to help the Debra association and provide rehabilitation summer holidays for Association's patients
- a donation to the Humanitarian Foundation for the Children of Croatia, intended for the children of poor families across Croatia
- a donation of a medical device for monitoring vital functions in children and infants to the University Hospital Center Osijek, Pediatrics Clinic
- a donation for nine primary schools in Sesvete to purchase schools equipment for all first graders in Sesvete in 2011
- a donation to the "A Drop for a Waterfall" foundation to help families with disabled children
- a donation to Hvidra Split for seriously ill children of disabled ware veterans, 2010
- a donation to the Imotski Association for Disabled Children for sick children of disabled war veterans
- sponsoring the humanitarian "Happy Childhood Ball" (UNICEF), 2010
- sponsoring the humanitarian dinner "First 3 Are the Most Important" (UNICEF), 2011
- sponsoring the „Jadera 2010" children festival in Zadar, 2010
- a donation of 15 computers to primary schools in Ivanić Grad, 2010
- a donation of 10 computers for primary school in Brckovljani, 2010
- a donation to the Association for Helping Children with Malignant Diseases, 2010
- a donation to the Association for Disabled Persons, 2010

ECOLOGY

- sponsoring the Green City Project, 2010
- a donation for the environmental project "50 Days of Biodiversity", 2010
- a donation for the international scientific symposium "Development and Environment", 2011
- a sponsorship project in cooperation with Henkel, foresting the fire-devastated part of the island of Brač, 2011

CULTURAL HERITAGE PROTECTION

- sponsoring the Rijeka Carnival, 2010
- sponsoring the Samobor Carnival, 2011
- sponsoring the 40th International Senj Carnival, 2011

SPORTS

- sponsor to the Croatian Football Federation, 2010 and 2011
- sponsor to the NK Dinamo club, 2010
- sponsor to NK Hajduk
- general sponsor to the GNK Dinamo club, 2011
- sponsor to the KHL Medveščak ice hockey club, 2011
- sponsor to the ATP tennis tournament in Umag, 2010 and 2011
- sponsor to the Jolly-JBS Šibenik women's basketball club, 2010 and 2011
- sponsor to NK Šibenik, 2010 and 2011
- sponsor to the humanitarian event Aces Grand Slam, 2010
- sponsor to the Croatian Rowing Club Vukovar, 2010 and 2011
- sponsor to the 19th Croatia Karate Cup, 2010
- sponsor to the Krk Auto Club, 2010
- sponsor to NK Krk, 2011
- sponsor to the ORC World Championship, 2011

THE MOST ENDANGERED SEGMENT OF SOCIETY – aid in food and necessities

- a donation of packages for flood-endangered families around Slavonski Brod, 2010
- a donation for flood-affected residents of the Municipality of Novo Čiče near Velika Gorica, 2010
- a donation to the Osijek Social Welfare Center for 10 socially endangered families, 2011

Impact Indicators

Social Impact Indicators

Product Responsibility – PR and FP Indicators

Nutritive quality of food

Research & development activities in Agrokor Concern's companies are constantly focused on developing new products and improving existing ones in line with the latest achievements in the area of nutrition and food technologies, nutrition trends and regulatory agencies' recommendations, primarily those provided by the European Food Safety Authority (EFSA) and the Ministry of Health and Social Welfare of the Republic of Croatia.
Our R&D activities result in products with improved characteristics in light of new achievements in developing ingredients and production technology. On a corporate level, we are focused on identifying benefits to our customers' health and their conversion into solutions we offer with new and improved products – whether by reducing the content of ingredients such as saturated fats, sugars and salts, or by adding beneficial functional ingredients such as omega-3 fatty acids, vitamins and minerals.
In addition, we ensure that our products are properly and clearly labeled with respect to their nutritional content, thus actively participating in the planning of a superbly-tasting, healthy, nutritionally balanced meal.

Life cycle phases assessed for improvement of product and service impacts on health and safety and percentage of important product and service categories subjected to such procedures

Ensuring product quality and safety is a primary task in all Agrokor Concern's companies. All production process phases, from input to the finished product on a shelf, are included in our quality management systems ensuring safety, declared quality and conformity to regulatory requirements. A list of certified systems for all companies included in this report is provided in Appendix 2. Our quality assurance systems are in conformity to international and ISO standards and are fully transparent, which is ensured by regular periodic audits conducted by independent certifying firms.

To ensure food safety, we use internationally recognized HACCP (Hazard Analysis and Critical Control Point) systems to identify, assess and control potential risks preventively, using science-based methods. These systems cover the entire production process, including raw materials, product development, logistic chain, returns and waste management.

Being committed to ensuring the highest quality standards by using the required norms and constantly improving our quality standards is expected of all our employees, starting with management, across the system and on all business levels. We also convey our quality standards to our business partners that we expect to provide the same quality levels and constantly ensure the compliance with the required standards. Using the modern *farm to table* concept, Concern's companies are able to monitor their product in all business phases, thus fully complying with the global trends in food production and meeting the European standards.

Agrokor's companies manage their risks by identifying and constantly monitoring new risks in their business and changes in the environment, which is one of the key tools for successfully maintaining the safety of all processes. Our staff training provides better understanding of food safety, which is a crucial requirement for its long-term maintenance. We constantly implement new quality management knowledge and techniques and monitor best global practices in cooperation with world's leading institutions in the area (Campdent&Chorleywood - Food Research Association Group).

During the reporting period, there were no relevant complaints with respect to complying with and adhering to the relevant standards for monitoring products and services through all phases of their life cycles with regard to their impact on health and safety.

We would like to underline that Konzum rigorously checks its product range and quality control is exercised at all stages of production, distribution and storage. We therefore provide our customers with quality, controlled origin and the highest level

of safety and hygiene. We also regularly (several times a year) have all Konzum store brand products tested by certified specialized laboratories and by our own laboratory.

Type of product and service information required by organizational procedures and percentage of significant products and services subject to such information requirements

All companies within the Concern use national rules and laws in product labeling, while Concern's central departments supervise the compliance with regulations and internal written and unwritten rules and codes. The manufacturer is responsible for ensuring that all information on all products is accurate and in compliance with both national regulations and international rules and internal codes of each company. Each company within the Agrokor Concern has defined processes and procedures for all business activities as part of its certified management system. This has enhanced product distinctiveness and trust in in their quality, resulting in a loyal customer base and high market shares held by such products compared to their competition.

To inform each customer about a product and facilitate purchase decisions, we find it important to provide information in addition to that specified on the packaging (required by laws and ordinances). For this purpose, we prepare supporting marketing materials – brochures, leaflets, posters and printed TV and radio ads – and organize product promotions and tastings in our stores.

Products with improved nutritional composition
Fats – content and quality

Fats are an important part of a healthy diet, necessary for normal functioning of he organism. However, one should mind the composition and type of fats we consume and the total energy value of each meal. In this segment, we aim to direct our customers to healthier dietary habits toward achieving the objective – prevention through proper diet. For example, Zvijezda and Agrolaguna offer their consumers several types of premium olive oils rich in unsaturated fats with health benefits. Furthermore, Zvijezda and Dijamant offer their consumers and range of light products with lower calorie contents, and we would further highlight the example of Zvijezda margarines, where fat contents across the spreadable margarine category were reduced by approximately 12% between 2008 and 2011. Spreadable margarine sales account for 17 percent of Zvijezda's total sales. We should also underscore that none of the margarines and margarine spreads produced by Zvijezda and Dijamant have contained any trans fats since 2007.

Meat products are an important source of protein in diet, but they also result in the intake of saturated fats into the organism. This is why our PIK Vrbovec meat industry is committed to improving this aspect of nutritional quality. There are endless examples of reduced fat contents in meat products, so we will only highlight a few. The fat content in durable sausages, which account for 12% of PIK Vrbovec's total sales, was reduced by 5% since 2007, with a parallel increase in meat content. In certain products within the durable sausage group, the fat content reduction ranges between 15 and 20 percent. The saturated fat content in wurst and frankfurters (6% of sales) was reduced by around 30% between 2009 and 2011 and its energy value was reduced by approximately the same percentage.

Lower sugar and salt content

Lowering the salt content is an important factor in improving the nutritional composition of all industrial products, which is also the most effective way of reducing excessive salt intake through food. However, the role of salt in products is multiple – salt significantly affects the taste and also has an important role in product quality preservation, so reducing salt content in products is a highly complex development task. PIK Durable Sausages are an example of reduced salt content in our products – the content of salt in them has been systematically reduced since 2006 and significant progress has been achieved to date, with reduction rates of 8 to 16%.

In modern man's diet, sugar is often excessively present, which is why its intake needs to be

Impact Indicators

Social Impact Indicators

controlled. Jamnica's product range offers another example of products that offer both great pleasure and health care – its flavored spring and mineral waters, juices, ice teas and sport isotonic drinks have low sugar contents and are listed as low-calorie products according to the applicable regulations of the Republic of Croatia. The share of these products in Jamnica's sales is around 10%.

Products with additional functional ingredients

Omega-3 fatty acids are an example of healthy fats – they are nutrients beneficial for the preservation of the heart and cardiovascular system, as well as a number of physiological functions. Omegol is a line of functional products rich in omega-3 fatty acids and the recommended omega-3 to omega-6 ratio and a supplement of vitamin E and plant sterols. Omegol line products account for 4% of Zvijezda's total sales and their effectiveness in the preservation of blood vessels has been acknowledged by the Ministry of Health and Social Welfare of the Republic of Croatia.

We use vitamins and minerals as functional supplements in many products or they are naturally contained in products. Mivela water is an example of a natural functional product – it contains 330 mg/L of magnesium, a mineral having multiple functions in the organism, while 1 L of Mivela contains the recommended daily dose of this valuable mineral.

Jamnica's product ranges include many other products having high vitamin content of no less than 15% of the recommended daily dose. This group includes some juices and nectars, isotonic sport drinks and Juicy Vita powder drink. These products account for around two percent of Jamnica's sales.

Vitamin A, D and E enriched spreadable margarines from Zvijezda, accounting for approximately 17% of total sales, are also an important example.

Improvements in providing consumer information on nutritional ingredients of products

We have adopted the principles of optional consumer informing about the nutritional composition of food according to the FoodDrinkEurope (a mission of the European Union food and drink industry) guidelines. By providing information on our packaging about the calorie, fat, saturated fat, sugar and sodium contents in relation to the Guideline Daily Amount (GDA) of these ingredients, we aim to come closer to our consumers' needs and to adapt to market trends. ABC Cheese from Belje, a large portion of Ledo's frozen fish range and its readymade food and vegetable range are examples of products adopting a system where all five GDA values are identified. PIK Vrbovec was the first meat industry in the Republic of Croatia to indicate GDA values on all its products, a large number of which contain energy information.

Other forms of indicating nutritional values are in place for the purpose of providing clear information to our customers about the nutritional composition of foods: for example, a nutritional table containing information on energy values and protein, fat and carbohydrate amounts on many of our products is provided as part of optional labeling. Nutritional tables are also provided across the Ledo and Frikom ice cream product ranges as part of optional informing.

The packaging of our products also contains other information valuable to consumers, for example, *no preservatives, natural aromas,* no *artificial colo*rs, *no added sugar,* etc.

Special Consumer Groups

We use our best efforts to bring our products closer to particular consumer groups who are allergic to certain ingredients or are intolerant to certain food ingredients or refrain from consuming certain types of food for religious reasons. Many of our products coming from different companies are labeled as soy free or gluten free and we also aim to adapt as much of our product range as possible to religious communities, so we already hold Halal and Kosher certificates for a part of our product range.

During this reporting period, Agrokor Concern' companies received no serious complaints with respect to their compliance with the regulations and rules in connection with product and service identification.

Impact Indicators

Social Impact Indicators

Customer satisfaction practices, including customer satisfaction measuring questionnaires.

The Agrokor Concern constantly monitors and surveys customers' and consumers' needs and often measures their satisfaction and its business partners' (companies, hotel groups, restaurants, different institutions...) satisfaction. Numerous preexisting and new products and services are systematically tested for the primary purpose of receiving feedback from our customers and consumers, including their (dis)satisfaction. In addition, all companies within the system transparently invite their consumers to call them with their remarks, suggestions, commendations and comments at toll free lines, Facebook groups, e-mail addresses, etc., and provide opportunities for submitting claims.

Two major customer satisfaction surveying projects are currently in progress: ongoing monitoring of service standards compliance in retail and an annual major corporate customer satisfaction survey (b2b, business to business survey). The first project aims to assess standards compliance on a number of retail stores by using the mystery shopping method and it implemented in several waves in each year for retail chains in Croatia (Konzum), Bosnia and Herzegovina (Konzum BiH), and Serbia (IDEA). The GfK research institute is conducting the survey. This valuable project investigates different aspects of service standard: store tidiness and cleanness, staff's communication with customers, communication among the staff to meet customer needs, providing appropriate feedback to customers, cash register service... The second major project is a customer satisfaction survey using the CATI (Computer Assisted Telephone Interviewing) method, conducted by the Ipsos market research agency, which is one of the top five research agencies globally. In 2011, this survey was conducted for seven Concern's companies (Dijamant, Frikom, Jamnica, Ledo, PIK Vrbovec, Sarajevski Kiseljak, Zvijezda) on three markets (Croatia, Bosnia and Herzegovina and Serbia), with over 2,100 partners and key accounts interviewed in the areas of wholesale, retail, hotels and restaurants.

The results of these surveys indicate very high levels of satisfaction and loyalty, both among key accounts and consumers. The importance of loyalty as a business concept derives from the fact that satisfaction is not an accurate indicator of customers' future position with regard to Agrokor companies: a satisfied customer is not necessarily a customer who will continue to conduct business with our companies. Loyalty is believed to be a better predictor of future customer-supplier relationships. Our careful analysis and acknowledgement of research results and all other feedback received from our customers and consumers have helped us maintain their satisfaction and loyalty on a high level for years. We in the Concern believe that ongoing, systematic and standardized customer satisfaction surveying and feedback analysis are one of the key factors for Agrokor Concern's further business success.

Konzum's focus on ensuring customer satisfaction starts from the assortment in the store. By appropriately managing its assortment based on information about customer expectations (Customer Centric Retailing) and preferences in their shopping habits, Konzum adapts the assortments carried by its stores to their respective micro-locations. The implementation of this knowledge and technologies required years of constant investing and substantial resources – financial, human, educational, etc., as well as willingness of the entire system to support the implementation of such customer centric retailing policy. By implementing this system, Konzum joined the elite of just a few retail chains in the world that use similar technologies.

Programs for compliance with laws, standards and voluntary codes pertaining to marketing communications, including advertising, promotion and sponsorship

In addition to packaging, marketing communications are a key source of informing customers about products. The Agrokor Concern is very careful and even conservative in its marketing communications to avoid misleading its customers. Although there is no written internal code of marketing communication, the Agrokor Concern's companies comply with all generally accepted marketing

Impact Indicators

Social Impact Indicators

communication principles and use them. They use marketing agencies' services and those provided by other marketing or marketing supervisory institutions and authorities. In case of any doubt, we often consult ministries, especially with regard to health statements. The roles of central Marketing include controlling the implementation of all member companies' marketing activities and providing advice in case of any doubt concerning the ethics and morality of marketing communications.

By keeping up to date to international campaigns, various marketing activities, their impacts on the market and best global practices, Concern's experts constantly follow all trends in the area of marketing communications. This has been particularly important in the past few years because of digital marketing activity intensification and more widespread use of social networks as a marketing channel. This communication position is used on both the local and export markets, where we take all advice we can get from local agencies that are more familiar with the national legislation and customary practices.

The Agrokor Concern supports all initiatives promoting fairness and clarity of marketing communications – for example, it is a member of ABC Croatia (Audit Bureau of Circulations Croatia), an association established for the purpose of enhancing the transparency of advertising in printed media and online.

During the reporting period, no companies within the Agrokor system received any relevant complaints with respect to their compliance with marketing communication regulations and rules, including advertising, promotion and sponsorship.

We would like to additionally underscore that, to obtain the benefits of the MultiPlusCard program, a customer needs to provide required information in the MultiPlusCard application, which is available at all program partners' stores and on *www.multipluscard.hr*. MultiPlus Card d.o.o. collects and processes information about its customers subject to their consent and in accordance with the Personal Information Protection Act, and it database has been reported to the Personal Information Protection Agency. Only information needed to account for MultiPlusCard reward points and send gift coupons to customers' home addresses is collected, without invading our customers' privacy. In addition, information concerning the use of the MultiPlusCard is used to better understand MultiPlusCard members' shopping habits and preferences, for the purpose of providing them with the most interesting offers, products and services, as well as our partners' benefits.

By using information obtained through these channels, we plan and adjust our future activities in line with the preferences and needs of each segment of our customers.

The value of substantial fines for noncompliance with laws and regulations concerning the supply and usage of products and services

During the reporting period, no Agrokor Concern companies paid any substantial fines for noncompliance with laws and regulations concerning the supply and use of products and services.

As regards putting products in circulation, we particularly focus on ensuring proper declaring. There is a responsible person in our Development sectors who monitors regulatory requirements and practices relating to product declaring and marketing. Our experts and employees are often team members in various institutions and ministries hen new product marketing ordinances and laws are drafted.

The fact that **domestic products account for over 75 percent of our overall assortment** has always been a comparative advantage of Konzum. In particular product categories, such as fresh products, this share is even higher, exceeding 80 percent. Our customers are thus provided with the widest possible range of renowned Croatia products and brands to which Croatian customers are accustomed, at the very best prices. Our overall product range also includes all of the most popular international brands and our store brand products. Konzum's fruits and vegetables are mostly locally produced – AgroFructus organizes their purchase using its purchase stations that cooperate directly

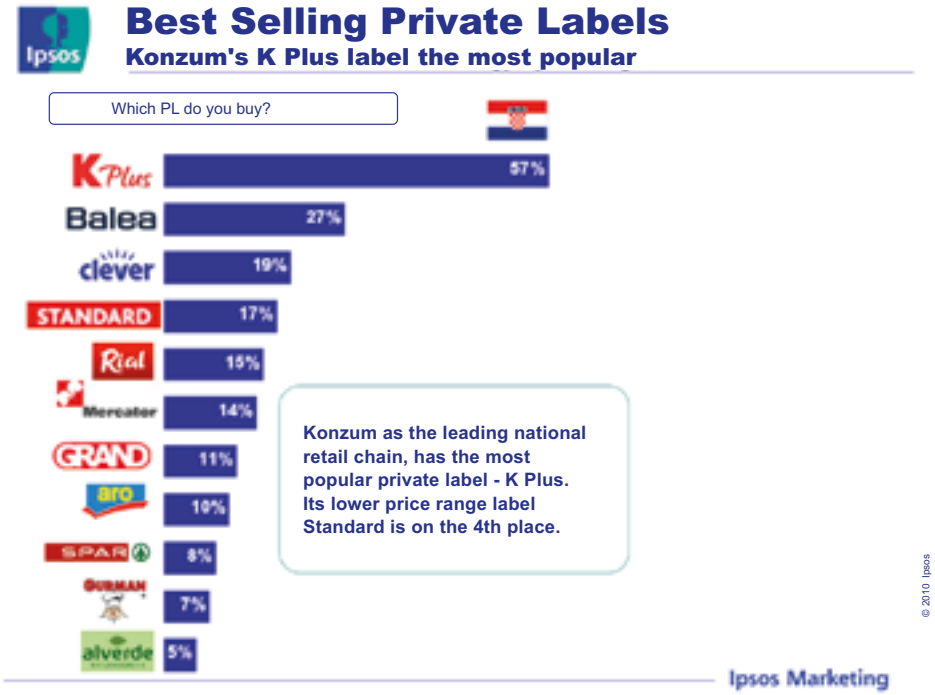
Impact Indicators

Social Impact Indicators

with local producers. Production is organized separately for each region according to its climatic and regional features, so fruits and vegetables offered in Konzum have their controlled origin, purchase station and local producer/farmer from whom they were purchased, while Konzum's store brands of fruits and vegetables **KORA and Fru** indicate domestic quality of fruits and vegetables.

Konzum's extensive range of controlled-origin fresh meats is based on local production. In addition to offering the widest range of controlled-origin fruits and vegetables and fresh meat, notable improvements were made by extending the product and service ranges in our fish markets and in our logistics supporting the supply of daily fresh fish. Konzum presently has 3 fresh fish packing plants in Zagreb, Split and Rijeka to supply its retail network that presently has over 250 retail stores offering fresh sea and freshwater fish at the very best prices. Our customers can choose between some fifty different fresh fishes, bulk or packaged. Konzum intends to continue investing in the development of this segment because fish is an ingredient with exceptional nutritional values and its consumption is in line with the current healthy lifestyle and diet trends, and is also an integral part of a healthy diet for customers across Croatia.

„Over half (57%) of all customers buying store brands in Croatia think their quality is equal to that of popular brands; **Konzum's K-Plus store brand** enjoys the greatest popularity among customers in Croatia." (Source: Ipsos Puls survey). The assortment of Konzum's store brand is divided into segments to address different customer preferences and needs, with several main subcategories – *Standard*, *K plus* and *Volim najbolje*. This part of our offer is characterized by ongoing development and redesigning to offer our customers the most modern and attractive packaging and the highest possible product quality levels. Stringent private label quality control procedures, audits of private label producers and production processes, and additional controls within Konzum's lab are therefore necessary to ensure the highest quality and safety levels for our customers. This is why we believe Konzum's store brand will continue to be a store brand of choice to Croatian customers.



Impact Indicators

Environmental Impact Indicators

Environmental Impact Indicators

In 2010 and 2011, outstanding progress was achieved in Agrokor Concern's companies with respect to environmental protection management. This Sustainability Report presents the situation across the system using all 19 key environmental impact indicators for 23 companies in four countries (Croatia, Bosnia and Herzegovina, Hungary and Serbia). For example, the first Report for 2009 included only seven key environmental indicators for these 23 companies.

Our improvements in the area of environmental protection are reflected in multiple reductions or even complete neutralization of adverse environmental impacts, reduced pollution, reduced water and energy consumption per product unit, enhanced knowledge and awareness, higher levels of safety and readiness for extraordinary situations, and our active work with various institutions in the area of environmental protection and sustainable development.

In the past two years, Agrokor was awarded as many as ten new environmental certificates. In 2010, five companies had their environmental management systems certified according to all requirements of ISO 14001:2004: Zvijezda d.d. Zagreb - Croatia, Konzum d.d. Zagreb - Croatia, Jamnica d.d. Zagreb - Croatia, PIK Vinkovci d.d., Vinkovci – Croatia, and Sojara d.d., Zadar – Croatia. In 2011, five more companies were certified: Agrolaguna d.d. Poreč - Croatia, Frikom a.d. Beograd – Serbia, Solana Pag d.d. - Croatia, Sarajevski kiseljak d.d. Kiseljak – Bosnia and Herzegovina, and Dijamant a.d. Zrenjanin – Serbia. In addition the to five companies already certified in the preceding period, Irida d.o.o., Daruvar – Croatia (2005), PIK Vrbovec d.d., Vrbovec – Croatia (2007), Belje d.d., Darda – Croatia (2008), Ledo d.o.o., Čitluk – Bosnia and Herzegovina (2009), and Ledo d.d., Zagreb – Croatia (2009), we now have a respectable number of companies certified to the most important international environmental standard. Furthermore, PIK Vrbovec successfully passed a recertification audit of its environmental management system in 2010 and Belje and Ledo of Zagreb did the same in 2011. As of 31 December 2011, 15 Agrokor's companies have held ISO 14001:2004 certificates, and an ENVIRONMENTAL MANAGEMENT SYSTEM (EMS) was established. Using our combined knowledge synergies, we will continue to implement our EMS in other companies.

Agrokor's business is focused on implementing and maintaining integrated management systems according to the requirements of international systems and standards, where EMS was evaluated as being a dominant system. The Environmental Management Policy issued in 2006 directed us to managing our systems in an organized and professional manner, according to the sustainable development principles. We develop actual and effective systems, which are a useful management tool in our companies. Creating an effective system requires support from all employees, including Agrokor's management, CEOs of all companies, and our employees who execute these tasks in each business unit. Our strategy, where the (environmental) management system department of each company is hierarchically directly below the Management Board, has proven to be only proper strategy. The purpose of establishing an EMS is to achieve full independence, objectivity and a view of all impact of each company. Each business unit is advised to comply with all legal and other requirements, to address all aspects of the environment and adverse environmental impacts, which are then used to evaluate all relevant environmental aspects to generate realistic, measurable and documented objectives and programs. All this resulted in reduced pollution and improvements.

Agrokor achieved substantial progress in its consistent implementation of its environmental policy and establishing its management systems, however, now that stable foundations have been laid, complex yet realistic and achievable efforts are used on a daily basis to maintain the system and implement all program activities. We expect new improvements will be made by precisely defining the roles and responsibilities of all business sectors and, in particular, by defining our needs for professional training. The implementation of such environmental program must provide a sound pragmatic contribution to environmental protection. In addition to direct benefits for the environment, certain savings in daily operations should also be achieved

Biogas Plant Gradec

Impact Indicators

Environmental Impact Indicators

by implementing eco-efficiency and cleaner production projects. The purpose of this is to reduce our utilization of sources, energy and consumables, reduce our different utility charges and reduce the generation of different types of waste, which ultimately results in financial savings. The success of such projects is easily demonstrated because it is mathematically measurable. Considering all these elements, the question is how to properly maintain and improve the existing systems, while keeping them flexible and purposeful at a specific time and for a specific task. The main principles of sustainable development require that a company aiming to survive and progress in the following decades must become a learning organization, an organization able to adapt to rapid changes and effectively find creative solutions.

Our compliance with statutory and other requirements, including international, national, local and companies' internal regulations, remain in our area of focus. We like to highlight our effective cooperation with the Ministry of Environmental Protection and Nature. Our procedures for assessing environmental impacts and defining integral environmental protection requirements in accordance with the IPPC Directive help our systems become even more stable. The protection of natural values is particularly important to us; we would like to underline our successful cooperation with the Kopački rit Nature Park. Although a substantial part of our business processes take place within the territory of Kopački rit (Belje uses almost 1,300 ha of land in protected areas of Kopački rit), this is not an aggravating circumstance, but a win-win situation both for us and the Park. We continued to act proactively within the Croatian Business Council for Sustainable Development (HR PSOR) where Mislav Galić, an Executive Vice President in Agrokor, represented Agrokor on the Steering Board. Furthermore, Zvonimir Markovac, Agrokor's Environmental Engineering Director, is currently the President of the Environmental Protection Association in the Industrial Sector with the Croatian Chamber of Economy. We also had successful cooperation with the Environmental Protection Agency, the Croatian Center for Cleaner Production, the Environmental Protection and Energy Efficiency Fund, EKO Ozra, the Packaging and Environmental Protection Cluster (GIU PAK), etc.

Our training processes in the area of environmental protection were intensive. In addition to cooperating with the above institutions (workshops, seminars, conventions), we conduct our own projects using the power of our size in a positive sense. This includes training the top management in each company, employees working in positions representing relevant environmental aspects, internal environmental auditors, and all other employees. We maximize our synergies in the process and learn from each other. In 2010 and 2011, as many as five new groups of Agrokor's Futura Academy learned, among other things, about elementary environmental protection, management systems and sustainable development. Futura A is a program for Concern's young employees who are given an opportunity to acquire new knowledge, and environmental protection has been a regular course for years in a row, since 2007. Agrokor Concern's certified companies presently have 19 EMS Lead Auditors and 214 EMS Internal Auditors.

Our certified companies provided coordinated assistance to our uncertified companies in their implementation of EMS and we thus achieved substantial progress. This provided substantial financial savings, but also helped synchronize their systems. We will highlight **PIK Vrbovec** and its excellently organized EMS. PIK was the first among Agrokor's large companies to have a certified EMS, which serves as a role model to our other companies. PIK's textbook example of EMS is often inspected by colleagues from other companies. We should also mention the example of **Belje**, which we often refer to as a ''concern within the concern''. Belje has a variety of business processes in Croatia and all of them fall into the scope of their certified management system. Belje's environmental team helped **PIK Vinkovci's** in EMS implementation and PIK was certified in late 2010. After this, Belje's EMS team and PIK Vinkovci's EMS team helped the **Vupik** team in Vukovar. Belje's positive experience and a number of completed tasks in the area of environmental protection helped our other companies. Within the Water and Drinks Business Group, **Jamnica's** dynamic EMS team contributed to the successful certification of **Sarajevski kiseljak** in 2011. On the other

Impact Indicators

Environmental Impact Indicators

hand, **Sojara** in Zadar provided useful advice to the nearby **Solana Pag**, which successfully had its EMS certified in 2011. **Konzum** was the first retail chain in the Republic of Croatia and the entire region to receive an environmental certificate, awarded to it in 2010 for the overall scope – from the largest to the smallest stores. Because its retail and wholesale networks are very dispersed, with over 700 facilities of different sizes across Croatia, implementing the system was a highly complex task. Within the Retail Business Group, Konzum Croatia's team now provides technical and advisory assistance to the teams **Konzum BiH** and **Idea Serbia** in connection with the implementation of their respective environmental management systems. Dedicated teams were assigned and new EMS certifications are expected to be received during the next reporting period.

As our most common and most important environmental aspect, systematic waste management was improved in all our locations. Municipal waste amounts were reduced and separate collection of waste types was improved. We procured numerous new containers and provided areas for more efficient and more selective waste collection. We will highlight the example of the eco-corners at **Jamnica** (the Jana factory in Sveta jana and the Jamnica factory in Pisarovina). PIK Vrbovec began to distinguish between six fractions of plastic packaging. PIK also started to treat impure foil with a special biological agent that decomposes organic substances and removes unpleasant odor emissions.

Established in 2010, **AGROKOR ENERGIJA** is a new company within Agrokor. The company engages in exploiting and using renewable energy sources in normal raw materials and waste, which is certainly another major contribution to environmental protection.

The **PHOTOVOLTAIC SOLAR CELL SYSTEM** on the roof of the **Konzum** Maxi store in Sopot is the first project where renewable energy sources will be used.

WASTEWATER is an environmental aspect that remains an area of focus in Agrokor because great amounts of water are spent in the food industry for plant washing and to attain high hygienic production standards. During the preceding period, we built several wastewater and sanitary water treatment plants, thus significantly reducing our ground and groundwater emissions (two membrane/biological plans for process wastewater at **Jamnica** in two locations, a physical/chemical device for process wastewater at **Zvijezda**, a sanitary wastewater treatment device/biodisc at Frikom, and three devices at **Belje** – a new treatment device in the new winery and two treatment devices at the Čeminac and Popovac dairy farms. We reconstructed the wastewater treatment plants in both **Dijamant** plants (revitalization of existing equipment and introduction of chemical water treatment).

Our **CLEANER PRODUCTION PROJECTS** are a business response to the sustainable development concept in accordance with our strategic environmental objectives. We had two very successful projects for reduction of natural resource exploitation (reduction of water and electricity consumption) at **PIK Vrbovec** and **Frikom**.

TECHNOLOGICAL PROCESS OPTIMIZATION is constantly implemented in all our companies. The purpose is to optimize our energy and natural resource spending and rationalize our exploitation of raw materials. When investing in new technologies, we aim to ensure a high quality and safety of our products and to minimize our adverse environmental impacts (water, soil and air). **Ledo Zagreb** has been particularly successful in these projects where very precise and measureable environmental targets are set and consumption per product unit is effectively monitored.

Agrokor Concern's companies subject to the IPPC Directive, i.e. required to put in place integral environmental requirements for their production facilities, are **PIK Vrbovec, Sojara** and **Dijamant,** and **Belje**, **Vupik** and **PIK Vinkovci** in the pig farm category. Our companies were among the first ones to prepare analyses and studies and integrate their IPPC activities with the EMS project. In 2011, Belje received three final Resolutions on Integral Environmental Protection Requirements for its pig farms Haljevo, Gaj and Sokolovac, while IPPC procedures were initiated for its pig farms Brod Pustara 1, Malo Kneževo, Gradec, Brod Pustara 2, Kozarac and Darda 1. In PIK Vinkovci, we initiated IPPC

Impact Indicators

Environmental Impact Indicators

procedures for the Čeretinci 1, Andrijaševci 1 and Andrijaševci 2 farms. In Vupik, we obtained a final Resolution for our Ovčara 2011 farm and initiated procedures for the Pačetin and Bobota farms during the same year.

Environmental impact assessment procedures were conducted for our new facilities and major reconstructions. We integrated our environmental impact assessment procedure and the IPPC procedure for our new pig farms. All completed procedures were determined to be environmentally acceptable, subject to the defined environmental measures and monitoring.

PIK Vrbovec and **Sojara** are also subject to the **Kyoto Protocol**. Their boiler rooms are classified under energy sector activities as plants with fuel combustion and a rated thermal power in excess of 20 MW. Both companies duly performed their statutory obligations and were among the first to obtain licenses for greenhouse gas emissions subject to preparations for emission unit trading. Because their annual amounts are less than 25,000 tons of CO_2, PIK and Sojara are classified as small emitters.

PIK Vrbovec d.d., Ledo d.d. Zagreb, Ledo d.o.o. Čitluk, Belje d.d., Jamnica d.d. and **Sarajevski kiseljak d.d.** prepared high-quality, detailed **Environmental Reports for 2010.** In addition to these companies, **Environmental Reports for 2011** were prepared by **PIK Vinkovci d.d.** and **Vupik d.d.** These reports are an excellent system performance controlling mechanism.

Our environmental management systems ensure sustainable operation in a clean environment for all our employees, but are also a civilizational achievement focused on our customers, business partners, cooperating companies and the entire community. **Agrokor has thus become a true driver of success and excellence in the area of environmental protection.**

This is just a summary of some of our environmental achievements in our companies in 2010 and 2010 – more details about everything are provided in company-specific sections. In Agrokor Concern's second Sustainability Report, we collected information for all 19 key environmental impact indicators for 23 companies:

EN1 Materials used by weight or volume
EN2 Percentage of materials used that are recycled input materials
EN3 Direct energy consumption by primary energy source
EN4 Indirect energy consumption by primary energy source
EN8 Total water withdrawal by source
EN11 Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas
EN12 Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas
EN16 Total direct and indirect greenhouse gas emissions by weight
EN17 Other relevant indirect greenhouse gas emissions by weight
EN19 Emissions of ozone-depleting substances by weight
EN20 NO, SO, and other significant air emissions by type and weight
EN21 Total water discharge by quality and destination
EN22 Total weight of waste by type and disposal method
EN23 Total number and volume of significant spills
EN26 Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation
EN27 Percentage of products sold and their packaging materials that are reclaimed by category
EN28 Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations
EN29 Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce
EN30 Total environmental protection expenditures and investments by type


KONZUM
croatian word
for supermarket

Impact Indicators

Environmental Impact Indicators

Retail - Konzum d.d.

Konzum d.d. is the largest national retail chain with around 750 retail and wholesale facilities, strong and well-organized logistics, and approximately 12,500 employees. During the reporting period, nine new Super Konzum stores, three new Velpro centers and a new logistic & distribution center in Dugopolje, stretching across 85.000 m^2, were opened. Konzum's Environmental Management Policy was developed in line with its significance in Croatian retail, with a mission of ongoing care for all environmental components in a complex scope of activities.

In June of 2010, Konzum d.d. had its Environmental Management System certified according to the requirements of ISO 14001:2004 and has thus become the first retail chain in the Republic of Croatia to hold this valuable certificate. The first system audit was successfully completed in 2011. The environmental management system was certified and audited by Bureau Veritas. In 2010, an HACCP system was implemented in all organizational units within the company that handle food and all retail and wholesale facilities, logistic & distribution centers and fish packing facilities, and the HACCP system was re-audited. In July of 2011, the HACCP system was recertified by Bureau Veritas according to the requirements of Codex Alimentarius. Selected Super Konzum and Velpro facilities participated in the recertification.

For the purpose of this Report, the information includes all retail and wholesale facilities, logistic & distribution centers, warehouses and administration buildings.

In 2010, Konzum used a total of 5,318.26 tons of cardboard and paper packaging, 1,791.05 t of polymeric materials (9.82% of them were made of recycled materials), 3,283.86 tons of wooden packaging, 23.73 tons of textile, and 2,633.82 of other packaging for which refunds were paid.
In 2011, Konzum used 5,894.93 tons of cardboard and paper packaging (0.07% of it recycled), 2,238.10 tons of polymeric materials (recycled polymeric packaging accounting for 10.93%), 3,323.35 tons of wooden packaging, 35.90 tons of textile, and 3,094.70 tons of other packaging for which refunds were paid. The recycled materials pertain to paper and polymeric packaging in retail.

In 2010 and 2011, decreased gas consumption was recorded compared to previous years, although the number of business facilities heated with gas is increasing. In 2010, Konzum spent a total of 121,348.05 GJ, 130,081.65 GJ in 2011.
The consumption of extra light fuel oil for our boiler rooms in 2010 (21,274.09 GJ) and 2011 (22,425.00 GJ) was higher than 2009 (20,207.69 GJ) because the number of boiler rooms increased by 44 in 2010 and 41 in 2011.
228.74 GJ of energy was spent to operate 66 generators in 2011, 427.76 GJ of energy was spent in 2010, and 216.07 GJ was spent in 2009 to operate 54 generators in Konzum.
In 2010, Konzum spent 151,197.15 GJ of diesel in overall transport (cars, light commercial vehicles and trucks), while 171,906.315 GJ of diesel was spent in 2011. The consumption increased as a result of more vehicles and more kilometers driven due to the reinforcement of central distribution.

1 *A density of 0.845 kg/L was used (for diesel fuels and extra light fuel oil) to calculate the derivative mass according to the Oil Derivatives Pricing Ordinance (Official Gazette 37/11).*

A total of 812,170.07 GJ of electricity was spent in 2011, and 692,219.57 GJ in 2010. This 10.28% year-on-year increase in electricity consumption in 2011 is a result of more facilities and a new logistic & distribution center. Great efforts were used to minimize and rationalize electricity consumption. LED lighting, which reduces electricity consumption for lighting by approximately 40%, has been used as a standard technology in the past two years in the cooling displays of all newly opened Konzum stores.
Steam is used to heat business premises and water. In 2010, we spent 2,222,566.72 MWh, and 5,819,033.72 MWh were spent in 2011 as a result of more stores.

Konzum uses water for drinking and sanitary purposes and there are no requirements for testing water quality at the point of discharge. All newly built facilities registered for food preparation have installed oil and grease separators (grease traps),

Impact Indicators

Environmental Impact Indicators

and all large newly built facilities have water treatment devices in their handling areas to minimize groundwater and soil pollution.
Konzum's downward trend in total water consumption continued in 2010 – 346,490.76 m³ was spent in 2010, which is 3.4% less than 2009. In 2011, Konzum spent 382,083.48 m³, 6% more than the year before as a result of more sales and logistic centers.

Konzum d.d. owns no locations in any protected areas or areas of high biodiversity value.

Direct emissions of greenhouse and other gases are a result of consuming energy for heating and generation of electricity (generators). In 2010, our greenhouse gas emissions were 4,702.39 t of CO_2 p.a., 0.45 t of CO p.a., 2.40 t of other emissions, 2.13 t of SO and 3.53 t of NO p.a. in 2011, our greenhouse gas emissions were 4,806.32 t of CO_2, 0.47 t of CO and other emissions, 2.13 of SO and 3.37 t of NO.

Information on other relevant indirect greenhouse gas emissions needs to be collected from our suppliers and service providers, but this task is additionally impeded considering the complexity and size of Konzum. Konzum intends to increase its central distribution, which is presently at 65%, and this segment is reported under indicators EN3 and EN29.

R-12 and R-22 are used as working substances in Konzum's cooling devices. In 2010, there were 0.176 tons of R-12 in our cooling devices and this substance was completely discontinued in 2011. There were 4.52 tons of R-22 in 2010, and 3.63 tons in 2011, which is 19.62% less. R-22 was replaced by permitted working substances that have a much lower impact on the ozone.

Year					2010	2011
Waste type	Waste type	Collected by	Treatment	Treated by	t	t
Nonhazardous waste	*Paper, foil, PET, glass, metal waste, wooden waste, waste edible oil, category 3, biodegradable waste, municipal waste.*	Hamburger Recycling Ens, Jolly-Jbs, Metis, Eko Flor Plus, Unijapapir, Mulltrans, Zgb. Holding - Podružnica Čistoća, Unimer, Agroproteinka	R3, R5, R7, D9	Belišće, Brković, Drava International, Hamburger Recycling Ens, Metis, Pan, Peacock,	10,323.75 t	13,639.45 t
					1,678,337 l	560,427.98 l
		Lotus 91, Ekoflor Plus, Metis, Jolly Jbs, Odlagalište Sirovina, Flora Vtc, Unijanova, Retabl	R4, D15, R3	Jolly Jbs, Lotus 91, Unijanova, Odlagalište Sirovina, Flora Vtc, V etropack Straža	128,020,095 pcs	118,584,291 pcs
Hazardous waste	*Waste batteries, EE waste, waster toner*		R4, R12	Ciak, Kemis Termoclean	83.88 t	65.56 t

Using recycling, 9,670.04 tons and 1,561,567 liters of waste were recovered in 2010, and 12,168.63 tons, 421,451.98 liters and 6,416.39 m³ of waste were recovered in 2011.
Using special treatment techniques, 66.75 t and 116,770.00 liters of waste were recovered in 2010, and 1,478.07 tons and 138,976.00 liters in 2011.

By recycling inorganic materials, we recovered 114,919,466 pieces of plastic and glass packaging in 2010, and 104,577,146 pieces in 2011.
13,100,629 pieces and 70.83 tons of metal were recycled in 2010, and 14,007,145 pieces and 58.32 tons in 2011.

Impact Indicators

Environmental Impact Indicators

By waste type:
in 2010, Konzum d.d. disposed of a total of 1,678,337.00 liters, 10,323.75 tons and 128,020,095 pieces of nonhazardous waste as follows: waste oil – 116,770.00 liters; cardboard packaging – 7,274.47 tons; plastic packaging – 501.86 tons; biodegradable waste – 819.84 tons; waste animal tissue – 296.65 tons; grease trap grease and oil – 370.10 tons; wooden waste – 4.80 tons; and municipal waste – 1056.03 tons + 1,561,567.00 liters. Waste packaging within the refund system: PET refund – 94,923,107 pieces; AL-FE – 13,100,629 pieces; and glass – 19,996,359 pieces at 223 locations. In 2010, we disposed of 83.88 tons of hazardous waste (13.04 tons of waste batteries and 70.84 tons of EE waste).

In 2011, we disposed of a total of 560,427.98 liters, 13,639.93 tons, 6,416.39 m^3 and 118,584,291 pieces of nonhazardous waste: waste oil - 138.98 liters; cardboard packaging – 7,332.25 tons; plastic packaging – 572.39 tons; biodegradable waste – 492.31 tons; waste animal tissue – 979.176 tons; grease trap grease and oil – 489.00 tons; wooden waste – 5.01; municipal waste – 421,451.98 liters + 6,416.39 m^3 + 3,759.43 tons; and waste toner – 0.48 tons. Waste packaging within the refund system: PET refund – 88,144,866 pieces; AL-FE – 14,007,145 pieces; and glass – 16,432,280 pieces at 235 locations. In 2011, we disposed of 65.08 tons of hazardous waste (6.758 of waste batteries and 58.32 t of EE waste).

In 2010 and 2011, no significant spills of chemicals, oil or fuel into the ground or water were recorded in Konzum's business facilities.

Over 30% more R-22 refrigerant was removed from cooling devices during the reporting period as compared to 2009. R-12 refrigerant was completely removed from all cooling devices. Bund walls were provided under all waste oil tanks and all liquid fuel tanks with no bund walls installed were emptied, which eliminated the risk of fuel spills. All employees were trained on the requirements of ISO 14001:2004. Our employees are constantly reminded by visual symbols and ongoing training to exercise responsible behavior and spend energy and water in a rational manner.

Our fruit and vegetable warehouses are introducing reusable plastic containers (RPC) and the use of wooden and cardboard packaging for delivering and displaying fruits and vegetables is being decreased in our sales centers and warehouses. We are increasing the number of metal roll containers in central distribution and delivery of merchandise to our retail facilities, thus reducing the amount of wooden pallets in use and, consequently, the amount of wooden waste.
We also offer recycled cardboard bags, stylish multipurpose canvass shopping bags, and large reusable cardboard shopping boxes. Our promotional materials (flyers, catalogs, etc.) are printed on recycled paper.
As a result of our ongoing care and encouragement of business cooperation in 2010, substantial efforts were used to find collectors for the respective types of waste. Konzum achieved great progress in 2010 by registering for transport and collection of animal-origin waste from all its facilities handling food, whereby it additionally minimized risk and increased the safety of its products across the chain of suppliers, collectors and servicers, thus also minimizing its costs.
Only water with no chemicals is used in our floor cleaning machines thanks to our ecH_2O technology – electrically activated water. One tank of water lasts three times longer.
In cooperation with Siemens, Konzum put into service its first photovoltaic solar cell system on the roof of the Konzum Maxi in Sopot in 2011. This pilot project is an integral part of Konzum's business in line with sustainable development principles, where a renewable energy source will be used for the first time. In the initial phase, electricity so generated will be used to supply regular store functions, which will significantly decrease the costs of energy incurred by the store.

In 2010 and 2011, Konzum sold a total of 44,634,577 large and small household appliances and batteries. Based on Croatian regulations, a customer is entitled to return an old product of the same category when purchasing a new one. All our stores have waste battery containers for customers. In 2010 and 2011, we disposed of 129.16 tons of electronic waste and 6.76 tons of waste batteries.

Impact Indicators

Environmental Impact Indicators

No fines or penalties for environmental offences were imposed as a result of official audits in 2010 and 2011.

In 2010, Konzum's total transport (cars, light commercial vehicles and trucks) spent 151,197.15 GJ of diesel, and a total of 171,906.32 GJ of diesel was spent in 2011. Such increased consumption is a result of more vehicles and more kilometers driven due to an increasing share of central distribution.
In 2010, airborne emissions from our cargo vehicles were 8.35 t of CO_2, 9.3 t of CO, 1.11 t of NO_x and 0.07 t of PM*.
In 2011, these emissions were 9.46 t of CO_2, 9.91 t of CO, 1.18 t of NO_x and 0.14 t of PM*.

**Note: The calculations were based on estimated emissions per kilometer driven on diesel fuel according to Regulation EC No. 715/2007..*

The costs of waste transport and disposal and utility equipment in 2010 and 2010 amounted to HRK 29,764,845.95. The costs of emission treatment and equipment maintenance amounted to HRK 10,528,500.00 (airborne emission measurement, cooling equipment, boiler room and generator maintenance). 140 bund walls were installed in Konzum's sales centers in case of waste oil spills, the value of which was HRK 82,000.00. The cost of cleaning and maintaining surfaces amounted to HRK 972,424.89. HRK 196,460.00 was spent on the implementation of new technologies. Other costs relating to environmental management system improvements, training, and system certification and monitoring amounted to HRK 274,819.49.

Environmental Protection Objectives
Konzum will continue to intensively work on reducing energy and water consumption by introducing new cleaner technologies and will reduce its environmental impacts by providing ongoing education to all its employees.
Reduce the amount of municipal waste by separating and sorting it and secure collectors for the respective types of waste by exercising ongoing care and encouraging business cooperation; bio-waste and waste toner disposal. Reduce wooden waste by reclaiming euro pallets. Decrease our foil consumption by approximately 10 percent by changing the operating method and commissioning fruits and vegetables on roll containers. Reduce the annual amount of R-22 refrigerant by 10% in 2012 compared to 2011 and completely remove it from all its cooling devices and replace it by environmentally acceptable refrigerant by 2015.

Konzum has chosen to follow modern environmental trends, thus expressing its willingness to participate in accordance with the basic components of sustainable development and meeting the needs of the present generation without jeopardizing the ability to meet the needs of future generations.

Solar Photovoltaic Cells
In cooperation with Siemens, Konzum implemented its first photovoltaic solar cell system project on the roof of the Konzum Maxi in Sopot. This pilot project reflect Konzum's focus on sustainable development and and introduces the use of renewable energy sources in the system. In the initial phase, electricity so generated will be used to supply regular store functions, which will significantly decrease the costs of energy incurred by the store. The area of the collector made of monocrystalline silicon cells is 60 m^2, and its installed power if 9.4 kW. The system is expected to produce 9.9 MWh annually, which will ensure investment payback after approximately seven years. The system consists of photovoltaic panels locally manufactured by Solvis d.o.o. of Varaždin and a state-of-the-art Siemens PVM series photovoltaic inverter, including the supporting measuring and protective equipment. This is the first system using Siemens equipment to be developed and put into service within just 30 days thanks to the contractor, D.V.V. d.o.o. of Zagreb, an authorized Siemens partner.

Photovoltaic projects are in their beginnings in Croatia, which makes Konzum a pioneer and innovator among retail chains in this segment as well. By using modern technology to produce environmentally clean solar energy, Konzum is once again confirmed as a leader in environmentally responsible business. Solar energy has exceptional energetic potential and these silent photovoltaic modules produce dozens of times less carbon dioxide per unit of produced energy than fossil fuel technologies. We plan to implement this project in our other major Konzum stores.

Impact Indicators

Environmental Impact Indicators

Retail - Konzum d.o.o. Sarajevo

Konzum d.o.o. Sarajevo is a leading retail chain in Bosnia and Herzegovina with over 2,600 employees. In 2011, its retail network of 147 stores comprised three store sizes: 96 small stores, 44 Maxi Konzum stores (for big weekly shopping) and 8 Super Konzum stores (largest size). Our wholesale business is presently conducted through three wholesale centers. Konzum d.o.o. Sarajevo bases its success on constant communication with customers, identifying their needs and preferences, and by constantly adapting its business to the latest trends. The availability of stores within the network and product and service quality attract 35 million customers to our stores every year.

During the preceding reporting period, we provided a comprehensive initial analysis of the present situation regarding our processes and compared its compliance with the legal requirements in the area of environmental protection. Having analyzed different environmental aspects, we set our strategic goals focused on reducing water, electricity and energy consumption, sorting and recycling all useful waste types, and appropriately disposing of hazardous types of waste. The conformance of our activities is conducted concurrently with the improvement of the legal framework, because approaching the EU standards requires adopting a number of executive regulations in the next two years.

According to our plans provided in the preceding period, we established our Quality Control and Management and Environmental Management Department attached to the Management Board within the Internal Control Division for the purpose of ensuring constant monitoring of environmental impacts deriving from our regular activities and for the purpose of manufacturing, distributing and selling safe product in accordance with the provisions of HACCP. In 2011, we established a system for collecting waste edible oil. The international environmental management standard ISO 14001:2004 was not introduced, but our departments are already working on preparing Konzum for the certification, maintenance and upgrading of the system. In addition, our business processes in our large-sized stores are being conformed to the requirements of HACCP. The process was launched in mid-2011.

We collected the information for this report and for our environmental indicators for the entire system comprising retail and wholesale networks and the Administration Building.

The raw materials we use to make products we market and sell to our end customers are fresh meat and fish. They are sold in fresh meat and fish departments and gastro departments within our stores. In 2010, we spent a total of 1,193,792 tons of raw materials, and 1,146,426 tons in 2011. The quantity of packaging materials used was 370,538 tons in 2010 and 416,139 tons in 2011. The 13% increase in packaging consumption in 2011 is a result of selling more packaging units for products of lower weight.

In 2011, we actively worked on preparing a packaging characteristics database (type, weight) for all products for which we, as importers, distributors and producers, will be required to pay fee according to the polluter pays principle, pursuant to the provisions of the Packaging and Packaging Waste Ordinance that is being drafted. Such fees will be payable according to packaging material types and the amount of packaging marketed with a product.

The material used to print our catalogs is paper made by recycling a secondary raw material, where 94.5% of the input material is recycled. In 2010, we printed 16.2 million catalogs for which we spent 270,952 tons of paper, 256,049 tons of which came from recycled sources. In 2011, we printed 18.4 million catalogs for which we spent 270,692 tons of paper, 255,803 tons of which were recycled paper.

Direct energy	2010	2011
Diesel fuel	17,000.46 GJ	23,788.45 GJ
Gas	2,575.791 GJ	3,197.415 GJ
Fuel oil	1,329.000 GJ	1,209.630 GJ

Konzum Sarajevo uses only diesel fuel for transport. Its fleet comprises cars and light commercial and cargo vehicles, and its diesel consumption was 0.5% higher than 2009 and up to 40% higher than the year before. In 2010, we used 25 cargo vehicle for transporting goods, and 28 in 2011. The number of cars and light commercial vehicles is variable,

Impact Indicators

Environmental Impact Indicators

the average monthly number of vehicles in both years being 90. We see this increased consumption as a result of an increase in the number of cargo vehicles and enlargement of our retail network. We use ongoing efforts to reduce fuel consumption by route optimization and by replacing old engines with new ones.

An increase in gas consumption is a result of more facilities using gas in their boiler rooms because we aim to follow the trend of replacing fuel oil with gas. This is why our fuel oil consumption decreased.

The forms of indirect energy we use are electricity and hot water.

Indirect energy	2010	2011
Electricity	142,110.972 GJ	130,003.354 GJ
Hot water		
- fuel oil (5 facilities)	1,564.39 GJ	2,104.55 GJ
- gas (13 facilities)	2,575.79 GJ	
- gas (15 facilities)		3,197.42 GJ
-coal	3,029.00 GJ	4,252.30 GJ

Hot water is used to heat our premises and is supplier by the owners of the facilities leased by Konzum. Water is heated by combustion of different fuel types (extra light fuel oil, coal and gas).

By using **fuel oil** for boiler room operation and production of hot water in five facilities we produced 1,564.39 GJ of energy 2010 and 2,104.55 GJ in 2011. Our consumption was decreased by 6.93% in 2010 compared to 2099, and was increased by 25.67 percent in 2011. The reason for such increase in consumption was an extended heating season, as reflected in the consumption of other nonrenewable energy sources. **Gas** was used for boiler room operation and production of hot water in 13 facilities in 2010, and in 15 facilities the next year. Our gas consumption decreased by 17.54% in 2010 compared to 2009, but increased in 2011 by 24.13 percent for the above reasons. Two of our facilities have **coal fired** boiler rooms. By using coal, we produced 3,029.00 GJ of energy in 2011 and 4,252.30 GJ in 2011. **Pellets** have been used as an indirect renewable energy source in 14 of our facilities for two years. Our consumption may only be stated financially, because heating is a service provided by the facility owner. For the same surface area, the heating service in 2010 cost 217,954.88 KM and 211,062.48 KM in 2011. This lower amount is a result of a drop in biofuel prices.

In 2010, electricity was used in 59 facilities to operate devices and for lighting, cooling and heating, and in 65 facilities the next year. Our electricity consumption decreased. Although we had more facilities as a result of our process optimizing investments. Our electricity consumption in 2010 was 6% lower than 2009, and our consumption in 2011 was 16 percent lower. These savings result from our process improvements (change of tariff group and change of supply and measuring supply voltage group) and our equipment improvements (replacement of meters, installation of compensators for compensate for reactive energy, and installation of a real-time-clock meter).
1. It is impossible to state our consumption in GJ for the remaining 49 sites because of numerous suppliers, unavailability of precise information about the energy used, and different energy settlement methods.

	2010	2011
Water withdrawal volume	(m^3/god)	(m^3/god)
Total for Retail, Wholesale and Administration	63,302	61,905

Water is supplied from the city network and is used as drinking and sanitary water. Although the number of consumer increased in the past period, our water consumption decreased by 2% in 2011 year-on-year as a result of our savings and rationalization measures.

There are no sites owned by Konzum d.o.o. in any protected areas or areas of high biodiversity value.

Direct emissions derive from vehicles comprising the fleet of Konzum Sarajevo. Indirect emissions derive from the production of hot water for heating and electricity consumption for heating and ope-

Impact Indicators

Environmental Impact Indicators

ration of devices. Our total CO_2 emissions through direct and indirect sources decreased by 17% in 2011 compared to the same sources in 2010, which is a result of substantial electricity savings.

	CO	CO_2	NO_x
2010	1,267 t	15,030 t	0,146 t
2011.	1,092 t	12,797 t	0,134 t

As our emissions are not directly measured, the rest of the emissions are not specified, while the calculation for the presented ones was made on the basis of standard amounts of heating values, emission factors and consumption of the respective types of energy.

Considering the size of our network, the number of employees and the complexity of our commercial activities (numerous lessors, contractors and suppliers), no information about other indirect airborne emissions is available.

Emissions of ozone-depleting substances by weight

R - 22	2010	2011
Refrigerant replenished in cooling systems (kg)	906.8	711.6
Total number of cooling devices containing R – 22 (pcs)	12	9
R-22 put out of use (pcs)	0	3

R - 12	2010	2011
Refrigerant replenished in cooling systems (kg)	20.5	3
Total number of cooling devices containing R – 12 (pcs)	3	3
R-12 put out of use (pcs)	0	0

The company has cooling devices using R-12 and R-22 as refrigerants. The total number of cooling devices using R-12 is 3; 12 devices used R-22 in 2010 and 9 used it in 2011.

The regulations of Bosnia and Herzegovina still do not require the elimination of devices using the above refrigerant types by users, but servicing companies may not import such types of refrigerant anymore. During the past three years, our facilities have been equipped with centralized refrigerant replenishing systems, which largely facilitate consumption monitoring. One of our objectives is to implement a cooling system leak measuring plan and to constantly monitor our consumption for replenishment purposes.

Total weight of waste by type and disposal method

Waste type	Quantity 2010	Quantity 2011
Waste oil (l)	-	1,080 l
Cardboard packaging (kg)	1,042,389 kg	996,700 kg
Plastic packaging (foil) (kg)	15,982 kg	6,415 kg
Municipal waste	379,995.40 KM	362,457.28 KM

We started to collect edible vegetable waste oil selectively in August of 2011 in 33 facilities generating this type of waste through their gastro departments. 1,080 liters of such waste was collected and appropriately disposed of during this period.

Selective collection of cardboard and plastic (PE) packaging is a practice across the network of facilities and such packaging is recycled. 1,042,389 kg of cardboard packaging was disposed of recycled in 2010, and 996,700 kg in 2011. Our plastic packaging selection efforts in 2010 resulted in 15,982 kg of such waste, and 6,415 kg in 2011.

This clear decrease in the amounts of both types of useful waste is a result of externalization because the collected amounts are temporarily disposed of outside the facilities. We are currently considering the option of selecting all types of plastic materials and their recycling using contractors for such collecting activities. Paper and cardboard are separated in the administration building and in the Retail and Wholesale buildings.

Impact Indicators

Environmental Impact Indicators

Waste disposal costs (KM)	2010	2011
Waste treatment and disposal	379,995	362,457
Purchase of utility equipment (containers, presses, various tanks, bund walls)	7,880	2,698
Prevention and environmental management costs (KM)		
Regular maintenance of cooling and air conditioning devices	298,466	270,374
Additional expenditures for installing cleaner technologies (e.g. direct cost outside the scope of standard technologies) (water faucets with sensors, light sensors, solar cells)	0	62,759
Costs of environmental management training for our employees	0	1,024.82
Emission treatment and rehabilitation costs (KM)		
Environmental charges payable at motor vehicle registration (as of 15 March 2011)	0	7,620
TOTAL KM	**686,340.97**	**705,908.38**

No significant spills of chemicals, oil or fuel into the soil or water surfaces were recorded in any business premises of Konzum d.o.o. Sarajevo during the reporting period.

Floor cleaning machines using ionized water instead of cleaning chemicals and disinfectants are purchased for our newly opened facilities, whereby we reduce the burden of chemicals on wastewater. Our promotional materials are only printed on recycled paper and we also sell recycled paper bags. Our fleet is regularly renewed and supplemented with vehicles having modern, more fuel-efficient engines and lower emission levels.
We also reduce our consumption and emissions by making technical additions (reactive energy compensation) to our electrical system.

No environmental fines were imposed as a result of audits in 2010 and 2011.

In 2010, 25 trucks were used to transport merchandise and they drove 1,411,976 kilometers. In 2011, a total of 28 trucks drove 2,195,942 kilometers.

Mobile source emissions	CO	CO_2	NO_x	particulate matter
2010	0.911 t	0.889 t	0.105 t	0.0071 t
2011	1.383 t	1.351 t	0.165 t	0.011 t

Our mobile source airborne emissions in 2010 were 0.889 tons of CO_2, 0.911 tons of CO, 0.105 tons of NO_x, and 0.0071 tons of PM. In 2011, these emissions were 1.351 tons of CO_2, 1.383 tons of CO, 0.165 tons of NO_x, and 0.011 tons of PM.

As recommended by the manufacturers, our cargo vehicles use a liquid agent for exhaust NO reduction. We only use diesel with quality requirements in compliance with the EURO 5 standard requiring decreased sulfur contents.

Targets for the next reporting period:

- implement ISO 14001:2004 in a part of our retail network, wholesale and administration and have the system certified in 2012. The rest of the retail network is planned to be included in the system within the next two years.
- improve our waste management system: increase the aggregate amount of useful waste collected, monitor the amounts of hazardous and nonhazardous waste, appropriately dispose of other waste types by finding collecting contractors (special disposal of III and EE waste materials)
- eliminate all devices using R-22 as refrigerant by 2016
- implement cooling system leaking measurement
- decrease our energy consumption and emissions by 5 percent by implementing cleaner technologies in all aspects of our business.

Impact Indicators

Environmental Impact Indicators

Retail - IDEA d.o.o.

IDEA d.o.o. joined the Agrokor Concern in 2005 and expanded its business to the retail segment. IDEA d.o.o. grew rapidly within the Agrokor Concern and became on the leaders in both the wholesale and retail industries in Serbia. IDEA d.o.o. presently has 161 retail stores and eight wholesale facilities. It operates on sustainable development principles and records significant progress in environmental protection, which is particularly reflected in energy replacements in boiler rooms, purchasing new vehicles with new generation engines, and organized collection of all types of waste resulting from IDEA's activities using a network of contractors for collection activities. Our risks are thereby minimized, and our product and employee safety levels become higher.

In early 2011, a HACCP system was implemented in our demo facilities (one of each format), and we provided training for our employees and implemented the system in all Extra, Super and Maxi sized facilities and in our wholesale centers (a total of 42 facilities) in May of the same year. After implementing the HACCP system, we began to conduct internal audits. By the end of the year, the HACCP system was implemented in 20 more facilities with butchery departments. In 2012, we will continue to introduce HACCP in our small stores.

After our HACCP-related activities, we proceeded to implement ISO 14001:2004 with help from the Konzum Croatia team. This activity was somewhat delayed in relation to the preceding period's plan because we had waited for the system to be implemented in Konzum Croatia, which is the most complex retail system within the Concern, and its experience and good practices will help perform these activities in IDEA. We started with preparing the necessary documents and imposing stricter supervision and documented management of all waste flows for each business unit of IDEA d.o.o. The standard is expected to be certified in 2012.

In 2010, 1,253.48 tons of paper packaging, 685.95 tons of wooden packaging, 250.52 tons of metal packaging, 183.67 tons of glass packaging, and 122.64 tons of plastic packaging were imported. In 2011, we used 1,395.80 tons of paper packaging, 885.64 tons of wooden packaging, 183.96 tons of metal packaging, 289.91 tons of glass packaging, and 85.93 tons of plastic packaging. The importer pays a statutory charge for packaging of imported merchandise. The above information pertains to imported merchandise.

In 2010, 33.82 tons of plastic bags and bags made of recycled materials were marketed in the Republic of Serbia, which is 99.12% of all plastic bags marketed by IDEA in the Republic of Serbia. In 2011, we used a total of 72.59 tons of plastic bags, those made of recycled materials accounting for 99.43 percent. Plastic bags typical for the IDEA retail chain are available in all retail stores.

A total of 14 facilities used natural gas for heating in 2010, and their aggregate consumption was 8,205.75 GJ. In 2011, gas was used as energy in 19 facilities and total consumption was 7,291.70 GJ. Total gas consumption decreased by 11.14% as a result of higher energy quality of gas, installation of quick automated doors and buffer zones at the entrances to our facilities, but also as a result of regular maintenance of our burners and combustion process control. 6,601.44 GJ was spent in 2009.

160.76. GJ of fuel oil was spent for boiler room operation in 2009; in 2010, 1,085.13 GJ was spent (for 4 facilities); and 1,487.03 GJ was spent in 2011 (for 6 facilities). This increased aggregate consumption is a result of more facilities using boiler rooms.

The number of operating generators in 2010 was 21 and aggregate oil consumption was 73.66 GJ; there were 28 generators in 2011, which consumed a total of 79.49 GJ. Our consumption of oil for generator operation increased because there are more facilities using generators.

Our diesel fuel consumption in 2010 was 81,481.48 GJ, with a total of 340 passenger and cargo vehicles in circulation; our consumption in 2011 was 87,062.08 GJ for a total of 373 vehicles. Decreased diesel consumption per vehicle is a result of regular maintenance and introduction of vehicles with new-generation engines, as well as a new energy supplier that offers fuels of higher quality.


IDEA extra
Vaš novi
hipermarket
OUTLET
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Impact Indicators

Environmental Impact Indicators

In 2011, we spent a total of 225,438.13 GJ of electricity, and 205,722.45 GJ in 2010. Our electricity consumption in 2009 was 166,759 GJ. In 2011, our electricity consumption increased 9.58% as a result of newly opened retail stores. By transferring our single-tariff meters to the measuring group in leased facilities owned by natural person (transition to industrial electricity), we reduced the financial value of our consumption by 20-30%, so we plan to have the rest of such facilities make a transition to the measuring group in 2012. In addition, we introduced internal rules requiring that lighting be turned off in premises where no one is, toilets, hallways, etc., and adjustment of temperatures to heating devices/cooling units centrally or via the Maintenance Department (where not all employees are allowed access). In 2011, 45 facilities were connected to so-called ''night lighting'' that allows automated deactivation of all lighting after business hours, except for promotional boards and overhead cash register lights in a few stores. Lamps are only turned on if the alarm is activated.

IDEA d.o.o. uses city water supply system for drinking and sanitary purposes. In 2011, it spent a total of 134,784.00 m^3 of water, 111,583.91 m^3 in 2010, and 71,002.90 m^3 in 2009. Water consumption in m^3 grows in proportion to the number of facilities – IDEA had 103 facilities in 2009, 129 in 2010, and 169 by the end of 2011.

A new retail facility of 306 m^2 was leased within the Kopaonik National Park. MP 206 IDEA Kopaonik retail store is located at Sunčani vrhovi lok. 3-5, Municipality of Raška. Its activities do not jeopardize biodiversity or have any other adverse impacts.

Greenhouse gases derive from the combustion of energy to obtain heating energy. In 2010, 253.44 tons of CO_2, 0.454 tons of CO, 2.1 tons of SO_2, and 0.17 tons NO_x were emitted to the atmosphere. In 2011, we recorded a substantial decrease in emission levels as a result of using different energy (natural gas is used instead of solid fuels): 209.2 tons of CO_2, 0.374 tons of CO, 1.9 tons of SO_2, and 0.14 tons of NO_x.
This information pertains to direct emissions – there are not indirect emissions.

There were no other relevant greenhouse gas emissions.

IDEA's cooling devices do not use R-12 as refrigerant. In 2010, the system had a total of 173.60 kg of R-22 refrigerant in 25 facilities. In 2011, the system had 191.30 kg of R-22 refrigerant in 37 facilities. During 2010, R-12 was replaced by R-404a in one retail stores, and replacements in two stores were made in 2011. Most IDEA's stores use R-404a.

IDEA has 10 small-sized retail stores in Serbia, which discharge their wastewater into septic tanks. The total volume of wastewater withdrawn from septic tanks was 4,500 m^3 in 2010 and 5,100 m^3 in 2011.

IDEA has mineral and edible grease separators in its hyper, super and maxi stores. The IDEA's core business does not require the issuance of water management licenses, so wastewater flows are not measures and wastewater quality is checked by accredited laboratories on a quarterly basis.

721.84 tons of solid waste (paper and cardboard packaging, animal origin waste – category 3, electronic and electrical waste) and 1,785 tons of waste edible oil were collected and provided to a collecting firm. In 2011, 985.91 tons of solid waste and 2,887 tons of waste edible oil were collected and provided for disposal in 2011; in 2099, 509 tons of paper, 48.29 tons of plastic and 100 liters of waste edible oil were collected in 2009. Certified companies were engaged for the collection of all types of waste in 2011 and cooperation contracts were signed with them.

Waste edible oil is collected from all facilities preparing food within their gastro departments (deep fat fraying) IDEA's electronic and electrical devices are decommissioned in our hyper, super and maxi stores twice a year and once a year in our small-sized stores. Immediately after the contract is signed, the contractor transports the waste, so its retention in the nonconforming products warehouse is reduced to a minimum.

Impact Indicators

Environmental Impact Indicators

No significant spills of oil, chemicals, fuel or wastewater into the ground or water were recorded in 2010 and 2011.

IDEA tends to minimize its energy and water consumption in its business and appropriately dispose of all waste: by sorting, reusing or recycling. We contribute to achieving lower emissions from mobile and stationary sources by replacing solid fuels by natural gas and by purchasing new-generation vehicles (EURO 5). When renovating our older facilities, we replace any units using R-22 as refrigerant by those using R-404a.

As of early 2010, a new ordinance for plastic bag requirements will come into force, which will additionally define the type and quality of bags that may be marketed, which should increase the share of biodegradable bags in use.

No collection or reclaiming of sold products or their packaging from our end customers was organized during the reporting period because it is not a retailer's responsibility in Serbia.

IDEA was not fined for noncompliance with any environmental laws during the reporting period.

In 2010, our diesel consumption for 340 vehicles (passenger and cargo vehicles) was 81,481.48 GJ, and 87,062.08 GJ in 2011 for a total of 373 vehicles.

Our mobile source emissions in 2010 were 5.93 tons of CO_2; 12.89 t of CO; 1.53 t of NO_x and 1.03 of PM; in 2011, they were 6.34 tons of CO_2, 13.92 t of CO, 1.66 tons of NO_x and 1.08 of PM.

Note: The calculations were based on estimated emissions per kilometer driven on diesel fuel.

Our waste disposal costs were 23,155,812.36 dinars in 2010 and 22,559,749.68 dinars in 2011. 11,567,401.84 dinars was spent on equipment maintenance, emissions costs, chimney maintenance services, and snow, surface and separator cleaning services in 2010, and 12,568,452.96 dinars in 2011. 919,920 dinars was spent to purchase utility equipment in 2010 and 1,285,140 dinars in 2011.

20,310.94 dinars was spent on providing environmental protection training to our employees, while the rest of our costs in the area (special environmental protection and improvement charge, wastewater quality testing and noise measurement) amounted to 1,005,683.55 dinars.

Our costs in 2009 were: 10,800,231.78 for municipal waste; 60,000.00 dinars to purchase utility equipment; and 1,454,739.66 dinars for harmless destruction of animal origin waste.

2012 and 2013 Plans

- implement HACCP in all retail facilities;
- have the entire system ISO 14001:2004 certified;
- arrange collection of waste batteries from end customers in all hyper, super and maxi facilities;
- arrange collection of glass and wooden packaging from our wholesale facilities;
- rationalize our consumption of electricity and minimize its cost.

Impact Indicators

Environmental Impact Indicators

Retail - TISAK d.d.

Tisak d.d. is the largest retail chain of newsstands and a leading Croatian distributor of publications, tobacco products, telecom prepaid vouchers and start packages and other products in Croatia. Tisak is also the only distribution company that is able to distribute any product to any location in Croatia within 24 hours, 365 days a year.

As much as 65% of all daily newspapers in Croatia are distributed through Tisak's retail network. In addition to its own retail establishments, Tisak delivers publications to over 6,800 of its partners' retail establishments across Croatia and also provides transport services to other companies.
Tisak is also the only local wholesaler that provides for daily delivery of all types of publications, cigarettes and tobacco products, mobile phone prepaid vouchers, stamp duties and other merchandise across Croatia to all types of customers regardless of their size – small family stores, local corporations and major national retail chains.

Tisak is aware of its leading role in newspaper distribution and trade, accepts it social responsibility and bases its business on organized system management according to the sustainable development principles. We aim for our company's success to be effective and visible, as reflected in achieving overall economic progress with an efficient and responsible treatment of both the environment and our cultural and natural heritage.

Consequently, the strategic objectives of our company in service of sustainable development are defined as follows:

- conform our business to legal and other requirements in connection with environmental protection;
- blend in the environment with our distinctive architectural concepts;
- minimize our environmental impacts (soil, water, air, flora and fauna) by using modern equipment in our retail facilities and our distribution fleet;
- work on maintaining a balance between exploiting, saving and renewing our energy sources – smart investment management in sustainable development projects.

We are aware that our adoption and implementation of such environmental concepts can provide numerous benefits, such as: enhanced corporate reputation, better customer relations, better cooperation with business partners, and more successful cooperation with government and nongovernment organizations. One of the key tasks toward the achievement of these objectives is to provide environmental impact training to all our employees and constantly work on its minimization. It is essential that all employees of Tisak understand the importance of environmental protection and care. The following initiatives were launched in accordance with the strategic objectives set:

- achieve electricity savings at our newsstands by rationalizing our consumption; in line with the preceding period's plan, diode lighting was introduced in 15 retail establishments and we will continue to introduce this technology in the next reporting period;
- replace our fleet with new vehicles with exhaust emissions in compliance with environmental standards;
- maintain records of total energy consumption for each vehicle;
- move to a new, modern logistic & distribution center, which will allow us to better maintain our waste management records, rationalize our energy consumption, and reinstate the old paper recycling project in our warehousing operations;
- ensure better waste sorting and disposal for the purpose of minimizing municipal waste, including purchasing new containers and identifying waste disposal points;
- place containers for waste paper (next to Tisak newsstands) to be recycled
- appropriately dispose of e-waste (IT equipment): computers, printers, toner, mobile phones, and other equipment;
- minimize paper spending in our daily business by introducing new centralized printing/scanning/photocopying devices, which will enable spending control;
- environmental marketing: make eco bags and introduce them in our retail stores' offerings and prepare promotional materials on recycled paper.

Tisak Distribution Centre

Impact Indicators

Environmental Impact Indicators

To encourage our customers to protect the environment together with us, we produced a reusable eco-bag from environmentally friendly recycled paper. We also began to print our promotional flyers on recycled paper because we thus help minimize methane emissions contributing to global warming and preserve our forests.

The activities we currently perform are just the beginning of our long-term care for the future and the environment. We systematically work on developing other projects for the purpose of additionally reduce our adverse environmental impacts. For example, we launched a project to collect waste batteries in all our retail stores, which may result in significant success considering the size and scope of Tisak's retail network.

Tisak also began to consider the possibility of installing solar panels on its newsstands, as the need for renewable energy sources increases on a global level. Solar energy provides numerous benefits: it is completely clean and creates no pollution, requires no fuel and little maintenance, ensures full energy independence, especially in sunny countries like Croatia, and may thus be used as an excellent energy source and significantly contribute to sustainable development.

One of the strategic objectives set in our preceding report was the introduction of the ISO 14001 system. This project will start after we move to our new LCD in late 2012. We also plan to implement the ISO 9001 system in 2012 – quality management for one of our retail services.

Tisak has so far taken important steps in the area of sustainable development, but there is still plenty of room for new projects. We are facing a great challenge and are willing to accept it and actively work on improving our business with regard to sustainable development and environmental care. This is primarily conditional upon the active involvement of our employees and their acceptance of new procedures and projects. We will continue to work on their training in this respect. Tisak d.d. aims to be an active part of society, recognized for its actions and good project for the environment, society and our partners.

Materials used by weight or volume	2010	2011
	quantity (kg) / cost (HRK)	quantity (kg) / cost (HRK)
Foil	50,182 kg = 549,129 HRK	52,292 kg = 596,446 HRK
Cardboard boxes	32,451 kg = 145,055 HRK	36,556 kg = 156,899 HRK

The volume of materials used increased as a result of the merger of Slobodna Dalmacija – Trgovina and as a result of import developments.

Imported packaging materials used *

Packaging Materials by Type	2010	2011
		quantity (kg) / cost (HRK)
AL – cans		4,191.55 kg = 1,718.53 HRK
Paper/cardboard		116,581.93 kg = 43,718.22 HRK
Wood		31,027.00 kg = 4,654.05 HRK
Other polymeric materials		37,536.10 kg = 28,152.08 HRK

** The materials used are imported materials and their respective weights are accompanied by data on disposal charge costs*

No information for 2010 is presented because Tisak d.d. did not base its primary business (retail) on imports, which is why it was not an important importer in any segment. It was not before 2011, when Tisak developed its wholesale activities as an important part of Tisak's business, that it became an importer of certain segments of its product range, so it is able to report the costs of imported materials used.

In late 2011, Tisak introduced recycled paper bags in all its retail establishments. 67,000 such bags have been purchased so far, and we will continue to promote their use because they are environmentally friendly.

Impact Indicators

Environmental Impact Indicators

Direct energy	2010	GJ	2011	GJ
	Consumption volume (m^3/L) and cost (HRK)		Consumption volume (m^3/L) and cost (HRK)	
Gas consumption volume	916,494 m^3 = 230,590 HRK	3,299.40	1,232,143 m^3 = 310,008 HRK	4,435.71
Fuel (oil) consumption volume – vehicles	1,361,230 l = 9,149,185 HRK	53,083.89	1,563,150 l = 12,004,306 HRK	60,598.20

Our gas consumption increased after Tisak acquired Slobodna Dalmacija – Trgovina's retail stores and warehouses and thus increased the surface areas of the premises to be heated. Our fuel consumption increased as a result of more distribution routes and more wholesale customers.

Indirect energy	2010	GJ	2011	GJ
	Consumption volume (m^3/L) and cost (HRK)		Consumption volume (m^3/L) and cost (HRK)	
Electricity consumed	2,446,889 kWh = 9,436,996 HRK	8,808.80	2,875,490 kWh = 9,801,163 HRK	10,351.70
Heating steam consumed	592,787 kWh = 773,893 HRK	2,134.00	479,691 kWh = 626,244 HRK	1,730.00

Compared to 2009, our electricity consumption slightly decreased as a result of less retail establishments. A slight increase in consumption was recorded in 2011 as a result of our acquisition of 190 retail establishments from Slobodna Dalmacija - Trgovina, their warehouses and other business facilities. At the same time, our heating steam consumption decreased as a result of less heated areas and the fact that one of the larger warehouses that had used steam for heating was closed.

Tisak does not use any water in its newsstands as its primary retail establishments, which means there is no water withdrawal. Our administration and Management Board offices are located in an office building not owned by Tisak, so we failed to obtain any information on total water withdrawal for the site.
Tisak d.d. does not have any land owned, leased or managed in protected areas of areas of high biodiversity.
Tisak d.d. conducts no activities in any protected areas or areas of high biodiversity.

Gas (kg/year)	2010	2011
NO_x	3,055.41	4,107.72
CO	580.53	780.47
CO_2	1,705,513.30	2,292,907.84

Greenhouse gases derive from the combustion of energy used to heat our business premises.

Oil (tons)	2010	2011
CO_2	1,461.71 t	1,721.24 t

** Calculation = total kilometers x 139g*

Our cooling equipment (air conditioners) uses refrigerants. R-12 and R-22 refrigerants are no longer used and were replaced by more environmentally friendly refrigerants R-407 and R-410 during the preceding reporting period. In 2010 and 2011, we replaced 160 of old newsstands with new models incorporating air conditioners using environmentally friendly refrigerant. Environmentally friendly gas was loaded in 60 air conditioners within our regular maintenance activities. We aim to replace all old air conditioners within the next five years and to load all remaining ones with eco-gas. All cooling displays in Tisak's retail establishments are provided by suppliers and Tisak insists that they use environmentally acceptable gas.
As the largest retail chain and distributor, Tisak d.d. has no other significant air emissions because the nature of its business does not include any production or processing.

Direct energy	2010	2011
Oil consumption volume – cargo vehicles	1,188,290 l = 7,906,882 HRK	1,379,919 l = 10,602,588
Oil consumption volume – company cars	172,940 l = 1,242,303 HRK	183,231 l = 1,401,718 HRK

Impact Indicators

Environmental Impact Indicators

Fleet size (number of vehicles per category)	2010	2011
Transport	215 units	230 units
Other company vehicles	93 units	113 units

** The information also pertains to EN29, while greenhouse gas emission information is provided under EN16.*

Disposal method	2010	2011
Disposal at repository (municipal waste)*	3,085,563 HRK	2,673,685 HRK

** As a result of a large number and dispersion of Tisak's retail units and, consequently, many different technical/technological levels of public companies/concessionaires (different equipment), this category can only be monitored for financial information, while quantities are impossible to monitor.*

Most of Tisak's business is conducted through its retail units scattered across Croatia, which use no water and therefore result in no water discharge.

Waste type	2010
Cardboard packaging	14,429 kg
Foil packaging	6,500 kg
Waste paper	6,706,676 kg

Tisak d.d. has a nonhazardous waste disposal contract in place with Zagrebački Holding, Čistoća Branch Office, while its waste paper recycling activities are outsourced as a result of changes in its business processes in 2011. This is why we no longer keep records of the amounts of waste paper, while cardboard and foil are registered as municipal waste.

As shown by the above indicators, Tisak, as the largest retail chain with 1,300 retail units with no water connections, does not engage in any form of production or processing, so no information is available on the consumption or storage of substantial amounts of water and other fluids that may be contemplated in reports of significant spills.

In Q4 of 2012, Tisak d.d. became a battery importer, importing 32,432 kg of batteries during this period. As an importer, it paid the Environmental Protection and Energy Efficiency Fund a fee of 8.40 HRK per kilogram, which comes to a total of 272,428.80 HRK. Accordingly, we aim to launch a project for collection of waste batteries at our retail stores within the next two years. During the same period, we launched a project for purchasing environmentally friendly recycled paper bags that have been available in all our retail stores since late 2011.

As a result of the nature of its business, Tisak does not reclaim products or packaging materials at this point, but we plan to launch a waste battery collecting project. During the 2010/2011 reporting period, Tisak d.d. incurred no financial or nonfinancial sanction for failure to comply with any environmental laws or regulations.

Tisak d.d. does not arrange for transportation of its workforce because its retail units are dispersed and not all its sites are easily accessible. Other environmental impacts of transport relate to transport of goods: in case of Tisak, this pertains to the transport and delivery of merchandise and publications to our retail establishments and our wholesale customers' retail establishments. The relevant information is included in the calculations of oil consumption and greenhouse gas emissions deriving from distribution.

Our investments in environmental protection during this period are reduced to investments in the activities specified at the beginning of the report (economical light bulbs, new-generation engine vehicles...). As a result of the nature of Tisak's business and the present organization of returns management, we incurred no special costs and generated no revenue from environmental activities.

2012 & 2013 Objectives

- Improve our electronic waste management activities (100% disposal of toner and other technical equipment)
- Implement ISO 9001 – quality management
- Implement ISO 14001 – environmental management
- Purchase nine new EURO 6-compliant vehicles
- Battery waste collection project
- Solar panel newsstands pilot project
- Further replacements with environmentally friendly gas in old air conditioners
- Improve our waste management activities.

Impact Indicators

Environmental Impact Indicators

Oil and Margarine - Zvijezda d.d.

Zvijezda d.d. is a manufacturing company within the Agrokor Concern, the largest producer of edible oils and the only producer of margarine, vegetable fats and mayonnaise in the Republic of Croatia. Zvijezda produces 80,000 tons of finished products intended to be marketed as consumer goods or sold as raw materials in the food industry. The product range is divided into three brands: Zvijezda (vegetable and olive oil, margarine, mayonnaise, salads, sauces, vegetable fats, vegetable ghee, pickled vegetables), Margo (spreadable margarine), and Omegol (oil and spreadable margarine).
The quality of our products is evaluated by our increasingly demanding customers on a daily basis, but also by professional juries at various food shows and fairs. Our longstanding experience in producing high-quality products adapted to market requirements is supplemented with our ongoing monitoring of health and environmental trends to provide our customers with full satisfaction and the best value for money. To ensure better availability of its products on the market, Zvijzda d.d. developed its own distribution network with sales centers in Zagreb, Osijek, Rijeka, Split, Zadar and Dubrovnik, and its own companies in Slovenia and Bosnia and Herzegovina.

Based on market analyses and needs, we launched new products during the 2010/2011 reporting period and enhanced our activities on the local and international markets where we reinforced our position with respect to the products and brands distributed by Zvijezda, as reflected in our market shares in the Republic of Croatia as follows: oil: 61%, olive oil: 41%, margarine: 86%, mayonnaise: 80%. Zvijezda d.d. plans to remain a market leader in the production and distribution of oil-based food products.

Zvijezda's production plants are located within an industrial zone at M. Čavića 1, Zagreb, while it raw material based is procured by purchasing sunflower and rape seed and olives in the Republic of Croatia and by purchasing raw oil on the global market and processing it into products.

The area of integrated business system management includes the development, production, storage and distribution of vegetable oil, fats, margarine, additives, mayonnaise and mayonnaise-based delicacies, and storage and distribution of other food products.

System	Standard	Certifying organization	Initial certification
Quality Management System	ISO 9001:2008	Bureau Veritas	1999,
Environmental Management System	ISO 14001:2004	Bureau Veritas	2009-pre-certification 2010-certification
Information Security Management System	ISO/IEC 27001:2005	Det Norske Veritas. Hungay Ltd.	2009
HACCP	Codex Alimentarius	Bureau Veritas	Introduced in 1999 Certified in 2009
Kosher		Jewish Religious Community Bet Israel in Croatia	Initial certification in 2000, recertified every year

Impact Indicators

Environmental Impact Indicators

Maintaining a positive perspective of and a systematic approach to the environment, Zvijezda has launched different projects for years for the purpose of minimizing its environmental impacts. Our ongoing training cycles increase employees' environmental awareness, while the introduction and certification of the ISO 14001 environmental management system in 2010 only confirms our treatment of the environment and our efforts toward constant improvements. Our business policy and all our development plans and projects include requirements in connection with environmental protection and protection of our living and working settings within sustainable development. Our treatment of the environment includes energy savings and prevention of climatic changes, managing and disposing of all types of waste, preservation of water resources, prevention of wastewater emissions, and ongoing employee training and awareness raising activities with regard to the environment by finding new viable concept to achieve product quality and meet all environmental requirements.

During this reporting period, Zvijezda achieved significant results with respect to environmental protection by installing wastewater treatment plants (WTP) and reconstructing its internal sewerage network, this significantly reducing soil and groundwater emissions.
Zvijezda's entire production includes basic technological units – storage of raw materials and finished products, an oil refining plant, an oil bottling plant, and a margarine and delicacy plant. The boiler room generating steam for production purposes and the wastewater treatment plant are an essential part of production.
By investing in new technologies, Zvijezda ensured the quality and safety of its products, a distinctively high quality level, and minimization of adverse environmental impacts – on water, soil and air. We constantly work on optimizing our energy and natural resource consumption and rationalizing our exploitation of raw materials. We ensure that any toxic or hazardous substances are eliminated by replacing them with substances less harmful for the environment and human health.

We organized collection and recording of all types of waste by type and point of generation, and its disposal using certified companies. We use our best efforts to find the most suitable methods of waste disposal so that we could use such waste as secondary raw materials and thus minimize waste disposed of at repositories. We constantly monitor our air and water emissions. Wastewater is an environmental factor we pay special attention to because the food industry consumes large amounts of water on plant washing and achieving high hygienic standards in production. Using a cleaner production methodology, we implement measures to minimize the amounts of water and harmful wastewater emissions.

Materials used by weight or volume		2010 (kg)	2011 (kg)
Raw materials	Main raw materials	50,341,338	61,152,193
	Additions	2,107,997	1,937,262
Supporting process materials	Supporting materials	994,049	963,701
	Lubricating oil and grease	2,110	1,027
Packaging materials	Primary, secondary and tertiary packaging	5,145,303	6,732,663
Total		**58,590,897**	**70,786,846**

Impact Indicators

Environmental Impact Indicators

Wherever possible, Zvijezda d.d. reduces the weight of materials and uses recycled packaging materials to achieve savings on packaging materials and contribute to the preservation of natural resources.

Most recycled packaging materials are used for secondary/transport packaging. This are transport boxes made of recycled cardboard and recycled packaging white glass to a minor extent.

Percentage of materials used that are recycled input materials	2010	2011	2010	2011
Total weight of (packaging) materials used	5,145,303 kg	6,732,663 kg	29.5 %	21.6 %
Total weight of recycled input (packaging) materials used	1,518,843 kg	1,455,867 kg		

Direct energy consumption means total consumption of energy at Zvijezda's production sites from primary sources (natural gas, fuel for cargo and passenger vehicles) that we used for our business. For production purposes, we use natural gas and water for the boiler room where steam for our plants and electricity are generated. There is a central warehouse at the same location, which is used for storing raw materials and finished products at required temperatures.

Direct energy does not include electricity because it represents indirect energy produced and supplied outside the company. Direct and indirect energy for production and transport purpose from our sales centers (Rijeka, Zadar, Split, Dubrovnik Osijek) to our customers are provided in the table below.

Direct energy consumption by primary energy source	2010	2011	2010	2011
Natural gas	3,784,018 m^3	3,241,438 m^3	147,615 GJ	126,448 GJ
Diesel fuel	768 t	664 t	33,277 GJ	28,771 GJ

190,533 GJ of direct energy was spent in 2009, which shows a downward trend in 2010 and 2011, achieved by production rationalizations and distribution route optimizations.

Indirect energy consumption by primary source	Electricity (kWh)		Electricity (GJ)	
	2010	2011	2010	2011
Production + SC Zagreb	12,549,960	11,453,700	45,180	44,669
SC: Ri+St+Zd+Du	611,420	497,105	2,201	1,790
B Total			**47,381**	**46,459**
	Steam (t)		**Steam (GJ)**	
Production + SC	46,718	42,297	125,812	113,906
C Total			125,812	113,906
A + B + C Total			**354,085**	**315,584**

Indirect energy includes energy generated by the same or different primary sources outside Zvijezda and purchased outside the company. In this case, it is electricity because we produce other energy forms internally (heating, cooling, etc.).

Compared to total indirect energy consumption during the preceding reporting period for 2009 (exclusive of steam because steam was not accounted for during the preceding reporting period) of 51.840 GJ, we can observe a slight down-

Impact Indicators

Environmental Impact Indicators

ward trend in electricity consumption. In 2010, we closed our electrolysis and oxygenation plant that included demanding technological processes in terms of energy, but commissioned a wastewater treatment plant using electricity in early 2011.

Zvijezda d.d. has used a systematic approach to water for years because its water consumption is great, as it is across the food industry. Zvijezda uses the following sources of water: water from the city supply system and well water (with a concession in place). Water is used to produce steam, as a raw material for products, cooling in production processes, plant washing, and as drinking and sanitary water. Water used in our SCs is city water used as sanitary, drinking, and warehouse washing water.

A downward trend was recorded in water consumption. In 2009, we spent a total of 181,533 m^3 of water.

Total water withdrawal by source

Site	City water volume (m^3)		Well water volume (m^3)	
	2010	**2011**	**2010**	**2011**
Production + SC Zagreb	72,283	42,493	81,679	82,703
SC: Ri+St+Zd+Du	865	416		
Σ	73,148	42,909		
TOTAL: city + well water	**154,827**	**125,612**		

Zvijezda's owned or leased business locations are not situated within or adjacent to any protected areas of areas of high biodiversity, so there are no significant impacts on biodiversity in connection with Zvijezda's activities.

Zvijezda's impact of greenhouse gas air emissions includes emissions from stationary sources and emissions deriving from the transport of materials and products using our own vehicles. Emissions are regularly monitored in accordance with national regulations, while the combustion of natural gas used as energy in the boiler room, administration building, the refinery plant and hydration plant and fuel (diesel) used for cargo vehicles were taken into account as direct emissions.

To calculate CO_2 equivalent, we used the methodology provided in the **Guide for Preparing Plans to Monitor Greenhouse Gas Emissions from Plants** issued by the Ministry of Environmental Protection, Physical Planning and Construction according to the following formula:
CO_2 (combustion emissions) = consumption * consumption size * emission factor * oxidation factor

Total direct and indirect greenhouse gas emissions by weight

Emission source	Direct emissions [(t) of CO_2 equivalent]	
	2010	**2011**
Combustion of natural gas used as energy	7,642.2	6,546.4
Emissions during combustion of fuel for transport and distribution	2,042.8	2,113.0
TOTAL	**9.685,0**	**8.659,4**

Other relevant indirect greenhouse gas emissions by weight

Emission source	Direct emissions [(t) of CO_2 equivalent]	
	2010	**2011**
Emissions from combustion of fuel used to transport employees and business trips (company cars)	544.12	576.59
TOTAL	**544,12**	**576,59**

Impact Indicators

Environmental Impact Indicators

Zvijezda's cooling systems do not use gases having significant impacts on the ozone layer.

A certified company conducts periodic measurements in Zvijezda required under the Ordinance for the Limits of Air Pollutant Emissions from Stationary Sources (Official Gazette 21/07; 150/08) according to the required schedule depending on the furnace size. Emissions generated by the boiler in the boiler room are measured once a year, and twice a year for smaller furnaces. The results show that no emission limits were exceeded.

NO_x, SO_x, and other significant air emissions by type and weight

Site	Vrsta emisije (kg/m³ N)			
	CO (kg/m³ N)	NO_x (kg/m³ N)	CO (kg/m³ N)	NO_x (kg/m³ N)
	2010	2010	2011	2011
Boiler room – TPK Zagreb boiler	2.5	163.8	4.1	174.7
Administration building boiler room –Buderus G 424L boiler no. 1			14.6	118.2
Administration building boiler room –Buderus G 424L boiler no. 2			4.5	111.3
Oil refinery –Garioni Aval boiler, fact. no. 116-07A	3.7	118.5		
Hydration plant - Garioni Aval boiler, fact. no. 116-07B	2.2	140.8		
Total air emissions:	**431.5 (kg/m³ N)**		**427.4 (kg/m³ N)**	

Zvijezda has systematically monitored it water and energy consumption since 2011 – strategic tasks of water reduction were set based on the data received. Wherever possible, our plants are working on water recirculation processes as a measure for overall reduction of water quantities used, but this resulted in concentration of outgoing wastewater and we launched a project to build a wastewater treatment plant. The plant was built during 2010 and was commissioned in April of 2011. This project included reconstruction of our internal sewerage system. We separated the sewerage system for sanitary and precipitation waters that are not treated by the treatment plant from the system for process water that is treated. The treatment plant is used for physical and chemical treatment of wastewater, namely acid water, where the contents of sulfates, greasy water, oil, grease, BOD and COD. After treatment, all waters are drained through an inspection/measuring shaft (IMS) into the public drainage system, and then directed to the city wastewater treatment plant. Previous results for the parameters set as measured at the point of discharge show satisfactory indicator levels. These parameters are checked by our internal laboratory and the „Andrija Štampar" certified laboratory.

Total water discharge by quality and destination

	2010 god,	2011 god,
WASTEWATER (m³/year)	147,086	119,331
AVERAGE DAILY Q (m³)	402	326
POINT OF DISCHARGE	*Treated process wastewater (physical & chemical treatment plant) is discharged through an inspection & measuring shaft (IMS) into the public sewerage system connected to the city wastewater treatment plant.*	
DETERMINING THE AMOUNT OF DISCHARGE	*The amount of water discharged is determined on the basis of information on the quantity of water delivered from the water supply system and water withdrawn from wells minus 5%, which is the amount of water incorporated in products and lost at cooling towers.*	

In 2009, the amount of wastewater was 172,649 m³

Impact Indicators

Environmental Impact Indicators

Total weight of waste by type and disposal method (KEY)

Year					2010	2011
Waste type	Waste type	Collected by	Treatment	Treated by	(t)	(t)
Nonhazardous waste	*Glass; Paper; PE foil and PET; Combined metal; Fire-fighting foam; Waste margarine; Insulation mineral wool; Waste ion exchange resin; Plastic packaging; Ancillary filtering products; Bulk waste; Municipal waste; Materials not fit for consumption; Worn out Ni-catalyst; Waste yolk, cheese, mustard, yeast; Waste packaging from plants; Waste tires; Grease and oil mixtures; Absorbents, filter material; Waste membrane filters; Waste decolorant soil, construction waste*	UN; HR; Snab; KT; SAŠA; EFP; ZH; STP; Gpex; EKOL; KH	R5; R4; R3	UN; HR; Snab; KT; KOTO; EV; ZH; CONCERN; U; Gpex; EKOL; OpVi; KH	1,837.7	1,862.6
Hazardous waste	*Electronic waste; Ink and toner; Fluorescent pipes; Air conditioners, cooling displays; Car batteries; Waste engine oil; Oiled filters and packaging; Sulfuric acid; Non-halogenated solvents; Halogenated solvents*	Flora; CEZAR; CIAK KT	D10, D15, R1, R4		9.2	8.5
Total					**1,846.9**	**1,871.1**

Year	Total quantity of waste (t)
2009	2,096.533
2010	1,846.876
2011	1,871.108

The above information shows that the total quantities of waste are decreasing. The quantity of waste generated in 2010 was 11.9 percent lower than 2009. In 2011, there was a slight increase in the total amount of waste (1.3% year-on-year), but it was still lower than 2009 (by 10.8%) because we had put into service our wastewater treatment plant that discharges a certain amount of sludge after wastewater treatment, which is then disposed of.

Zvijezda d.d. had no significant spills during the reporting period because it invests in preventive measures to prevent any major spills.

The activities we constantly work on to reduce our environmental impacts, improve our business practices and raise our present standards include constant efforts toward finding ways to dispose of waste as secondary raw materials (against a fee) and rehabilitation and improvement raw and edible oil decanting plants (prevention of soil and water emissions). During the reporting period, we conducted preparations for the construction of an edible oil bund wall to prevent soil and water emissions.

Most Zvijezda's products are sold in retail, where transport packaging is collected (cardboard boxes, stretch foil). As form primary packaging for margarine, oil, mayonnaise, sauces and salads, our customers dispose of its as municipal waste because no system for collecting and disposing of greased packaging is in place. Where Zvijezda's products are sold as raw materials to other producers, these producers properly collect such waste by type and dispose of it as required by law. Zvijezda treats packaging waste received from its supplier in the same manner.

There were no significant violations or cases of regulatory noncompliance or fines during the reporting period.

Impact Indicators

Environmental Impact Indicators

Fuel consumption for overall transport

year	Quantity (L)	Quantity (GJ)	CO_2 equivalent emissions (t)
2010	972,733.19	29,532.2	2,586.9
2011	1,001,744.85	30,778.4	2,689.6

Significant environmental impacts also derive from the transport of products and other goods and materials used for our activities and for the transport of our workforce members

Total environmental protection expenditures and investments by type were as follows:

Current environmental protection costs			Environmental prevention costs		
DESCRIPTION OF INVESTMENT	AMOUNT (HRK)		DESCRIPTION OF INVESTMENT	AMOUNT (HRK)	
	2010	2011		2010	2011
Lease of containers to transport and dispose of all types of waste	1,451,669	1,359,724	Edukacije	2,250	3,939
Costs of waste and wastewater analysis	34,196	68,313	Sanacija tankvane H_2SO_4 i NaOH		60,000
Costs of channel and separator cleaning and waste disposal	151,063	459,408	Supervision of the environmental management system		18,200
Repair of existing equipment for waste	11,076		Certification of the ISO 14001 environmental management system	34,000	
Packaging waste disposal fee	1,129,611	1,251,938	WTP construction and sewerage reconstruction costs	7,026,873	6,083,022
WTP operating costs		953,475	Purchase of tarpaulins for waste grease containers for waste generated by the WTPs (odor prevention and transport safety)	5,083	
Boiler air emission monitoring	1,200	2,500	Construction of a compressed gas warehouse	60,000	
TOTAL:	**2,778,815**	**4,095,358**	**TOTAL:**	**7,097,606**	**6,171,161**

2012 and 2013 Plans

- build an edible oil bund wall to prevent any soil or groundwater emissions
- launch a project to exploit potential waste as a secondary raw material against a fee
- increase the number of training hours for our employees in connection with different environmental segments.

- energy efficiency – purchase and install a low-volume steam boiler (the present capacity of the boiler was excessive for summer months, so a low-volume boiler would result in lower gas consumption for steam generation in summer months, and there would be less air emissions and greenhouse gas emissions).


DIJAMANT

Impact Indicators

Environmental Impact Indicators

Dijamant A.D.

Dijamant AD has successfully operated within the Agrokor Concern since 2005. Having operated and developed within the Concern, Dijamant became one of the largest oleaginous plant processors and vegetable fat producers in this part of Southeast Europe. In addition to these two plants located in Zrenjanin, Dijamant includes four distribution centers in Serbia. DC Belgrade has the largest volumes and is followed by DC Vrbas, DC Niš and DC Čačak.

The oil mill plant stores, cleans and dries oilseed, and produces raw oil and fatty acids. This plant also contains a boiler room for production of industrial steam, air compressors and a demineralized water plant supplying the entire factory, including dedicated wastewater treatment plant. The **VeFa** plant produces vegetable fats (vegetable fat hydrogenation, refining and confectioning), margarine, mayonnaise and mayonnaise-based sauces.

The report presents data for 2010 and 2011, which pertains to the factory site. It also provides Dijamant's business indicators demonstrating our environmental orientation. It is reflected in reduced pollution, proper waste management, direct investments in low-noise equipment and processes designed to prevent leaks, etc.

During the reporting period, Dijamant successfully proceeded to have its present standards recertified: ISO 9001:2008, HACCP and HALAL. The ISO 22000 certification was abandoned, but three additional standards were certified based on the estimated market requirements: **GMP+** feed safety standard. It includes the production of fatty acids and meal and is a requirement for the export of such products to European Union member states; **IFS** food safety standard. It is a requirement set by the retail chains from the European Union that appear as their owners in Serbia (Delhaize grupa, Metro, etc.); **ISO 14001** environmental management standard.

Among the objectives we defined for the reporting period, we achieved the following: we completed our Environmental Impact Assessment Study consisting of five parts and including the entire business of Dijamant. We received consents to all parts, which are a requirement to obtain an integral environmental license. As Dijamant does not hold a water management license, it failed to obtain such integral license. We applied for a water management license to the competent authority of the City Government in Zrenjanin when due (by 31 March 2011), however, as we still fail to meet all three requirements (wastewater quality, measuring the amounts of wastewater discharged into the city sewerage, and installation of grease traps at three precipitation water points of discharge into Begej), we had to postpone this objective for the next reporting period. Dijamant has just met the wastewater quality required by the regulations, which was confirmed by an external laboratory's audit, while the remaining two requirements have yet to be met. As we do not hold a water management license, we were unable to obtain an edible vegetable oil storage and treatment license, for which we have prepared all required documents. Our interventions in present equipment reduced the noise levels to the required limit, which was also confirmed by measurements taken by an external laboratory in the presence of inspectors. During the reporting period, we prepared a waste management plan defining how each type of production-generated waste will be disposed of, and we also continuously work on modifying our production processes in order to reduce our waste quantities. In addition, we defined waste sorting sites and thus reduced our municipal waste quantities.

Impact Indicators

Environmental Impact Indicators

Materials used by weight or volume		2010 (kg)	2011 (kg)
Raw materials	Main raw materials	56,414,688	63,545,180
	Additions	667,109	650,274
Process supporting materials	Supporting materials	708,160	939,345
	Lubricating oil and grease	3316	2985
Packaging materials	Primary, secondary and tertiary packaging	10,114,880	3,552,533
TOTAL		**67,908,153**	**68,690,317**

Dijamant does not use any recycled raw materials or production materials in its technological/production process.

Direct energy consumption by primary energy source

Energy	2010		2011	
	Quantity	Energy	Quantity	Energy
Natural gas	6,182,850 m³	220,867.89 GJ	6,924,913 m³	247,376.48 GJ
Sunflower shell	13,318 t	218,555 GJ	13,901.00 t	228,122 GJ
Steam produced from both energies	153,472 t 13.5 bar	428,340 GJ	157,292 t 13.5 bar	438,373 GJ
Amount of steam sold to Mlekoprodukt AD	2382.4 t 13.5 bar	6649.22 GJ	432.15 t 13.5 bara	1204.4 GJ
Diesel	840.370 t	36413.3 GJ	801.771 t	34740.74 GJ

Dijamant uses natural gas and sunflower shell as energy to produce steam, and uses diesel for its vehicles:

Indirect energy consumption by primary energy source

Electricity consumption

2010	2011
25,681,611 kW/h	30,176,553 kW/h
92,453.8 GJ	108,635.59 GJ

Total water withdrawal by source

2010		2011	
City water	Well water	City water	Well water
242,000 m³	438,148 m³	209,514 m³	405,981 m³

As a result of the water prices, we decided to increase our consumption of well water and decrease our consumption of city water during the observed period. We are guided by the principle of consumption rationality and water efficiency, but our consumption is affected not only by the scope and structure of our production, but also by factors out of our control. For example, warmer years (with higher mean temperatures) require more cooling water and our cooling towers do not use water recirculation.

The area where Dijamant's facilities and plants are located does not have a protected natural unit status and its surroundings do not include any areas that Dijamant's operations could endanger in terms of biodiversity. According to the General Plan of the Municipality of Zrenjanin, Dijamant's location is intended for production plants not endangering the environment with their activities. This is also established in the above Environmental Impact Assessment Study for Dijamant.

Impact Indicators

Environmental Impact Indicators

The amount of carbon dioxide (CO_2) emissions in 2010 was 40,941.86 t (estimated based on the type and consumption of fuel in boilers). In 2011, our carbon dioxide (CO_2) emissions were 12,970 tons, deriving from natural gas combustion. We did not consider the 22,706 tons of carbon dioxide (CO_2) deriving from sunflower shell combustion as this is a biofuel, which is renewable.
Dijamant does not emit any ozone-depleting gases in its technological/production processes.

2010				2011			
Particulate matter (PM)	Carbon monoxide (CO)	Nitrogen oxides (NO_x)	Sulfur oxides (SO_x)	Particulate matter (PM)	Carbon monoxide (CO)	Nitrogen oxides (NO_x)	Sulfur oxides (SO_x)
5.58t/god	21.04 t/god	89.60t/god	0.68t/god	1.36 t/god	18.4 t/god	77.54 t/god	0.00 t/god

We established permanent monitoring of our boiler and electrostatic filter operation. Such monitoring optimizes filter operation and completely eliminates periods when the electro-filter is out of use.

Another method of managing flue gas treatment is based on constant quality of energy – sunflower shell. By adjusting the operation of our shelling machines, we increased the quality of shelling and reduced the core content in the shell produced, which is important because the presence of core changes the characteristics of energy and results in boiler overload and affects the effectiveness of the electro-filter. The electro-filter is only used when boilers use sunflower shell. When natural gas is used, they are out of use.

The total amount of wastewater discharged from Dijamant in 2010 was 400,361 m^3 and 56,318 m^3 in 2011. Process wastewater accounted for most of it – 340,328 m^3. The total amount is also inclusive of cooling and sanitary water, but their shares are not measures. The amount of wastewater did not significantly increase – the difference in data arises from the fact that the total amount of wastewater has been measures as of 2011 i.e. it includes cooling water that used to be discharged to Begej River through the precipitation drainage system.

For the purpose of improving the quality of our process wastewater, treated process water is mixed (additionally diluted) by cooling wastewater, which also improves the quality of our wastewater at the point of discharge to sewerage. Only precipitation water is presently discharged into Begej River, and its quantities are not measured. 60% of all wastewater is treated before being released into the collector. We treat wastewater mechanically (laminate tank, grease and oil separator, flotation) and chemically (neutralization device).

Our COD and BOD levels increased after we directed our precipitation water to the point of discharge into Begej River. The amount of water polluting substances remained the same, so we have a greater concentration effect. The precipitation drainage system is mostly subject to effects of the environment (the amount of organic substances flowing into it).

Impact Indicators

Environmental Impact Indicators

Total weight of waste by type and disposal method

					2010	2011
Waste type	Waste type	Collected by	Treatment	Treated by	t	t
Nonhazardous waste	*Paper, Plastic materials (PE, PET, Foil), Iron, Wood, Tires/rubber materials, Municipal waste, Bleaching soil, Worn out nickel catalysts,, Waste ash.*	Zv, Rv, Eko, CzR, PR, NVS, ČiZ, Sek, E-san, E-star, Eco, J-I.	R4, R9, R10, R13, D1,	CzR, ČiZ, E-san, Eco	1391.77	986.65
Hazardous waste	*Mineral oil, Electronic and electrical waste, Worn out car batteries.*	Del, BiS, SCT, RV	D15, R13	Del, BiS, SCT	27.26	8.23
Total					**1419.03**	**994.88**

Types and Amounts of Disposable Packaging - in 2010

Packaging and packaging material types		Produced and put on the market	Imported disposable packaging	Exported disposable packaging	Total amount put on the market
		(t)	(t)	(t)	(t)
Plastic	PET	1,409	121	249	1,281
	Other types of plastic	8,545	48	1,971	6,622
	Total	**9,954**	**170**	**2,220**	**7,903**
Glass	**Total**	**36**	**316**	**134**	**218**
	Iron	47	29	53	23
	Aluminium	14	5.2	1.2	18
Metal	**Total**	**61**	**35**	**55**	**41**
Paper and cardboard	**Total paper and cardboard**	**2,186**	**123**	**357**	**1,953**

Packaging and packaging material types		Amount of packaging to be managed by the recovering organization	
		(t)	%
Plastic	PET	1,276	99.6
	Other types of plastic	6,602	99.7
	Total	**7,878**	**99.7**
Glass	**Total**	**203**	**93.1**
	Iron	23	100.0
	Aluminium	18	100.0
Metal	**Total**	**41**	**100.0**
Paper and cardboard	**Total paper and cardboard**	**1,880**	**96.3**

Impact Indicators

Environmental Impact Indicators

Types and Amounts of Disposable Packaging - in 2011

Packaging and packaging material types		Produced and put on the market	Imported disposable packaging	Exported disposable packaging	Total amount put on the market
		(t)	(t)	(t)	(t)
Plastic	PET	788.590	45.774	133.076	701.288
	Other types of plastic	692.858	21.284	141.304	572.838
	Total	**1481.448**	**67.058**	**274.380**	**1274.126**
Glass	**Total**	**108.269**	**264.769**	**88.603**	**286.435**
	Iron	5.212	16.209	7.040	14.381
	Aluminium	7.861	8.587	2.073	14.375
Metal	**Total**	**13.073**	**24.796**	**9.113**	**28.756**
Paper and cardboard	**Total paper and cardboard**	**2072.849**	**48.178**	**367.811**	**1753.216**

Packaging and packaging material types		Amount of packaging to be managed by the recovering organization	
		(t)	%
Plastic	PET	701.288	100
	Other types of plastic	572.838	100
	Total	**1274.126**	**100**
Glass	**Total**	**284.435**	**100**
	Iron	14.381	100
	Aluminium	14.375	100
Metal	**Total**	28.756	100
Paper and cardboard	**Total paper and cardboard**	**1753.216**	**100**

No significant spills of chemicals, grease or fuel were recorded during the reporting period.

Plenty of time and funds were spent in 2010 and 2011 to resolve our wastewater issues. We agreed upon a plan with the utility company Vodovod i kanalizacija for Dijamant to perform its obligations pursuant to the Sewerage Resolution adopted by the City Government of Zrenjanin. We reconstructed our wastewater treatment plant in both Dijamant facilities. The reconstruction included revitalization of present equipment and introduction of improved chemical water treatment. In 2011, our one-month monitoring of treatment plant's efficiency confirmed the decrease in adverse environmental impacts. In addition to the wastewater treatment plant, we proceeded to perform activities toward reducing water pollution. Some of our technological processes were modified: the fat separation process within fatty acid production was improved and we reduced the amount of sulfuric acid used and thus reduced the content of sulfur in wastewater. In VeFa, grease from the common collector is collected using vacuum before treatment, thus increasing treatment plant's efficiency because it is less loaded with greasy substances.

During the reporting period, Dijamant cooperated with certified packaging waste operators Sekopak and Ekostarpak and thus performed its obligations regarding packaging waste disposal. As of 2010, we have only cooperated with Ekostarpak. The amounts of packaging waste are specified under the above indicators.

There were no fines or any other sanctions for noncompliance with environmental regulations. However, certain charges were raised based on citizens' complaints and reports, but they were all dropped because no evidence was found to support the claims by audits and analyses of the disputable parameters (noise, dust, smoke). Every time such charges were dropped, a decree was issued on the dismissal of further proceeding against Dijamant AD.

Impact Indicators

Environmental Impact Indicators

Energy

Diesel **2010**	840.370 t	36413.3 GJ
Diesel **2011**	801.771 t	34740.74 GJ

No significant environmental impacts resulting from the transport of raw materials, production materials, finished products or workforce members were found.

Total environmental protection expenditures and investments by type

Costs in RSD	2010	2011
Waste treatment and disposal	6,573569.38	8,624,137.77
Emissions treatment (electrostatic filter operation)	665,000	670,000
Water utilization charge	3,742,835	69,312.24
Wastewater charge		14,011,868.28
Institute services (costs of required environmental parameter monitoring)	1,164,217	3,987,657.08
Total	**12,145,621 RSD**	**23,375,317 RSD**
	115,135 EUR	223,387 EUR
	@105.49 RSD za EUR	@104.64 RSD za EUR

The amounts for 2010 and 2011 are not directly comparable because they have different structures. Pursuant to competent authorities' requirements, the number of analyses performed by external laboratories increased several time, the efficiency of our wastewater treatment plant was verified, the water fee rates changed, etc. As an objective for the next reporting period, we committed to determining the financial environmental parameters, so called eco-indicators, based on which we would be able to follow trends.

In 2009, Serbia adopted several environmental laws that had not existed before. They all came into force in 2010 or 2011, which resulted in new expenses. Some of them were on a one-off basis (extraordinary analyses at request of inspection authorities) and some became regular obligations (packaging waste charge).

2012 & 2013 Plans

- Obtain a water management license by completing the remaining two tasks required for the license (precise measurement of waste water amounts and installation of grease traps at points of discharge into Begej);
- Obtain a waste oil treatment license;
- Obtain an integral environmental license;
- Separate waste in Dijamant's non-manufacturing activities;
- Implement the new Chemicals Management Act (storage, packaging, etc.);
- Define production eco-indicators i.e. prepare a study based on which our environmental costs will be possible to link to the type of product and volume of production more concisely;
- Waste management: reduce municipal waste and increase the share of secondary raw materials. This includes precise measurement of waste by plant.

Some of our objectives (especially those relating to wastewater) require substantial investments and construction works. They are therefore expected to be implemented in the next two years.
By performing better eco-indicator analyses, we expect to obtain an accurate interpretation of our environmental parameter trends (waste and packaging waste generated, water spent, wastewater quality, energy consumption by type and amount, etc.). We believe the differences and savings that we are already achieving are a result of better environmental management, but we have not been able to determine the actual link yet. Some of the differences are also a result of different production volumes and structures, but also of obligations arising from regulations.

Impact Indicators

Environmental Impact Indicators

Sojara d.d.

Sojara d.d. Zadar (Soybean Factory) is the only soybean seed processor in the region. It is located in Central Adriatic, in Zadar Port. Sojara also owns a loading/unloading tower on a port pier that it able to receive even the largest cargo ships. Its position is also favorable because of its railway and road connections, which makes Sojara strategically significant for the transport of all types of crops and oilseeds and the possibility of storing and handling such goods in a silo and floor-level warehouses.

Sojara d.d. launched its production in 1977. It has become part of the Agrokor Concern in 1991, whereby it established better cooperation with companies such as Belje, Zvijezda and others. Sojara d.d. has capacities for processing 1,100 tons of soybean seed into soybean meal, soybean oil and lecithin every day. It processes domestic and imported seeds. Our 38,000 m^2 silo for storing crops, oilseed and flour offer numerous possibilities with regard to import and export of goods.

Sojara d.d. pays special attention to quality control, environmental protection and product safety. Adverse environmental impacts are reduced by conducting ongoing employee training and by optimizing energy and natural resource consumption.

Sojara d.d. has been a holder of an ISO 9001:2008 quality management since 2001. It was last recertified in 209 and audits are conducted every year. In 2010, Sojara had its ISO 14001:2004 environmental management system certified and audits are also conducted every year. Sojara d.d. also holds a Kosher certificate and has implemented an HACCP system. Sojara d.d. is subject to the IPPC Directive and the Kyoto Protocol.

Material used by weight or volume

Raw materials	2010.	2011.
Soybean seed	66,488 t	79,971 t
Process supporting materials		
Hexane	73,086 t	80,097 t
Fuel oil	2,198 t	2,605 t
Oils and lubricants	2.1 t	1.9 t

The production process of Sojara d.d. does not provide for the use of any recycled input materials because of the nature of its operations.

In 2011, we recorded an increase in our fuel oil consumption by approximately 20% compared the amount of fuel oil spent in the preceding year. This is a result of longer operation of the boiler room and increased production of steam for the soybean seed processing plant. This also applies to the 3-percent increase in total fuel oil consumption in 2010 compared to the preceding reporting period.

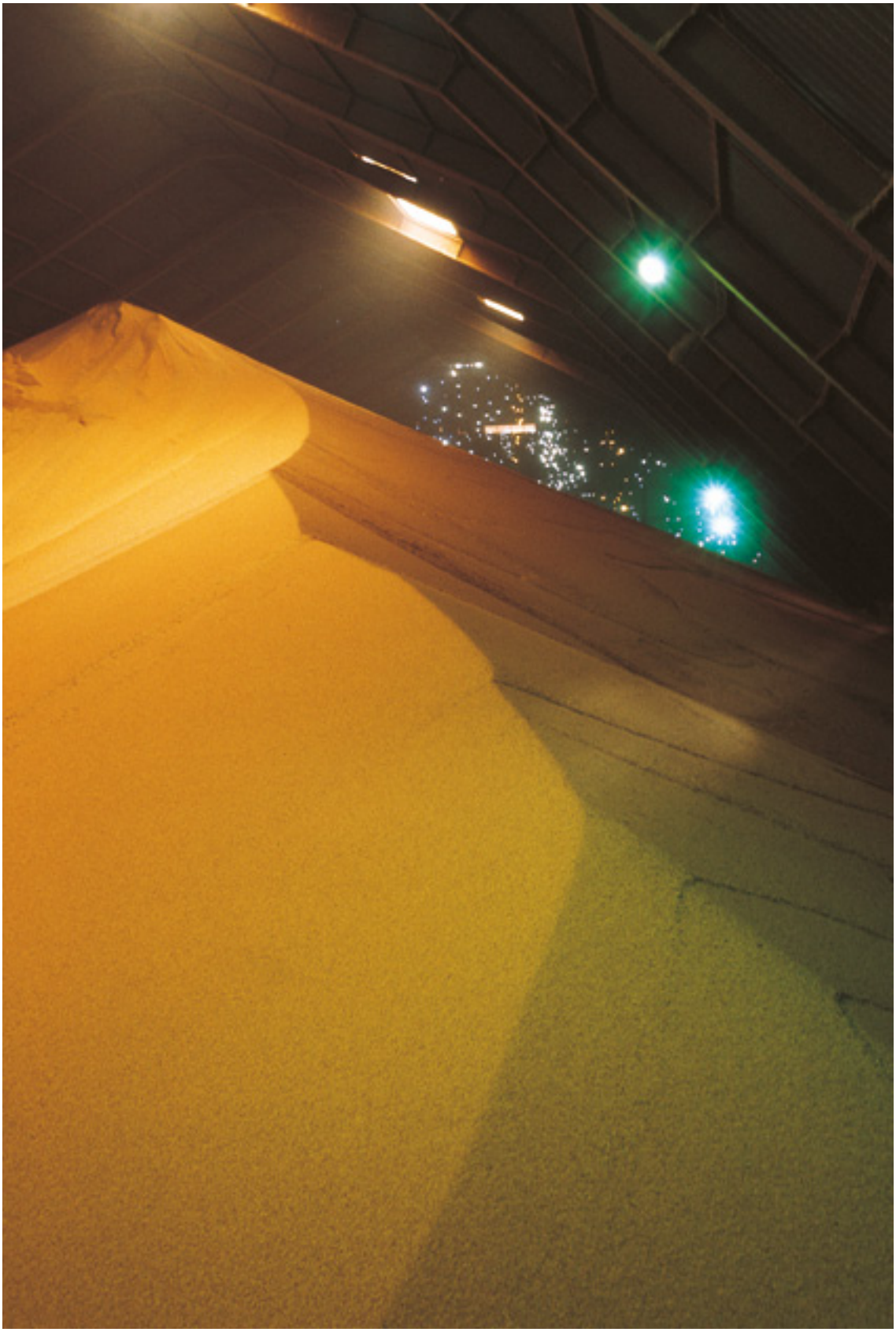
Direct energy consumption by primary energy source

	2010.	2011.
Fuel oil	2,198 kg	2,605 kg
Thermal value		
0.04043 GJ/kg	88.86514 GJ	105.32015 GJ

Our electricity consumption was 3 percent higher in 2010 compared to the preceding report. As a result of an increased production cycle volume and a larger amount of soybean seed processed, the trend continued in 2011 when our electricity consumption was 7% higher than 2010.

Electricity consumption

2010	2011
4,311.00 MWh	4,551.88 MWh
15,519.6 GJ	16,386.77 GJ



Impact Indicators

Environmental Impact Indicators

Total water withdrawal by source

	Used for plant operation	Consumption of process and drinking water (m^3/year) 2010	2011
Public	Soybean processing	17,290	27,600
supply	Energy processes	22,138	18,384
system	Sanitary purposes	1,350	1,350
	Restaurant	657	657
	TOTAL	**41,435**	**47,991**

Water savings were achieved during this reporting period. In 2009, we spent a total of 52,607 m^3 of water and managed to achieve savings by rationalizing and additionally controlling our water consumption, although the amounts of processed seed increased by 10% in 2010 and 15% in 2011 compared to the preceding periods. Water consumption is also affected by many other factors, such as the air temperature or the time of year when soybean seed is processes, but also the optimization of our cooling towers that cool water for production purposes.

Sojara Zadar does not have any land owned, leased or managed in any protected areas, so there are no impacts on the biodiversity of such areas.

Sojara d.d. holds a license to emit carbon dioxide (single source) from a plant with a 20.145 MW boiler room. The emissions were calculated based on standard data for each type of fuel, which we multiply by the amount of fuel. U Sojara uses medium fuel oil. The boiler room chimney is the only source of greenhouse gas emissions in the factory, and the boiler room is used to generate steam for production process purposes. In 2010, we emitted 6,864.00 tons of carbon dioxide, and 8,135.21 tons in 2011.

The amount of carbon dioxide emissions is directly dependent upon the duration of boiler room operation, proper adjustment of the parameters set (amount of air, amount of fuel, burner operation, etc.), and optimal boiler operation. In 2011, we recorded an increase in carbon dioxide emissions by approximately 20% compared to 2010 and the preceding reporting period as result of larger amounts of processed seed, longer plant operation, and higher fuel consumption.

Sojara d.d. does not have information available that could be used to determine its indirect CO_2 emissions from vehicles used by employees to drive to and from work and the company does not have any cars for business trips (other than Director's car).

Sojara's stable firefighting systems contain 499.5 kg of halon. We plan to replace halon with Fm 200 that does not deplete the ozone layer. Projects have been prepared, but not implemented yet. As the price of such project is very high, we are seeking out the best options for its implementation.

Impact Indicators

Environmental Impact Indicators

The boiler room emitted the following combustion products into the air, as determined by direct measurement:

NO_x, SO_x and other significant air emissions by type and weight	2010	2011
Sulfur oxides expressed as sulfur dioxide	75,431.664 kg	126,190.00 kg
Nitrogen oxides expressed as nitrogen dioxide	14,551.15 kg	23,685.12 kg
Carbon monoxide	331.53 kg	1,036.80 kg
Particulate matter (PM10)	/	7,718.40 kg

The amounts of sulfur and nitrogen oxide emissions are directly dependent upon the duration of boiler room operation, the quality of fuel being used, and boiler's optimal operation. In 2011, we recorded an increase in sulfur oxides by approximately 70% and in nitrogen oxides by approximately 60% compared to 2010.

Replacing the presently used fuel with natural gas would significantly improve the quality of our air emissions. We are currently considering the options available to us and intend to replace such energy with new energy.

The total volume of water discharged into the sea (Category 1 – High-Quality Seawater) was 538.1 m^3/day in 2010 and 499.9 m^3/day in 2011.

Sojara's wastewater is discharged into an internal sewerage system consisting of three separate drainage systems using a longitudinal tank (precipitation and oiled sewerage), a common collector and a well that form a common point of discharge into the sea. These systems are the fecal sewerage system (septic tanks), the precipitation sewerage system, and the oiled sewerage system.

Sojara uses the following wastewater treatment methods:

- Mechanical separator depositing – to avoid potential pollution by grease and oil, all process and sanitary waters are mechanically treated in concrete separators filled with straw as a filtering element. Grease (mostly oil) collected at the main separator is incinerated after being collected in a steam boiler.
- Neutralization – before being discharged, wastewater deriving from the process of renewing ion exchangers is neutralized in the neutralization pool. Wastewater is neutralized before each discharge of cooling water between two production cycles.
- Collection in septic tanks – part of our sanitary wastewater is collected in septic tanks and then disposed of in a controlled manner, by providing it to a certified collection organization.
- Collection in bund walls – all degummed oil, fuel oil and hexane tanks are located within bund walls of appropriate volumes, and so does the fuel oil decanting point and the area for loading oil into tanker trucks.

Parameter	2009	2010	2011	Water Management License
pH	7.40	8.20	7.80	6.0 – 8.5
Suspended substance (mg/l)	6.95	2.8		< 35
Temperature			21.9	300
Depositing substances			0.1	0.3ml/lh
Total organic carbon			54.3	50 mg/l
BOD_5 (mg O_2/l)	21.83	4.2	118.5	< 25
COD (mg O_2/l)	26.45	17.4	127.6	< 125
Total nitrogen (mg/l)	1.12	0.5065		< 21
Mineral oils			0.6	10 mg/l
Adsorbent organic halogen	/	/	0.1	0.5 mg/l
Free chlorine	/	/	0	0.2 mg/l
Total chlorine	/	/	0	0.2 mg/l
Ammonia	/	/	0.01	10 mg/l
Total phosphor	/	/	8.6	2 mg/l
Sulfates	/	/	8.6	1000 mg/l
Sulfides	/	/	/	0.1 mg/l
Oil and grease (mg/l)	17.94	1.2		< 25
Anionic detergents (mg/l)	0.17	0.05		< 1

Impact Indicators

Environmental Impact Indicators

The mean values of the wastewater indicators indicate that the parameters presented are well harmonized with the parameters provided in the water management license in 2010. A new water management license was issued in 2011, which requires that we monitor other wastewater parameters. We can see certain inconsistency with the parameters set (COD, BOD_5). This problem can be solved by connecting to the common wastewater treatment plant in the Gaženica Port, which is under construction and is expected to be put into service in 2012.

Hazardous (*) and nonhazardous product waste and municipal waste are generated at Sojara d.d. Such waste is classified based on the applicable waste management regulations (Ordinance on the Categories, Types and Classification of Waste Including a Waste Catalog and Hazardous Waste List (Official Gazette 50/05, 39/09). Registries of waste generation and flows are maintained in the required forms (ONTO). Waste Management Plans were developed for particular types of waste (PGO – PO form). Collected waste is handled in accordance with the regulations on the disposal of all types of waste deriving from technological processes and sludge deriving from the wastewater process. All waste types are provided to certified waste collection organizations, including the required documentation.

Total weight of waste by type and disposal method

Year					2010	2011
Waste type	Waste type	Collected by	Treatment	Treated by	t	t
Nonhazardous waste	*Edible oil and fats, cable conductors, paper, electrical and electronic waste, PET and foil, wooden waste, metal packaging, glass, waste rubber, metal waste, waste not otherwise specified*	CE-ZA-R	R1, R3, R4, R13, D5, D10, D15	CE-ZA-R	45	63
Hazardous waste	*Ink, toner, waste oil, fluorescent piping, laboratory chemicals, lead batteries, fuel oil, fabric and wiping and absorbing products, resins from ion exchangers, asbestos-containing construction materials*	CIAK	D5, D10, D15 R5, R4, R13	CIAK	11	8
Total					**56**	**71**

During the reporting period, we recorded a significant increase in the amounts and types of waste compared to the preceding period, which is a result of two separate activities: replacement of technical plant components and improved waste management. There were no spills during the reporting period.

In 2010, we prepared a status analysis, based on which we prepared proposals for the use of best available techniques (BAT) for environmental purposes. That same year, we prepared a study on the harmonization of our plant with the provisions of the Environmental Protection Act in accordance with the Ordinance for the Procedure to Define Integrated Environmental Protection Requirements (Official Gazette 114/08).

As Sojara produces soybean oil for fee in its plants, delivered goods cannot be reclaimed, including packaging materials.

No fines or non-monetary sanctions for regulatory noncompliance were imposed on the company during the reporting period.

Sojara does not have its own product distribution, uses no passenger vehicles, and has no organized workforce transport, so there are no significant environmental impacts in this respect.

Impact Indicators

Environmental Impact Indicators

Waste disposal, emission treatment and rehabilitation costs in HRK	2010	2011
Waste treatment and disposal	233,650.00	180,134.71
Emission treatment	20,000.00	4,000.00
Expenditures to obtain and use emission certificates		15,000.00
Total	253,650.00	199,134.71
Environmental prevention and management costs in HRK		
Outsourced environmental management services		6,300.00
Management system certification	41,434.53	37,743,03
Total	41,434.53	44,043.03
Total costs	**295,084.53**	**243,177.74**

2012-2013 Planned Activities

Sojara d.d. Zadar is in the process of obtaining a Resolution for the Integral Environmental Requirements for Existing Plants in accordance with the Ordinance (Official Gazette 114/08). Based on the Ordinance, we prepared our Status Analysis that shows certain inconsistencies between the present status and the best available techniques (BAT). Accordingly, all activities undertaken during the reporting period were focused on achieving the best results according to the Status Analysis, which we successfully completed. Based on our Conformity Study, we set the deadlines for the resolution of nonconformities that need to be resolved when due. The Environmental License is issued for a period of five years. We expect the Ministry of Environmental Protection will issue its Resolution on the Integral Environmental Requirements.

For the purpose of further improving our environmental management system, our objectives set for the next period are:

- reduce our fuel oil consumption by at least 20%, which is achievable by reducing steam losses through better labor organization and by minimizing our down time;
- improve our waste management system by continuously training all employees with respect to sorting municipal and other waste, procuring more containers for each waste type, and organizing our bulk waste repository in a more efficient manner;
- provide a designated area for hazardous waste disposal;
- reduce our greenhouse gas emissions by at least 30%, which is achievable by replacing the fuel we currently use with natural gas;
- reduce our wastewater emissions and direct impact on the recipient (the sea) by promptly connecting to the common wastewater treatment plant in Gaženica Port.

Impact Indicators

Environmental Impact Indicators

Water and Beverages - Jamnica d.d.

Jamnica, stock corporation, that operates within the Agrokor Concern is the largest Croatian producer of natural mineral and natural spring water and beverages, having a tradition of over 190 years. Its production plants are located at three sites: Jamnica Natural Mineral Water Bottling Plant, Jana Natural Spring Water and Refreshing Soft Drinks Bottling Plant, and Juicy Fruit Juice Bottling Plant. In addition to these three plants, Jamnica covers four sales regions and has 11 sales centers and its own distribution companies in Slovenia, Serbia and the USA.

The certificates awarded to us put us in the category of producers offering safe, high-quality products with a guarantee. To have these certificates means having an advantage over competing producers. Jamnica has been certified according to the ISO 9001:2008, ISO 14001:2004 HACCP, received a Kosher certificate for Jana natural spring water, and has been included in the Directory of Sanitarily Approved Food Establishments for Armed Forces Procurement and in the NSF International Bottled Water - FDA Regulations list, and certified in all 50 American states.

For the purpose of raising our quality and environmental protection levels in all our activities and across the organization, Jamnica has integrated a quality management system, a food safety management system, and an environmental management system into a single management system. Using preventive environmental measures and optimizing its resources in its production processes, Jamnica is becoming a role model corporation, aware of the importance of social responsibility and sustainable development.

The objective set for this reporting period were met: we had our environmental management system certified according to ISO 14001:2004, we completed the construction and reconstruction of our wastewater treatment plant at the Jamnica Plant, and put into service our new membrane device for process wastewater treatment at the Jana Plant. This membrane bioreactor (MBR) is the „best available technique“ (BAT) for wastewater treatment in the food industry.

In 2011, we completed our process of reviewing the Environmental Management System documentation according to the Sustainability Reporting Guidelines, Indicator Protocols, guidance (EN)-GRI. We identified new environmental aspects that we included in the environmental aspects registry, conformed to the regulations, and assessed according to the required methodology for the preparation of new registries of relevant environmental aspects. According to the 2010 training plan, we provided internal auditor training to 15 of our employees. In 2011, we trained our employees for handling hazardous chemicals and provided internal environmental training according to ISO 14001:2004.

Environmental indicators are an important management element in Jamnica d.d. because they reflect the input and output categories and organization's environmental impacts.

Materials used by weight or volume

Type of material used	2010 (kg)	2011 (kg)
Raw materials	654,728,337	711,140,212
Process supporting materials	2,921,824	2,765,005
Packaging materials	61,969,736	64,182,469
Total	**719,619,897**	**778,087,687**


Jamnica

Impact Indicators

Environmental Impact Indicators

Jamnica d.d. does not use any recycled packaging materials for its production.
Direct energy consumption represents total consumption of energy from primary sources (fuel oil, natural gas, liquefied petroleum gas - LPG) that we used for our business.

Direct energy consumption by primary energy source (renewable energy sources)

Site	Jamnica		Jana		Juicy		Jamnica d.d.
Energy	Fuel t	Fuel GJ	Fuel t	Fuel GJ	Fuel t	Fuel GJ	Total GJ
2010	839.78	33,750.76	1,316.00	52,890.04	442.30	17,775.92	**104,416.71**
2011	778.45	31,285.91	1,434.47	57,651.35	408.61	16,422.04	**105,359.29**
Total	**1,618.23**	**65,036.66**	**2,750.47**	**110,541.39**	**850.91**	**34,197.95**	**209,776.01**

Direct energy consumption by primary energy source (nonrenewable energy sources)

Site	Zagreb		Jamnica d.d.	
Energy	Natural gas m^3	Natural gas GJ	LPG kg	LPG GJ
2010	208,862	8,147.71	169,259	3,283.34
2011	131,230	5,119.28	179,786	3,487.54
Total	**340,092**	**13,266.99**	**349,045**	**6,770.88**

Jamnica's total consumption of direct energy from primary sources was 229,813.88 GJ during the reporting period.

Fuel consumption for plants mostly remains on the same level. Insignificant variations in fuel consumption occurred as a result of changes in the production process and the total production amount. Although our production grew in 2011, we use our best efforts to reduce or maintain our fuel consumption per product unit by investing in new production lines and optimizing our plant operation.

During the reporting period, the Jamnica plant recorded a decrease in fuel consumption as a result of modified work organization. We purchase a new high-capacity line for our main product – Jamnica in a 1 L reusable glass bottle. On the other hand, our fuel consumption increased after we launched a new product range (refreshing soft drinks) as a result of additional needs for cooling syrup and finished product before bottling.

Jana plant's fuel consumption depends on the operation of the aseptic line. The share of production using aseptic lines increased in 2011, which is why our consumption of fuel for steam generation also increased.
The Juicy plant reduced its fuel consumption despite producing larger quantities by optimizing its production planning, including larger batches.

Please note that fuel consumption measurements for production purposes and heating purposes are not separated, so variations in consumption also depend on the weather conditions.

Indirect energy is energy produced from the same or other primary sources outside Jamnica and procured outside the company. This refers to electricity because we produce other forms (heating, cooling) independently.

Impact Indicators

Environmental Impact Indicators

Indirect energy consumption by primary source
(indirect energy procured and consumed from nonrenewable energy sources)

Site	Jamnica		Jana		Juicy		Zagreb PR i PC		Jamnica d.d.
Energy	Electricity kWh	Electricity GJ	Electricity kWh	Electricity GJ	Electricity kWh	Electricity GJ	Electricity kWh	Electricity GJ	Total GJ
2010	6,226,338	22,415	11,051,730	39,786	1,106,148	3,982	845,165	3,043	69,226
2011	6,462,754	23,266	11,419,350	41,110	1,121,772	4,038	640,834	2,307	70,721
Total	**12,689,092**	**45,681**	**22,471,080**	**80,896**	**2,227,920**	**8,021**	**1,485,999**	**5,350**	**139,947**

Our plants independently produce steam in a closed system as a result of fuel combustion, which is calculated using the bottom heating value of fuel.

Indirect energy consumption by primary source
(indirect energy procured and consumed from nonrenewable energy sources)

Site	Jamnica		Jana		Juicy		Jamnica d.d.
Energy	Steam t	Steam GJ	Steam t	Steam GJ	Steam t	Steam GJ	Steam GJ
2010	12,785.36	34,430.98	20,524.32	55,272.00	6,898.06	18,576.47	108,279.45
2011	11,851.63	31,916.45	22,371.98	60,247.74	6,372.69	17,161.66	109,325.85
Total	**24,636.99**	**66,347.43**	**42,896.30**	**115,519.74**	**13,270.75**	**35,738.14**	**217,605.31**

During the reporting period, Jamnica's indirect energy consumption by primary source was 357,552.31 GJ.

Steam consumption is closely associated with fuel consumption, so any variations in steam consumption are interpreted as those in fuel consumption.

Jamnica d.d. uses an integral approach to water management, both with respect to water coming from its own sources and process and city supply system water. Being an important resource, water is managed rationally. Water is subject to ongoing quality, consumption and use audits.

Total water withdrawal by source (m³)

Year	Amount of water withdrawn	From wells	For process purposes	From the public supply system	Total amount of all waters withdrawn
2010	Jamnica	160,221	160,966	3,138	324,325
	Jana	173,988	-	32,529	206,517
	Juicy	-	-	96,267	96,267
	Zagreb	-	-	16,214	16,214
	Total	**334,209**	**160,966**	**148,148**	**643,323**
2011	Jamnica	172,167	205,117	901	378,185
	Jana	173,629	-	42,457	216,086
	Juicy	-	-	96,300	96,300
	Zagreb	-	-	8,289	8,289
	Total	**345,796**	**205,117**	**147,947**	**698,860**
Total 2010/2011		**680,005**	**366,083**	**296,095**	**1,342,183**

Total water withdrawal by source for 2009 includes water withdrawn from our own sources for bottling natural mineral and spring water, water from our own wells for process purposes, and public supply system water for process purposes and for producing soft drinks and juices. The total amount

Impact Indicators

Environmental Impact Indicators

of water was 741,752 m^3, of which 580,923 m^3 was withdrawn water (own sources and wells), and 160,829 m^3 was public supply system water.

The production volume in 2010 decreased compared to 2009, which directly affects the total amount of water withdrawn. In 2011, the volume of our soft drinks production at the Jamnica plant increased, which resulted in increased consumption of process water.

Our sales plan and production plans for the Jamnica and Jana plants were increased by approximately 5% for the next period, so we expect our well water consumption will increase by 8% and our process water consumption by 10%. To rationalize our water consumption, our 2012 plan provides for procurement of a satellite for fixed washing of loading systems within each line.

Jamnica's owned or leased business locations are not within or near any protected areas or areas of high biodiversity value, which is why it has no significant impacts on biodiversity associated with its activities, products or services.

Total direct and indirect greenhouse gas emissions in Jamnica d.d. include emissions from stationary sources and emissions resulting from transportation of materials and products using our own vehicles (including transport and LPG).

A certified company performed direct measurements to calculate our greenhouse gas emissions from stationary sources (boiler room).

A CO_2 equivalent is a measure used to compared various greenhouse gas emissions based on their global warming potential (GWP), which equals 1 for the next 100 years.

Total direct and indirect CO_2 emissions resulting from transport pertain exclusively to the transport of materials and products. The amounts of CO_2 emissions were determined by calculating the CO_2 emissions resulting from combustion as defined in the Guide for the Development of Plant Greenhouse Gas Emissions Monitoring Plans issued by the Ministry of Environmental Protection, Physical Planning and Construction.

Total direct and indirect greenhouse gas emissions by weight

Site	Measuring point	tons /2010	tons /2011
Jamnica	Boiler 1	1,268.68	1,268.68
	Boiler 2	1,268.68	1,268.68
Jana	Boiler 1	1,245.73	1,245.73
	Boiler 2	1,958.28	1,958.28
Juicy	Boiler 1	1,153.01	1,153.01
Zagreb	Boiler 1	79.48	79.48
Jamnica d.d.	Transport fuel	3,478.00	3,578.10
	LPG	498.67	533.07
CO_2 equivalent		10,950.51	11,085.01
Total CO_2 emissions in 2010-2011 in tons of CO_2 equivalent			**22,035.52**

Jamnica's total greenhouse gas emissions (as a sum of direct and indirect emissions in tons of CO_2 equivalent) during the reporting period amounted to 22,035 tons.

In the next reporting period, we plan to measure our pollutant air emissions from heating devices for all production sites.

Impact Indicators

Environmental Impact Indicators

Other relevant indirect greenhouse gas emissions by weight

Year	Other relevant indirect greenhouse gas emissions by weight (t CO_2)
2010	1,205.70
2011	1,240.35
Total	**2,446.05**

Other relevant indirect greenhouse gas emissions by weight pertain to our employees' daily commuting to work (by bus) and business trips (using company vehicles).

The amounts of CO_2 emissions were determined by calculating the CO_2 emissions resulting from combustion as defined in the Guide for the Development of Plant Greenhouse Gas Emissions Monitoring Plans issued by the Ministry of Environmental Protection, Physical Planning and Construction. The formula for calculating combustion CO_2 emissions includes fuel consumption, the bottom heating value of fuel, the emission factor, and the oxidation factor.

Jamnica's other relevant indirect greenhouse gas emissions by weight during the reporting period amount to 2,446 tons.

Emissions of ozone-depleting substances by weight

Type of working substance	Quantity of working substance in tons	Ozone depleting potential (ODP)
HCFC-22	0.032	0.055

Jamnica uses HCFC-22 (hydrochlorofluorocarbon) for the air dryer and ventilator refrigerator, which weighs 0.032 tons and is ozone-depleting.
According to the Ozone-Depleting Substances Ordinance (Official Gazette 120/05), it is allowed to use controlled substances specified in Appendix C, Group 1: hydrochlorofluorocarbon (HCFC) until 31 December 2015. By harmonizing its environmental aspects with legal and other requirements, Jamnica d.d. plans to replace this working substance with environmentally friendly R-134a when required by law.

NO_x, SO_x and other significant air emissions by type and weight

Jamnica d.d.	Substance	tons /2010	tons /2011
Total air emissions	SO_2	47.91	47.91
	NO_2	9.37	9.37
	CO	0.27	0.27

The total other air emissions by type and weight for Jamnica d.d. were 95.82 tons of SO_2, 18.74 tons of NO_2, and 0.54 tons of CO during the reporting period. In Q2 of 2012, we plan to perform further measurements of pollutant air emissions from our heating devices for al sites.

The table below presents the total volume of water discharged in m^3 for 2010 and 2011 by total wastewater amount, treatment method and destination:

Total water discharge by quality and destination

2010	Jamnica Plant	Jana Plant	Juicy Plant	Jamnica Zagreb
Wastewater (m^3)	151,075	55,217	55,167	15,859
Average daily Q	414	151	151	43
2011				
Wastewater (m^3)	194,318	61,950	55,183	8,289
Average daily Q	532	170	152	23
Wastewater measuring method	Flow meter	Flow meter	Estimate	Estimate
Treatment method	MBR	MBR	None	None
Destination	2nd category water tank	2nd category water tank	Public drainage system	Public drainage system

Impact Indicators

Environmental Impact Indicators

Wastewater analysis

PARAMETAR	M.A.C. NN 94/08	Jamnica Plant		Jana Plant		M.A.C. NN 94/08	Juicy Plant		M.A.C. NN 94/08	Zagreb Site	
		2010	2011	2010	2011		2010	2011		2010	2011
Sampling date/time		18.11. 10:45	12.04. 10:45	13.12. 09:00	12.04. 09:00		15.09. 10:53	12.04. 09:30		15.09. 09:50	22.09. 11:15
Color	None	None	None	None	None				None	None	None
Odor	None	None	None	None	None				None	None	None
Visible waste substance	None	None	None	None	None				None	None	None
pH	6.5-9.0	7.42	7.45	7.79	7.77	6.5-9.5	7.68	7.65	6.5-9.5	7.96	7.35
Dissolved oxygen (mg/l)		7.7	6.9	7.7	7.2		6.77	6.4		6.35	6.95
COD (mg/l)	125	59.1	88.8	9.1	32.7	700	121.4	185.7		417.5	292.1
BOD_5 (mg/l)	25	10	24	5	4	250	70	75		270	120
Dry residue (mg/l)		1,478.50	438.8	624	638.4		2,145.20	950		960	808
Suspended substance (mg/l)	35	6	17	0	0		1	5		39	50
Depositing substances (mL/L h)	0.5	0	0	0	None	10	0	0	10	0	0
Total oil and grease (mg/l)	20	0	0	0	0	100	0	0	100	22.2	9.4
Mineral oil (mg/l)	10	0	0	0	0				30	12.6	4.8
Detergents anion. akt., (mg/MBAS/l)	1	0	0.2	0	0	10	0	0	10	0.96	1.5
Wastewater flow rate (l/sek)		0	0.1	1	8.8		3	3		0.1	0.1

During the reporting period, Jamnica d.d. discharged a total of 597,058 m^3 of water, and its destinations were a 2nd category water tanks and the public drainage system, depending on the location. The total amount of water discharged in 2009 was 288,840 m^3.

The values measured according to the standard parameters confirm that the quality of discharged water is in compliance with the Ordinance for the Limits for Hazardous and Other Substances in Wastewater.

Our total wastewater discharge was in line with our production, so the Jamnica plant recorded a substantial increase in discharge as a result of producing juices on four production lines. According to the sales plan, which is approximately 5% higher for the next period, we expect the wastewater discharge amounts will increase by approximately 10 percent.

In 2010, the Jana plant started to treat wastewater using a new wastewater treatment plant; in the next reporting period, we expect our project in Jamnica will enter its final phase i.e. a newly built plant will be put into service.

Impact Indicators

Environmental Impact Indicators

Total weight of waste by type and disposal method (KEY)

Year					2010	2011
Waste type	Waste type	Collected by	Treatment	Treated by	t	t
Nonhazardous	*Paper, PET, foil, wooden waste, glass, metal waste, solid plastic, noncon-forming products, wastewater sludge*	HR, EFP, UP, M, Č.D., JM, CeZaR, ,SAVA, GI	R3, R5, R13	HR, ET, B, DI, OP, P, UM, AB, PAN, KP, CeZaR, GI, M	1,957	2,072
Hazardous	*Fluorescent pipes, toner, ink, waste oil, oiled waste, EE waste, batteries and car batteries, waste chemicals, packaging contaminated by hazardous substances*	CIAK, AEKS, CeZaR, Flora, M, SM	R1, R4, R5, R13,D9, D15	CIAK, AEKS, CeZaR, Flora, M, SM, Saša, T7	64	59
Total					**2,021**	**2,131**

Waste is sorted at its generation point, separately collected, and temporarily stores in an area designated for temporary storage of the respective waste types. During the reporting period, Jamnica d.d. disposed of 4,580 tons of nonhazardous waste and 223 tons of hazardous waste. The above information shows that our improved waste sorting activities in 2011 increased the amount of nonhazardous waste, which is sold to certified collecting organizations as secondary raw material. Revenue received in 2011 by selling secondary raw materials doubled year-on-year.

In the next reporting period, we plan to continue with our waste sorting and separating activities, while our income received from sales will depend on the market prices.

During the reporting period, Jamnica d.d. recorded no significant spills of hazardous substances that may have adverse effects on human health, soil, vegetation, water systems and groundwater.

For the purpose of raising our environmental protection levels, Jamnica invested five million euros during the reporting period in new process wastewater treatment membrane devices for the Jana Plant in Gorica Svetojanska and the Jamnica Plant in Pisarovina. Two projects are involved:

- ***An Addition to the Sanitary and Process Wastewater Drainage and Treatment System at the Jamnica d.d. Mineral Water Bottling Plant*** Project Number: P – 300 (Wastewater treatment plant at jana bottling plant, Cadastral Municipality Sv. Ana, cadastral plots no. 3047/1, 3047/2, 3048/1, 3048/2, 3051/1, 3051/2 and 3052/1), which has been completed and put into service.
- ***An Addition to the Sanitary And Process Wastewater Drainage And Treatment System At The Jamnica D.D. Mineral Water Bottling Plant***, cadastral plot no. 1160/1, Cadastral Municipality Pisarovina, Project Number: P – 308, where all construction and installation work has been completed in 2011 and the plant is scheduled for startup in early 2012.

By using the MBR (membrane bioreactor) technology, we achieve the following characteristics i.e. effluent quality before discharge into the recipient:

- suspended substances < 1 mg/l
- COD < 50 mg/l
- BOD_5 < 10 mg/l
- Total phosphorus P < 1 mg/l
- Total nitrogen N < 2 mg/l
- NO_2-N < 0,5 mg/l

Impact Indicators

Environmental Impact Indicators

These valuable projects use state-of-the-art technologies to provide a high level of wastewater treatment and dehydration of surplus waste sludge that will be used for agricultural purposes, while ultra-filtration removes most bacteria, so there is no need for further disinfection. Treated water may be used as process (sanitary) water or for watering green areas.

Percentage of products and their packaging materials reclaimed

Share of reusable glass packaging	2010	2011
in total packaging by product type (water)	47.45%	46.33%

The percentage of products and their packaging materials reclaimed during the reporting period in Jamnica d.d. is 47% and pertains to the share of reusable glass packaging in total packaging by product type.

Jamnica d.d. complies with environmental laws and regulations and no events of noncompliance were recorded during the reporting period, which is why no fines were paid and no non-monetary sanctions were imposed.

The environmental impact of Jamnica d.d. includes transport of products using own vehicles and transport of workforce members (fuel consumption for total transport) and other goods and material used for the organization's operations (LPG).

These parameters are presented by energy use criteria in GJ and by greenhouse gas emission in tons of CO_2 equivalent.

Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce

Year	Fuel consumption for total transport		LPG consumption		Total CO_2 emissions	
	L	GJ	LPG kg	LPG GJ	Tons of CO_2 equivalent for total transport	Tons of CO_2 equivalent for LPG
2010	1,853,124.11	66,645.57	169,259	3,283.34	4,683.70	498.67
2011	1,906,355.20	68,559.97	179,786	3,487.54	4,818.45	533.07
Total	**3,759,479.31**	**135,205.54**	**349,045**	**6,770.88**	**9,502.15**	**1,031.74**

During the reporting period, Jamnica's environmental impacts of transporting products and workforce members and other goods and materials were 141.975 GJ with respect to used energy and 10,534 tons of CO_2 equivalent with respect to greenhouse gas emissions.

Impact Indicators

Environmental Impact Indicators

Total environmental protection expenditures and investments by type

Our environmental protection expenditures and investment during the reporting period include waste disposal, emissions treatment, rehabilitation, and environmental prevention and management costs. In 2010, they amounted to HRK 25,158,398, and HRK 26,683,123. During this reporting period, our total environmental protection expenditures and investments were HRK 51,841,521.

Waste disposal, emission treatment and rehabilitation costs

Opis ulaganja	2010	2011
Air emission charges (SO_2. NO_2)	11,913	13,509
Air emission charges (CO_2)		98,693
Air emission measurements (de)	12,915	
Water using charge	1,587,833	1,996,249
Wastewater analysis (PBF) HRK 1,100/a	15,400	15,400
Waste management costs	1,436,211	1,891,195
Packaging and EE waste	21,999,784	22,440,801
Total	**25,064,056**	**26,455,847**

Environmental prevention and management

description of investment	2010	2011
Certification	75,359	102,395
Training	6,331	32,683
Fire protection	11,152	89,197
Soil and water protection – drills	1,500	3,000
	94,342	**227,276**

2012 & 2013 Environmental Protection Objectives and Programs

In addition to putting our wastewater treatment plant into service at the Jamnica Plant in Pisarovina, our main objectives for the next period are maintenance and improvement of our integral management system and improvement and optimization of our technological process. The tools to achieve these objectives are further employee training and monitoring trends and novelties in environmental protection.

According to the environmental protection training plan under ISO 14001:2004, 47 employees are scheduled for training in 2012 (independent and chemical technicians, line workers, supervisors and employees of the Department of Common Affairs). In 2013, we plan to train 60 more employees for working with hazardous chemicals. In addition, a Refrigerant Management seminar will be held in 2012, which will be attended by two of our vehicle maintenance employees.

We also set objectives for the next reporting period that will provide energy, water and material savings, including purchasing a mobile generator for the Jamnica Plant, satellites for fixed loading device washing in the Jamnica Plant, repairing the leaks on process water distribution pipelines for the Jana Plant, and purchasing a cooling generator for the Jana Plant. We further set our objectives according to the indicators of the output category of environmental aspects (emissions and wastewater), including the rehabilitation of the old wastewater treatment plant to protect the new treatment plant during interventions, and rehabilitation of the fuel supply plant for protection against fuel spills.

An example of a successful activity - As an external consultant, Jamnica d.d. contributed its work, knowledge, experience and skills to the successful implementation and certification of an integral management system at the Sarajevski kiseljak d.d. mineral water bottling plant in Bosnia and Herzegovina. Furthermore, Jamnica provided a base for the implementation of a food safety system in Mladina d.d. and the Goda spring water bottling plant. It is these activities that demonstrate that teamwork and mutual cooperation are foundations for further progress in Jamnica d.d.

Impact Indicators

Environmental Impact Indicators

Water and Beverages - Mladina d.d.

Mladina d.d. has had a reputation of an excellent winemaker ever since the times of Count Erdödy of the 18th century, specifically since 1736, which was recorded as the establishment year of the present wine cellar. The cellar was named after its location, the very valuable Mladina position in the Plešivica-Okić winegrowing region. Mladina is part of the Agrokor Concern, receives marketing and distribution support from Agrokor vina d.o.o., and operates within Jamnica d.d. as its majority shareholder. Mladina's product range includes premium, quality, sparkling, predicated and archive wines and brandies. Mladina's main cellar is in Krašić and is used for primary processing, ageing, bottling and storage of finished products. In addition to it, Mladina includes an administration building in Jastrebarsko and the Krašić Cellar in Krašić, including the associated vineyards.
Environmental protection has a special place in Mladina's business strategy. By innovating its production processes with new technologies, Mladina d.d. makes its contribution to the preservation of the environment and healthy lifestyles.
The objectives set for this reporting period were achieved. Mladina established a waste management system and waste is now properly sorted and disposed of, while Jamnica's team provided internal training sessions for employees with respect to the importance of environmental protection and prevention and reduction of pollution and generation of all types of waste.
During the reporting period, Mladina began to monitor and maintain data according to the Sustainability Reporting Guidelines, Indicator Protocols to the Environmental Indicators, guidance (EN)-GRI, and prepared a document containing all regulations applicable to Mladina's operations.

As our yield increases and new young plantations begin to yield, the amount of materials used also increased.
Mladina does not use any recycled packaging materials.

Direct energy consumption from primary sources represents the consumption of solid fuel (heating wood) at Mladina's sites.

Mladina's total energy consumption from primary sources was 54 m³ during the 2010-2011 reporting period. The surface areas of the rooms using solid fuel for heating in wintertime remained the same. The increase compared to 2009 is a result of using renovated rooms in the administration building, which now contain a dining room, kitchenette and a dressing room for vineyard workers.

Materials used by weight or volume

Type of material used	2010 (kg)	2011 (kg)
Raw material	372,760	436,966
Packaging material	67,212	73,805
Process supporting materials	88	88
Total	**440,060**	**510,859**

Direct energy consumption by primary source

Fuel type	Total solid fuel (wood) m³
2010	27
2011	27
Total 2010 - 2011	**54**

Indirect energy consumption by primary source (indirect energy procured and consumed from nonrenewable energy sources)

Site	Mladina d.d.	
Energy	Electricity kWh	Electricity GJ
2010	74,013	266
2011	89,664	323
Total	163,677	589

During the reporting period, Mladina's total indirect energy consumption by primary source was 589 GJ. Indirect energy consumption includes electricity consumption for 2009, which was 221.04 GJ. Such higher electricity consumption in 2011 compared to 2010 was mostly a result of a higher

Impact Indicators

Environmental Impact Indicators

degree of operation for our air conditioners during the grape processing season. The temperatures during the harvest were above average, so more electricity was spent to achieve the required temperatures during the production process. Furthermore, our new plantations that have matured in 2011 yielded more grapes, which also increased our electricity consumption. Wine production, bottling and sales have grown year on year, which explains our higher electricity consumption.

Total water withdrawal by source

Mladina d.d. approaches the management of water as an essential resource in a rational manner.

Total water withdrawal by source (m³)

Site	Year	Total amount of all waters withdrawn from the public water supply system
Mladina d.d.	2010	1,198
	2011	1,207
Total	**2010 / 2011**	**2,405**

During the 2010 and 2011 reporting period, our total water withdrawal by source was 2,405 m³. In 2009, Mladina d.d. spent 1,142 m³ of water from the public supply system. Total water withdrawn from the public supply system slightly increased during the reporting period, which indicates improved resource management considering the growth in production.

Mladina's owned or leased business sites are not within or near any protected areas or areas of high biodiversity value, so its business does not have any significant impacts on biodiversity in connection with its activities, products or services.
Under the regulations, Mladina d.d. is not required to measure greenhouse gas emissions from stationary sources as a winemaker.

Our total direct and indirect CO_2 emissions pertain exclusively to the transportation of materials and products and their amounts were calculated on the basis of fuel types and total kilometers driven each year; during the reporting period, they amounted to 68.16 tons of CO_2 equivalent.
Organization's activities resulting in indirect emissions, including business trips using company cars resulting in direct or indirect emissions relating to energy, amounted to 26.93 tons of CO_2 equivalent in the reporting period.

Year	Total direct and indirect greenhouse gas emissions by weight in tons of CO_2 equivalent
2010	34.08
2011	34.08
Total	**68.16**

Year	Other relevant indirect greenhouse gas emissions by weight in tons of CO_2 equivalent
2010	12.50
2011	14.43
Total	**26.93**

Using company cars for business trips (negotiating new transactions, trade trips and professional training) resulted in an insignificant increase in greenhouse gas emissions.

R 404 refrigerant with 0.026 tons of non-ozone-depleting working substance is used for our production purposes.

Under the regulations, Mladina d.d. is not required to measure greenhouse gas emissions from stationary sources as a winemaker.

Wastewater is discharged into the public sewerage system. During the reporting period, the total amount of water discharge was 2,405 m³ and 1038 m³ for 2009.

The total amount of wastewater is in line with the total amount of water withdrawn from the public supply system, depending on the input raw material amounts and delivery schedule.

Impact Indicators

Environmental Impact Indicators

Total amount of water discharge by quality and destination

Mladina d.d.	2010	2011
Wastewater (m³)	1,198	1,207
Average daily Q (m³)	4.7	4.8
Water discharge determination method	Calculation	Calculation
Treatment method	None	None
Destination	Public sewerage system	Public sewerage system

Total weight of waste by type and disposal method (KEY)

Key number	Waste type	Collected by	2010 t	2011 t	Treated by	Treatment method
150101	Paper	Eko Flor Plus		2.02	Hamburger Recycling	R3
150102	Foil	Eko Flor Plus		0.17	Brcković	R3
200301	Municipal waste	Komunalni Jastrebarsko, Eko Flor Plus	28	6.43	Depot	

Mladina organized systematic waste management during the reporting period. We provided containers identified with key numbers for the respective types of waste and ensure that supporting documentation is maintained.

Mladina d.d. did not record any spills during the reporting period.

To raise our environmental protection levels, Mladina d.d. has begun to implement a waste management system during the reporting period and to internally train its employees on the importance of environmental protection. By procuring containers and maintaining waste records, we took the first step toward achieving our objective.
Grape production also requires using permitted plant protection agents. As this is an essential aspect of our business, we provided additional internal training to our employees on handling pesticides and pesticide packaging. In addition, our pesticide handling employees passed the relevant examination at the Institute of Toxicology.

Our initiatives launched in 2010 and 2011 are merely the beginning of our efforts toward achieving the goals set by Mladina d.d. for the future in connection with environmental protection.

Mladina d.d. does not reclaim products or their packaging materials after the end of their lifecycles, however, it is part of the packaging waste management system and acts in accordance with the Packaging and Packaging Waste Ordinance.

During the reporting period, no cases of noncompliance with any laws or regulations were recorded and no fines or non-monetary sanctions were imposed.

Transportation includes EN16 and EN17 indicators (transport of materials and products and employees' daily travel to work and business trips). The environmental impact of Mladina's transport includes using energy (diesel fuel) and greenhouse gas emissions.

Fuel consumption for transport

Year	L	GJ	CO_2 emissions/ year
2010	9,829.14	353	4,683.70
2011	10,557.04	380	4,818.45
Total	**20,386.18**	**733**	**9,502.15**

The increase in fuel consumption in 2011 compared to 2010 is associated with an increase in the amounts of raw materials, finished products and, consequently, their transportation.

Impact Indicators

Environmental Impact Indicators

Total environmental protection expenditures and investments by type (ADDITIONAL)

Costs of waste disposal, emissions treatment and rehabilitations		
Description of investment	2010	2011
Water usage and protection charge	47,420.47	55,449.79
Waste management costs	4,500.00	3,017.70
Packaging waste	101,717.81	130,159.16
Total	**153,638.28**	**188,626.65**

Costs of environmental prevention and management		
Description of investment	2010	2011
Training		1,000.00

Mladina's environmental protection expenditures were HRK 343,264.93 in this reporting period.

Our environmental protection expenditures and investments include waste and wastewater management and packaging waste management fees. Our prevention costs are associated with our training needs.

An increasing environmental protection investment trend was recorded compared to the previous years. As a responsible company, Mladina uses its best efforts to pursue further economic progress in cooperation with Jamnica by complying with all environmental protection principles. This cooperation is also reflected in internal trainings provided for Mladina by Jamnica's team, on the subject of managing all types of waste, HACCP principles and environmental management system standards (HRN ISO 14001:2004).

Objectives and Programs for 2012 and 2013

In the next reporting period, Mladina plans to:
- implement a food safety management system,
- implement an environmental management system,
- improve its waste management (generate revenue from waste as secondary raw materials, purchase additional containers for the respective types of waste, improve its communication with collecting and treating organizations, and provide further training to its employees),
- train its employees for handling hazardous chemicals/pesticides, internally and by taking examinations at the Institute of Toxicology,
- conduct internal training in connection with the food safety system and environmental protection.

Mladina plans to make the following investments in the development and modernization of the Krašić cellar for the purpose of improving its quality and provide for environmental protection:
- reconstruct and expand the present building, after which the production plant will have a newly designed area for primary grape processing, production of sparkling wine by secondary fermentation in a tank, and bottling, ageing and storage of finished products, production materials and raw materials;
- acquire a new line and equipment for Chamat sparkling wine production and sparkling and still wine bottling in glass bottles;
- reconstruct the existing and installation of new electrical infrastructure;
- remove 160 m^2 of asbestos panels from the cellar roof;
- install a wastewater treatment plant and construction of a sewerage system adapted to the new requirements.

By appointing and training an employee to be responsible for product safety and environmental protection and perform all activities in connection with these areas in the next reporting period, an additional step was taken toward responsible environmental care, monitoring all environmental aspects and reducing our adverse environmental impacts.


VIŠE OD 120 GODINA
TRADICIJE
iTQi
2012
BRUSSELS
Superior taste
AWARD
Sarajevski
kiseljak
1,5 L
Vrelo Parka
Sarajevski
kiseljak
0,5 L
Vrelo Parka

Impact Indicators

Environmental Impact Indicators

Sarajevski kiseljak d.d. is the largest and oldest bottling plant for mineral water and refreshing soft drinks in Bosnia and Herzegovina, having a bottling tradition of over 120 years. It has managed to maintain its longstanding leading position on the local market thanks to the high and distinctive quality of its mineral water, ongoing modernization and improvement of its production processes and adjusting its business policy to the market conditions and customer needs. The product range comprises three brands: natural mineral water of the same name, refreshing soft drinks Sky and refreshing soft drinks Ski. Approximately 15% of total production output is exported.

A new era for Sarajevski kiseljak symbolically started in December of 2000 when the Agrokor Concern became a majority shareholder through Jamnica and started its investments in development. This was the beginning of an elaborate investment program focused on nature and environmental protection, after which Sarajevski kiseljak became the most modern mineral water bottling plant, in addition to being the largest and oldest one, and one of the leaders in modern business and production in Bosnia and Herzegovina.

Sarajevski kiseljak comprises a production plant, four regional distribution centers and two sales centers. The company is headquartered in the center of Kiseljak, where its production plant is also located. The Sarajevski kiseljak plant has two production lines for mineral water and refreshing soft drink bottling in glass and PET packaging. Its product range includes carbonated natural mineral water Sarajevski kiseljak in reusable glass packaging of 0.25 l and 1.0 l and in PET packaging of 0.5 l and 1.5 l, Sky soft drinks in reusable glass packaging of 0.25 l and PET packaging of 0.5 l and 2.0 l, and Ski soft drinks in reusable 1.0 liter glass packaging.

For product safety and environmental management purposes, Sarajevski kiseljak d.d. has been certified by Bureau Veritas certifying organization according to the ISO 22000:2005 and ISO 14001:2004 standards. These certificates confirm its systematic business management, ongoing production process monitoring and product control. Environmental protection has a special place in our business strategy. By refreshing our production processes with new and cleaner technologies, reducing waste to a minimum and disposing of it appropriately, Sarajevski kiseljak makes its contribution to the preservation of the environment and healthy lifestyles.

During the reporting period, Sarajevski kiseljak completed the following planned activities: contracts were entered into with waste collection and disposal operators; we purchased equipment for selective waste collection; we reduced our soil and groundwater impacts by procuring appropriate bund walls; waste is properly sorted and disposed of: we trained internal auditors and lead auditors according to the ISO 14001:2004 standard; our employees were trained with respect to the waste management system and protection against chemicals; we analyzed wastewater on a quarterly basis; we monitored our energy consumption; and we had our environmental management system certified according to ISO 14001:2004. Throughout this entire period, we monitored and ensured our compliance with all statutory and regulatory requirements. The only objective planned, but not attained, was the construction and development of an area for disposing of all types of waste, which we plan to complete during the next reporting period.

Sarajevski kiseljak d.d. opted for sustainable development in its business and is particularly focused on environmental protection. Company's efforts are reflected in its present production activities, development of new products and technologies, raw material and energy consumption, waste collection and recycling, and environmental emissions. Our product development process is based on improving our industrial processes, developing new products and improving our existing products in line with the latest trends, and satisfying customer demands, preferences and needs. Sarajevski kiseljak's sustainable development area comprises environmental protection, employee and production process safety, and its socially responsible treatment of its employees and the community in which it operates.

Impact Indicators

Environmental Impact Indicators

The materials used by Sarajevski kiseljak d.d. during the reporting period include raw materials/ natural resources used for transformation into products, process supporting materials (oils and lubricants for manufacturing machines...) and packaging materials.

Materials used by weight and volume

Type of material used	2010 (kg)	2011 (kg)
Packaging materials	16,529,409	16,192,685
Raw materials	3,252,216	3,937,305
Total water withdrawal	145,453	146,525
Machine oils and lubricants	46	69
Total	**19,927,124**	**20,276,584**

The total amount of materials used in 2010 and 2011 was 40,203,708 kg.

Sarajevski kiseljak d.d. does not use any recycled packaging materials in its production.

Direct energy consumption represents total energy consumption at the production site from primary sources (fuel oil, liquefied petroleum gas – LPG) for our business purposes.

In 2009, our total fuel (fuel oil) consumption was 260.27 tons (10,456.23 GJ).
Comparing this reporting period to the preceding one, we can see that our fuel oil consumption has increased. In 2010, our fuel oil consumption increased 1.10% compared to 2009, and the increase in 2011 compared to 2010 was 2.82%. This is a result of an increase in total production year-on-year. There were no fluctuations in fuel oil consumption per product unit.

In 2009, our total LPG consumption was 60,217 kg (production = 36,850 kg; RDC/SC = 23,367 kg). Total LPG consumption in 2010 increased 12.55% compared to 2009 as a result of an increase in total production. Our LPG consumption decreased 3.01 percent in 2011 compared to 2010 as a result of our efforts toward more rational spending.

Direct energy consumption by primary energy source (nonrenewable energy sources)

Energy	Fuel (fuel oil) t	Fuel (fuel oil) GJ
2010	263.14	10,575.6
2011	270.55	10,873.4
Total	**533.69**	**21,449**

Direct energy consumption by primary energy source (nonrenewable energy sources)

Site	Sarajevski kiseljak d.d. - bottling plant	RDC / SC
Energy	LPG (kg)	LPG (kg)
2010	39,710	28,065
2011	39,520	26,217
Total	**79,230**	**54,282**

Indirect energy is energy generated by the same or other primary sources outside Sarajevski kiseljak, which is as such procured outside the company. This only implies electricity because we produce other sources (heating, cooling) internally.

Indirect energy consumption by primary energy source (indirect energy procured and spent from nonrenewable energy sources)

Site	Sarajevski kiseljak d.d. Bottling plant		Regional Distribution and Sales Centres	
Energy	Electricity kWh	Electricity GJ	Electricity kWh	Electricity GJ
2010	3,446,352	12,407	160,370	577
2011	3,719,878	13,391	156,476	563
Total	**7,166,230**	**25,798**	**316,846**	**1,140**

Impact Indicators

Environmental Impact Indicators

7,166,230 kWh (25,798 GJ) of electricity was spent in Sarajevski kiseljak's production plant in 2010 and 2011, and 7,483,076 kWh (26,938 GJ) combined with the regional distribution centers and sales centers. In 2009, our production plant spent 3,231,960 kWh (11,635 GJ) of electricity.
The total amount of energy spent during the reporting period increased compared to the preceding period. In 2010, our electricity consumption increased 6.63% compared to 2009, and our consumption in 2011 increased 7.94% compared to 2010. This is a result of an increase in total production year-on-year. There were no fluctuations in fuel oil consumption per product unit.

Sarajevski kiseljak d.d. uses an integral approach to water management, both with respect to water from its own sources and process and public supply system water. As an important resource, water is managed rationally. Water is subject to ongoing supervision of quality, consumption and usage.

The total amount of water spent in 2009 was 148,697 m^3, 147,907 m^3 of which was withdrawn water (51.524 m^3 of spring mineral water; 96,383 m^3 of well water), and 790 m^3 was public supply system water.

Our water consumption in 2010 decreased 1.66% compared to 2009, while our consumption in 2011 was 0.74 percent higher than 2010. We can observe a balanced water withdrawal trend.

The information on the amount of water withdrawn for process purposes (wells) in 2009 was obtained on the basis of an estimate, while the 2010 and 2011 information was obtained on the basis of water meter readings are considered to be more relevant than the 2009 information. Our consumption of water coming from the public supply system was higher in 2010 and 2010 than it was in 2009 because in 2009 we did not take into account our consumption of public supply system water in regional distribution centers and sales centers.

Total water withdrawal by source (m^3)

Year	Water withdrawal volume	Well water	Process water	Public supply system water	Total water withdrawal
2010	Sarajevski kiseljak d.d. and bottling plant	50,409	91,638	964	143,011
	RDC / PC	-	-	2,442	2,442
	Total	**50,409**	**91,638**	**3,406**	**145,453**
2011	Sarajevski kiseljak d.d. and bottling plant	50,073	92,210	1,226	143,509
	RDC / PC	-	-	3,016	3,016
	Total	**50,073**	**92,210**	**4,242**	**146,525**
	Total 2010/2011	**100,482**	**183,848**	**7,648**	**291,978**

Sarajevski kiseljak's owned or leased business sites are not within or adjacent to any protected areas of area of high biodiversity value which is why it has no significant impacts on biodiversity as a result of its activities, products or services.

Impact Indicators

Environmental Impact Indicators

Total direct and indirect greenhouse gas emissions in Sarajevski kiseljak d.d. include emissions resulting from the transport of materials and products using our own vehicles (transport and LPG). Our total CO_2 emissions were obtained using the estimation defined in the 2009 „EMEP/EEA Emission Inventory“ manual.

Total direct and indirect greenhouse gas emissions in Sarajevski kiseljak d.d. were 3,277 tons of CO_2 equivalent, including emissions resulting from the transport of materials and products using our own vehicles (transport and LPG).

Organization's activities resulting in indirect emissions, including employees' daily travel to work, business trips, etc. are insignificant compared to our other activities resulting in direct or indirect energy-related emissions.

The base refrigerating facility in Sarajevski kiseljak uses R22 refrigerant (hydrochlorofluorocarbon), which is ozone-depleting.

Sarajevski kiseljak d.d. does not have any plans to replace R22 refrigerant for the time being because, according to the Resolution on the Requirements and Implementation of the Montreal Protocol and Gradual Removal of Ozone-Depleting Substance in Bosnia and Herzegovina (Official Journal of BiH, no. 36/07), the consumption of HCFC-22 will not be prohibited before 1 January 2030.

Total direct and indirect greenhouse gas emissions by weight

Site	Measuring point	tons / 2010	tons / 2011
Sarajevski kiseljak d.d.	Transport fuel	1,354	1,475
	LPG	250	198
CO_2 equivalent		1,604	1,673

Emissions of ozone-depleting substances by weight

Working substance type	Working substance amount in tons	ODP – Ozone Depleting Potential
HCFC-22	0.006	0.055

Total direct and indirect greenhouse gas emissions by weight

Site	Measuring point	Substance	Average values measured (mg/Nm³)	Permitted values (mg/Nm³)	tons / 2011
Sarajevski kiseljak d.d.	Boiler	CO	321	1700	0.0045
		NO_x	1542	150-450	0.021
		SO_2	51.3	1700	0.0007
		Particle matter	20	60	0.0003

Based on the average values and total fuel oil consumption measured for 2011, we estimated the value in tons. As our greenhouse gas emissions were measured by a certified company for the first time in 2011, we cannot make a comparison to previous years.

Impact Indicators

Environmental Impact Indicators

Total water discharge by quality and destination

Year	2010	2011
Wastewater (m^3)	18,100	25,200
Average daily Q	50	70
Wastewater measuring method	Estimate	Estimate
Treatment method	None	None
Destination	Category 2 water tank	Category 2 water tank

The table presents total water discharge in m^3 for 2010 and 2011 by volume, destination and treatment method.
Total water discharge in 2009 was 17.900 m^3.
Total wastewater discharge increased compared to 2009 as a result of an increase in total production year-on-year.

As of 2011, certified company Dvokut pro of Sarajevo has analyzed our wastewater quality on a quarterly basis. Before being discharge into Type 2 tanks, wastewater is neutralized in a three-degree deposit tank. The analysis shows that certain values are inconsistent with the standard parameters although we can actually see progress in terms of reduced pollution. The issue of wastewater in Sarajevski kiseljak will be resolved after the City of Kiseljak builds its wastewater treatment plant, after which wastewater will flow to the city treatment plant instead of a Type 2 tank.

Wastewater analysis

PARAMETER	MAV Sl. novine FBiH 50/07	2010	MAV Sl. novine FBiH 50/07	2011			
		I		I	II	III	IV
Sampling date/time		28.03. 08:30					
Water temperature (°C)	30	24.0	30	15.5	19.5	16.5	15.5
pH	6.0-9.0	6.39	6.0-9.0	6.58	6.74	6.67	6.33
COD (mg O_2/l)	125	276	125	224	180	125	115
BOD_5 (mg/l)	25	147	25	48	40	30	35
Total nitrogen (mg N/l)	10	4.66	10	4.14	5.3	6.25	5.90
Total phosphorus (mg P/l)	1.0	3.90	1.0	5.25	4.14	3.75	3.43
Dry residue (mg/l)	-	4684	-	2690	3540	9230	2250
Suspended substance (mg/l)	35	-	35	33	30	30	32
Total oil and grease (mg/l)	20	56.3	20	16.5	19.5	16.0	5.0
Mineral oil (mg/l)	5		5	0.723	0.820	-	0.12
Detergents (mg/l)	1	0.72	1	0.28	0.325	0.538	0.472
Toxicity (48 LC50) %	> 50	-	> 50	Not toxic	Not toxic	Not toxic	Not toxic
Waste water flow rate (m^3/day)		50		70	70	70	70

Impact Indicators

Environmental Impact Indicators

The table below presents Sarajevski kiseljak's waste management during the reporting period, including information on the amount of waste in tons, waste types, disposal methods, and information on collecting and treating organizations.

Waste is sorted at the point of its generation, collected separately by types, temporarily stored in a designated area and provided to certified collection organizations. In 2010 and 2011, Sarajevski kiseljak disposed of 861.3 tons of nonhazardous waste and 2.02 tons of hazardous waste. The total amount of municipal waste was 717.10 m^3. In 2009, we disposed of 587.15 tons of nonhazardous waste, mostly glass, paper and plastic, 0.705 tons of hazardous waste, and 482.90 m^3 of municipal waste. The progress we made in selective waste collection is a result of new waste management equipment installed and employee training.

Total weight of waste by type and disposal method (KEY)

Year					2010	2011
Waste	Type of Waste	Collected by	Treatment	Treated by	tons	tons
Nonhazardous	*Paper, PET, foil, wooden waste, glass, metal waste, solid plastic, wastewater sludge*	EF, ALBA, GRAMING, INOS, DD, KJKP VIK	R3, R4, R5, D9, D10	N-H, OM, JPVCONCERN, VS, EF, INOS-Izvoz, KJKP VIK	457.8	403.5
Hazardous	*Fluorescent pipes, toner, ink, waste oil, oiled waste, EE waste, batteries and car batteries, waste chemicals*	GRIOSS, K-BH	R4, D10	GRIOSS, K-BH - Export	0.191	1.831
Total					**457.99**	**405.33**

During the reporting period, Sarajevski kiseljak d.d. recorded no significant spills of hazardous substances that may have an adverse impact on human health, soil, vegetation, water systems and groundwater.

Percentage of products and their packaging materials reclaimed

	2010 (%)	2011 (%)
Share of reusable glass packaging in total packaging by product type (water)	53.2	52.2

The percentage of products and their packaging materials reclaimed relating to the share of reusable glass packaging in total packaging by product type was 53.2% in 2010 and 52.2 percent in 2011.

During the reporting period, Sarajevski kiseljak d.d. recorded no cases of legal or regulatory noncompliance and no fines or non-monetary sanctions were therefore imposed.

The environmental impact of Sarajevski kiseljak includes transport of products and other goods and materials used for organization's operations (LPG) using our own vehicles.

We provided our energy consumption in GJ and greenhouse gas emissions in tons of CO_2 equivalent as indicators.

Our total diesel consumption in 2009 was 509,663 liters (18,661 GJ). Our total consumption of fuel for transport increased during the reporting period compared to the preceding period. In 2010, our diesel fuel consumption increased 0.72% compared to 2009, and an additional 8.93% in 2011 compared to 2010. This increased consumption is a result of increased total production, followed by increased distribution of finished products and other materials.

According to a test report provided by a certified company, our noise emissions are in compliance with the required standards.

Impact Indicators

Environmental Impact Indicators

Significant environmental impacts of transporting products and other goods and materials used for organization's operations

	Fuel consumption for overall transport		LPG consumption		Total CO_2 emissions	
Year	L	GJ	LPG kg	LPG GJ	Fuel in tons of CO_2 equivalent for overall transport	LPG in tons of CO_2 equivalent
2010	513,356.90	18,796	67,775	1,314.74	1,354	250
2011	559,203.69	20,475	65,737	1,184.23	1,475	198
Total	**1,072,560.59**	**39,271**	**133,512**	**2,498.97**	**2,829**	**448**

Environmental protection investments of Sarajevski kiseljak d.d. for 2010/2011

Waste management (transport, disposal...)	45,887.40
Wastewater analysis	4,500.00
Monitoring expenditures (noise, air emissions)	725.40
Waste management equipment	15,463.13
Training	11,742.76
WMS certification	7,329.64
Total	**85,648.33 KM (43,791.29 EUR)**

Our total environmental protection expenditures and investments in 2009 amounted to KM 26,236.21 (EUR 13,414.36).

Our total environmental protection expenditures and investments in the reporting period amounted to KM 85,648.33 or EUR 43,791.30. Waste management, training, wastewater monitoring and waste management system certification accounted for most of them.

Environmental Protection Objectives

- Build and equip and point of disposal for all types of waste according to the project plan.
- Build an area for temporary storage of disposable packaging waste made of solid plastic (chemicals and bases) according to the project plan.
- Provide an area for temporary storage of oil and grease.
- Procure dams to prevent spilling of fluids on a solid surface.
- Train our employees on WMS according to the training plan.
- Acquaint our contractors with Sarajevski kiseljak's WMS
- Prepare an Intervention Measures Operating Plan in case of sudden pollution.
- Procure electrical forklifts and build a station for them.
- Reduce our waste management costs by 5% compared to the preceding reporting period.

Impact Indicators

Environmental Impact Indicators

Fonyódi Kft.

The Hungarian natural mineral water bottling plant Fonyódi has operated within Agrokor's system since 2004. Since that time, substantial funds were invested in technology and the production process. The bottling plant contains two production lines. Its main products are natural carbonated and noncarbonated water Fonyodi.

Natural spring water Fonyódi is a popular brand on the Hungarian market, and its well-balanced mineral content, exclusive of nitrates and nitrites, provides it with a drinkable and distinctive quality. The overall product range comprises natural carbonated spring water, natural noncarbonated spring water and flavored spring water. As of 2010, Fonyódi has produced natural spring water Akvia for the Croatian market.

Fonyódi is particularly committed to developing an internal process management system, has implemented a food safety system, and had its quality management system certified. To demonstrate its systematic care and control of the production process and products, the Fonyódi bottling plant had its quality management system certified according to ISO 9001:2000 and is registered and audited by the certified institution NQA.

Materials used by weight or volume

Type of material used	2010 (kg)	2011 (kg)
Raw materials	24,991,024	25,037,628
Process supporting materials	22,595	19,127
Packaging materials	920,965	965,311
Total 2010-2011	**25,934,584**	**26,022,066**

The objectives set for this reporting period were met. Waste is properly sorted and disposed of, trainings were provided to employees on the importance of environmental protection and methods of preventing and reducing pollution and generation of all types of waste, and energy consumption is monitored in compliance with the regulations.

This company's business is based on its focus on preserving the environment and reducing any adverse environmental impacts of our business operations by innovating the production process, reducing and systematically disposing of all types of waste, and by raising nature protection awareness.

The materials used during the reporting period include raw materials and natural resources used for transformation into products, process supporting materials (oil and lubricants for manufacturing machines), and packaging materials

Direct materials (materials present in the final product) and nonrenewable materials (resources not renewed over a short period of time) are expressed in kg.

Fonyodi does not use any recycled packaging materials in its production.

Direct energy consumption represents our total energy consumption from primary sources (natural gas, liquefied petroleum gas – LPG) for business purposes.

Direct energy consumption by primary energy source (nonrenewable energy sources)

Energy	Natural gas m³	Natural gas GJ	LPG kg	LPG GJ	Total GJ
2010	24,270	946.53	4,703.50	91.24	1,037.77
2011	18,550	723.45	5,416.50	105.07	828.52
Total 2010-2011	**42,820**	**1,669.98**	**10,120.00**	**196.31**	**1,866.29**

Impact Indicators

Environmental Impact Indicators

During the reporting period, our total energy consumption from primary sources was 1,866.29 GJ. Preheated process water is used to wash glass packaging. Natural gas is used to heat process water, and our total natural gas consumption depends on how many products in glass packaging are made.

In 2011, we produced 28% less products in glass packaging than in 2010, which resulted in decreased gas consumption. As our fuel consumption measurements for production and heating are not physically separated, fluctuations in consumption also depend on weather conditions.

Our LPG consumption is relative to overall production and product handling at the site.

Indirect energy is energy produced from the same or other primary sources, which is as such obtained outside the company.

Direct energy supplied and consumed from nonrenewable energy sources is closely related to total production. Our electricity consumption in 2011 increased as a result of increased production. Our total indirect energy consumption by primary source during the reporting period was 3,452 GJ, and our consumption in 2009 was 1,464.93 GJ.

Indirect energy consumption by primary source (indirect energy procured and consumed from nonrenewable energy sources)

Energy	Electricity kWh	Electricity GJ
2010	471,606	1,697.78
2011	487,375	1,754.55
Total 2010-2011	**958,981**	**3,452**

Being an important resource, water is managed rationally. Water is subject to ongoing quality, consumption and use audits.

Total water withdrawal by source includes water withdrawn from our own sources, water from our own wells for process purposes, and public supply system water. The total volume of water withdrawn was 49,891 m^3, of which 48,028 m^3 was withdrawn water (own sources and wells), and 1,863 m^3 was public supply system water.
There were no major fluctuations in total water withdrawal during the reporting period compared to the preceding reporting period.

Total water withdrawal by source (m^3)

Year	From wells	For process purposes	From the public supply system	Total amount of all waters withdrawn
2010	23,548	502	876	24,926
2011	23,456	522	987	24,965
Total 2010/2011	**47,004**	**1,024**	**1,863**	**49,891**

Impact Indicators

Environmental Impact Indicators

Total direct and indirect greenhouse gas emissions by weight

Site	Measuring point	t CO_2 / 2010	t CO_2 / 2011
Fonyodi boiler room	Boiler	15.58	15.43
Fonyodi transport	Transport fuel	120	115
	LPG	13.95	16.06
CO_2 equivalent		149.53	146.49

The boiler room greenhouse gas emissions were determined by estimating the emissions flow and boiler's hours of operation. Total direct and indirect CO_2 emissions with respect to transport were determined by estimating the CO_2 emissions deriving from combustion as defined in the Guide for Preparing Plans to Monitor Greenhouse Gas Emissions from Plants issued by the Ministry of Environmental Protection, Physical Planning and Construction.

Organization's activities resulting in indirect emissions, including employees' daily travel to work, business trips, etc. are insignificant compared to our other activities resulting in direct or indirect energy-related emissions.

Fonyodi's production plant does not use any refrigerants.

A certified company measured our NO_2, SO_2 and emissions.

Our total other air emissions by type and weight were 0.0075 tons of NO_2 and 0.0034 tons of CO during the 2010/2011 reporting period.

Total direct and indirect greenhouse gas emissions by weight

Site	Measuring point	Tvar	tona /2010	tona /2011
Fonyódi	Boiler 1	NO_2	0.0038	0.0037
		CO	0.0017	0.0017
CO_2 equivalent			0.0055	0.0054

Impact Indicators

Environmental Impact Indicators

The table below presents the total volume of water discharge in m³ for 2010 and 2011 by total wastewater amount, treatment method and destination.

Increased production of flavored water resulted in an increase in the consumption of water used to wash the production lines, which turn resulted in a greater volume of wastewater discharge in 2011.

During the reporting period, our total water discharge by volume was 2,887 m³, and its destination was the public supply system.

Total water discharge by quality and destination

	2010	2011
Wastewater (m³)	1,378 m³	1,509 m³
Average daily Q	3.77 m³	4.13 m³
Discharged water measuring method	Flow rate meter	Flow rate meter
Treatment method	None	None
Destination	Public sewerage system	Public sewerage system

Wastewater analysis

PARAMETER	M.A.Q.	2011
Sampling date/time	-	2011/12/13 11:30
Color	Bez	Bez
Odor	-	Bez
Visible waste substance	150 ml/l	< 0.1 ml /l
pH	6.5-8.5	6.55
COD (mg/l)	110 mg/l	(KOI Kr) < 30 mgO_2 / l
BOD_5 (mg/l)	25 mg/l	(BOI5) 8.6 mgO_2 / l
Dry residue (mg/l)	150 ml/l	< 0.1 ml /l
Suspended substance (mg/l)	35 ml/l	< 5.0 mg / l
Wastewater flow rate (l/s)	-	1.2

The table below presents our waste management activities for the reporting period, including information on waste amounts (in tons), types, disposal methods, collecting organization and treating organizations.

Waste is sorted at its generation point, separately collected, and temporarily stores in an area designated for temporary storage of the respective waste types. During the reporting period, a total of 6.907 tons of waste was disposed of.

Total weight of waste by type and disposal method (KEY)

Year					**2010**	**2011**
Waste type	Waste type	Collected by	Treatment	Treated by	tons	tons
Nonhazardous	*Paper, PET, foil, glass, metal waste*	BBK AVE-ZÖLDFOK	R	BBK AVE-ZÖLDFOK	3.21	3.438
Hazardous	*Chlorine free lubricating oil, packaging containing residues of hazardous substances, oil filters, absorbents, filter materials, lead batteries*	DESIGN Ltd.	K	DESIGN Ltd.	0.147	0.112
Total					**3.357**	**3.550**

Impact Indicators

Environmental Impact Indicators

During the reporting period, we recorded no significant spills of hazardous substances that may have an adverse impact on human health, soil, water, air, biodiversity or human health.

To raise the level of our environmental protection, we conducted test during the reporting period aiming to decrease the weight of our 1.5 L PET packaging preforms and trained our employees on the importance of environmental protection and better waste sorting.

Fonyodi does not reclaim products or their packaging materials after the end of their lifecycles, however, it is part of the packaging waste management system and acts in accordance with the applicable regulations.

Our environmental impacts include transporting products using our own vehicles (fuel consumption for total transport) and other goods and materials used for organization's operations (LPG).

These parameters are presented according to the following criteria:
- use of energy in GJ
- greenhouse gas emissions in tons of CO_2 equivalent.

During the 2010/2011 reporting period, our environmental impacts resulting from the transport of workforce members and other goods and materials was 3,436.23 GJ with respect to energy and 265.55 tons of CO_2 equivalent with respect to greenhouse gas emissions.

Our commitment to disposal and systematic sorting of hazardous and nonhazardous waste is incorporated in the foundations of Fonyodi's business. A total of 175,694 euros was spent on systematic waste management during the reporting period.

As we provided internal environmental protection training, we stated no prevention costs.

Fuel consumption for all types of transport

	Fuel consumption for total transport		LPG		Total CO_2 emissions	
Year	L	GJ	kg	GJ	Tons of CO_2 equivalent for fuel	Tons of CO_2 equivalent for LPG
2010	46,064	1,656.64	4,703.50	91.24	120.44	13.95
2011	44,024	1,583.27	5,416.50	105.07	115.11	16.06
Total	**90,088.00**	**3,239.92**	**10,120.00**	**196.31**	**235.55**	**30.01**

Environmental protection investments	Waste management in HUF	Total (Eur)
2010	24,302,007	87,182
2011	27,538,907	88,512
Total	**51,840,914**	**175,694**

Activities Planned For The Next Reporting Period

Fonyodi plans to conduct the following activities for the purpose of improving its environmental protection:
- improve the waste management system by improved sorting of all types of waste, procuring new containers for the respective types of waste, and revising our contracts with certified waste collecting organizations;
- provide additional training on the environmental management system and the food safety system for 20 employees.

Impact Indicators

Environmental Impact Indicators

Nova Sloga AD of Trstenik was established in 1956 and has been part of the Agrokor Concern since 2009. Its core business includes mineral water production and fruit and vegetable processing. Its refrigeration facility is located in Trstenik, while with Mivela mineral water bottling plant is in the village of Tobolac. Nova Sloga holds a concession to exploit the Mivela-Veluće spring, covering an area of 5000 m². A first sanitary protection zone was established around the well. The spring is fenced and protected against physical pollution. What makes Mivela special is its mineral content and an abundance of magnesium (as much as 330 mg per liter) that comes in carbonate form, which is very important for its usability in consumption.

The refrigeration facility is used for processing/deep freezing, cooling, classifying and packing fresh fruits and vegetables and storing deep-frozen or cooled merchandise intended for further use. The refrigeration facility has begun to operate in 1972.

During the reporting period, we optimized the technological process in the refrigeration facility, which resulted in decreased electricity and water consumption. We also invested substantial funds in two (of three) chambers, including their paneling and reparation of present technological equipment. By diversifying its plans, Nova Sloga built a storage/distribution and sales center in Trstenik where it transferred its mineral water warehouse, which allows for quicker and more efficient merchandise handling and shipping by any type of vehicle. This put an end to restricted access to the bottling plant for large vehicles and inaccessibility of this area in bad weather because the bottling plant is located on the edge of the village where transport infrastructure is a special challenge.

To improve our treatment of the environment, we trained our employees on the subject of waste management. We failed to implement our project for the construction of a wastewater treatment plant within the bottling plant because it is subject to our capacity expansion project that was postponed until such time the market situation warrants such investment.

Production in Nova Sloga AD in 2011, 2010 and 2009 by product type:

Stated in m³/t	2011	2010	2009
Total Mivela mineral water	6,267	5,420	3,097
Total refrigeration facility	1,121	977	435

Nova Sloga has not used any recycled packaging materials for its products so far.

Packaging material used in production by type and index number:

Index number	Packaging type		2010 in tons	2011 in tons
150101	Paper and cardboard packaging		32	37
150102	Plastic packaging	PET	172.71	138.48
		Other plastic	37.10	38.40
	Total		**209.81**	**176.88**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Smanjenju umora
Normalnoj funkciji mišića
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	Euro diesel		Super 95		Diesel D2		TNG	
	2010	2011	2010	2011	2010	2011	2010	2011
Total in liters	6,254.78	5,571.90	3,943.65	3,305.88	1,524.53	1,625.75	1,420.00	1,551.30
GJ	231,69 GJ	206 GJ	133 GJ	111.25 GJ	52,59 GJ	56 GJ	54,43 GJ	59.46GJ

The primary energy sources used by Nova Sloga for its transport purposes are diesel fuel (Euro diesel and D2) and gasoline (Super 95), as well as gas for loading and unloading purposes (LPG).

In 2009, our fuel consumption was
- Euro diesel: 6,495 liters (240 GJ)
- Gasoline (Super 95): 5,735 liters (193 GJ)
- Diesel (D2): 4,899 liters (169 GJ)
- LPG: 600 liters (23 GJ)

Our consumption of all types of transport fuel decreased during the reporting period because we use other carriers for merchandise transport and distributions. In 2011, our consumption of liquefied petroleum gas used to loading and unloading merchandise increased compared to the preceding two years as a result increased production and sales volumes.

Direct energy used by Nova Sloga includes electricity and ammonia.
Electricity is supplied by Elektroprivreda Srbije and is used for our machines and lighting.

	2010	2011
Mivela	398,739.80	485,847.60
Refrigeration facility	911,003.00	688,951.60
Higher tariff	1,309,761.80	1,174,799.00
Mivela	53,675.00	107,294.40
Refrigeration facility	451,275.20	424,223.60
Lower tariff	504,950.20	531,518.00
Total	**1,814,712.00**	**1,706,317.00**
GJ	**6,532**	**6,142**
Din.	6,002,791.94	6,500,856.15

Compared to 2009, our electricity consumption increased in 2010 as a result of increased production. Although our production also increased in 2011, our electricity consumption was lower compared to the preceding two years as a result of production optimization and overhauls of certain devices.

Ammonia is used as a refrigerant in the primary cooling system. The tanks and pipelines of the closed cooling system (operated manually only) contain approximately 16 tons of ammonia. The system was not loaded in 2010 and was loaded with two tons of ammonia in 2011. Before that, the system has been replenished in 2009. Each time, ammonia was purchased from Patenting d.o.o. of Belgrade.

Nova Sloga uses water for drinking and sanitary purposes, process and cooling water for production purposes, to wash its plants, and to bottle mineral water. Groundwater from the Veluće spring is used for mineral water bottling.

Total production of Mivela mineral water

Stated in m³	2011	2010	2009
Mivela 1.5 L	5.164	4.677	2.247
Mivela 1.0 L	772	407	574
Mivela 0.5 L	314	310	250
Mivela 0.25 L	17	26	26
Total Mivela mineral water	**6.267**	**5.420**	**3.097**

Impact Indicators

Environmental Impact Indicators

Water used for drinking and sanitary purposes, process and cooling water used for production purposes, and water used for plant washing are procured from two sources: the Miveal mineral water bottling plant is supplied from its own onsite wells, while the Refrigeration Plant purchases water from the public water supply system of the Municipality of Trstenik.

The average price of water from the public supply system of the Municipality of Trstenik was 58.45 dinars in 2010 and 63.13 dinars in 2011. The Mivela mineral water bottling plant spent more water than it did in the preceding two years as a result of increased production, which required more frequent washing and cleaning of plants, while water consumption at the fruit and vegetable processing plant decreased compared to the preceding period because old piping and devices were replaced in 2010.

Water consumption by plant in m³:

Mivela			Refrigeration Facility		
2009	2010	2011	2009	2010	2011
3,000 m³	3,000 m³	3,500 m³	5,000 m³	2,413 m³	3,695 m³

The land owned by Nova Sloga is not within or adjacent to any protected areas or areas of high biodiversity value. Its products and services therefore have no significant impacts on biodiversity.

According to the Ordinance on Pollutant Air Emissions Limits (Official Journal no. 71) and its activities, Nova Sloga is not required to measure its greenhouse gases.

Nova Sloga's activities resulting in indirect emissions, including employees' daily travel to work, business trips, etc. are insignificant compared to our other activities resulting in direct or indirect energy-related emissions.

The cooling system uses antifreeze used in the food industry, which circulates within the system and does not evaporate, which is why it does not reach the atmosphere.

Nova Sloga's production plant does not use NO_x i SO_x.

Impact Indicators

Environmental Impact Indicators

In the mineral water plant, process water is channeled to a deposit tank that also receives surplus water from bottling operations, so process water is diluted and neutralized in the deposit tank before being discharged to the local watercourse. Water discharged from the deposit tank meets the relevant quality requirements, as confirmed by analyses performed by the Institute of Public Health of Kraljevo. Sanitary water flowing from the mineral water plant is disposed of in a septic tank that is emptied and further treated by the Public Utility Company of the Municipality of Trstenik.

In the Refrigeration Facility, water is discharged to the public sewerage system and treated by the town utility company.

Total water discharge is stated in m³:

	Mivela Plant		Refrigeration Facility	
	2010	2011	2010	2011
Sanitary water	500	700	300	600
Process water	2,200	2,450	1,870	2,700
Total:	**2,700**	**3,150**	**2,170**	**3,300**

Solid waste generated by production and supporting processes in our production plants is sorted at the point of generation by type and disposed of in a designated area in accordance with the provisions of the Waste Management Act. The types of solid waste that may be used as secondary raw materials are cardboard/paper, nylon, PET and bottle caps, vegetable-origin waste, waste metal and used up toner. All other waste is collected in municipal waste containers arranged across the factory yard. Waste sold as secondary raw material is collected by a certified recycling company, while municipal waste is collected by the Public Utility Company of the Municipality of Trstenik.

We disposed of 180 m³ municipal waste in 2010 and 165 m³ in 2011. Nova Sloga does not generate any hazardous waste.

Total amount of nonhazardous waste by type:

Index number	Packaging type	2010 (kg)	2011 (kg)
150101	Paper and cardboard packaging	14,420	1,712
150102	Plastic packaging	4,316	2,578
Total		**18,736**	**4,290**

No spills of hazardous substances that may have an adverse environmental impact were recorded during the reporting period.

To reduce the environmental impact of our activities, Nova Sloga undertook the following measures in 2010 an 2011:

- we reduced the weight of the preform for 1.5 L Mivela mineral water from 44 to 42 grams;
- we reduced the thickness of stretch foil from 23 µm to 12 µm (the characteristics of new foil decreased its consumption during packing by approximately 50%;
- we reduced the dimensions of thermo-shrinking foil for our 1.5 L and 0.5 L mineral water packaging from 400x0,070 mm to 380x0,065 mm (such decrease in thermo-shrinking foil thickness resulted in less consumption in kilograms).

According to the Ordinance for the Development of the 2010 to 2014 Packaging Waste Reduction Plan, a national strategy for packaging waste disposal was adopted for the purpose of reducing such waste by 5% in 2010 and 10% in 2011. In 2010, Nova Sloga signed an agreement with the packaging waste management company EKOSTAR PAK - Belgrade. Pursuant to that Agreement and Article 24 of the Packaging and Packaging Waste Act, Nova Sloga transferred its packaging waste management obligation to EKOSTAR PAK as an operator, while the operator assumed from Nova Sloga as its client the obligation to manage packaging waste as defined by the regulations.

Impact Indicators

Environmental Impact Indicators

The company has regularly reported to Ekostar Pak its packaging put into circulation on a monthly basis for two years. The amount of packaging waste put into circulation in 2010 and 2011 is specified in the tables below:

Packaging put into circulation in 2010

Types and amounts of disposable packaging		produced and put on the market	Imported disposable plastic packaging	Exported packaging	Reusable	Amount of packaging for which the management requirement was transferred to the operator
		(t)	(t)	(t)	(t)	(t)
Plastic	PET	178.267		32.405		145.862
	Other plastic	41.669	0.031	6.949		34.751
Paper and cardboard		28.956	0.743	1.952	0.000	27.747
Wooden pallets			0.506			1.771

Packaging put into circulation in 2011

Types and amounts of disposable packaging		produced and put on the market	Imported disposable plastic packaging	Exported packaging	Reusable	Amount of packaging for which the management requirement was transferred to the operator
		(t)	(t)	(t)	(t)	(t)
Plastic	PET	183.926		28.489		155.424
	Other plastic	42.300	0.045	6.978		35.367
Paper and cardboard		12.452	1.107	1.866	22.850	34.619
Wooden pallets			0.638			0.638

Nova Sloga complies with all laws and regulations concerning environmental protection and no cases on noncompliance or fines were recorded.
As Nova Sloga uses contractors for the transport of its products and supply of production materials, we were unable to prepare the indicator of environmental impacts of transporting products and workforce members.

Waste disposal, emissions treatment and rehabilitation costs

Description of investment (EUR)	2010	2011
Water usage charge	35,290.00	66,533.84
Wastewater analysis		
Waste management costs	9,231.32	11,553.33
Packaging and EE waste	2,388.07	2,834.80
Total	**46,909.39**	**74,921.97**

Environmental prevention and management costs

Description of investment (EUR)	2010	2011
Certifikacija HACCP-a		295
Edukacije		196
Zaštita od požara		245
Total		**736**

Plans for 2012 and 2013

- optimize and expand our production capacities in the refrigeration facility
- build a wastewater treatment plant for the refrigeration facility
- train our employees on environmental protection
- reduce our water and energy consumption per product unit
- enhance our waste type and volume monitoring
- train the farmers from whom we purchase farm products on the appropriate usage of protective agents
- have our bottling plant certified according to HACCP.

Impact Indicators

Environmental Impact Indicators

Meat and Meat Products - PIK Vrbovec d.d.

PIK VRBOVEC-MESNA INDUSTRIJA d.d. is a stock company for production and marketing of meat and meat products headquartered in Vrbovec. According to information from November of 2011, the company employs 1563 people, 434 of them in production, 249 in logistics, 99 in maintenance, and 781 in other departments.
PIK VRBOVEC operates within the Agrokor Concern. PIK Vrbovec occupies an area of 350,000 m^2: the production segment accounts for almost 60,000 m^2 (meat product factory: 17,560 m^2, fresh meat factory: 25,014 m^2, slaughterhouse: 14,000 m^2, and other facilities: 3200 m^2).
In 2010 and 2011, we continued to construct a building adjacent to the present Processing building, which resulted in a further increase in our production capacities (semi-durable and durable product cutting, SGR, dispatch; in 2010, sealing and packing will move to this site). The expansion will continue through the next period with the aim of building a plant for production and packing durable products (Phase 5).

Most of our products (95%) are made at PIK's site in Vrbovec. The remaining 5% are made by the following manufacturers: Danica (cans), M. Medven (durable products), Voštane (prosciutto), Gradina (pancetta), Petason (SOM).

PIK Vrbovec has received certificates for implementing the following management systems: ISO 9001:2008, ISO 14001:2004, OHSAS 18001 and HACCP. The ISO 14001:2004 environmental management system and the ISO 9001:2008 quality management system have been maintained and improved, as confirmed by the 2010 recertification audit report, while a supervisory audit of both systems was performed in July of 2011. In November of 2011, an IFS certification audit was performed (International Food Standard – a standard for auditing food brands) by TÜV Croatia (TÜV NORD Group) and we were awarded a higher level (99.26%) of IFS compliance.

We implemented a project titled ''Improvement of Resource Efficiency in PIK Vrbovec'' in cooperation with and with partial financial support of the International Finance Corporation (IFC). The first project task was to audit the efficiency of resources used in all operations, with a primary focus on water and energy consumption. The project team visited PIK several times between June and September of 2011, collected information from PIK's staff, interviewed employees, and conducted measurements and data analyses. It was found that energy and water consumption may be additionally reduced by 5 to 10 percent by ongoing operator training, using certain indicators, and by monitoring and measuring consumption for each line.

In addition, the waste management system was significantly improved as a result of improved separation of plastic packaging with CN 15 01 02. In 2010, it was found that several different types of plastic packaging materials require sorting of six plastic packaging fractions: pure transparent foil, pure multicolored foil, pure transparent trays, pure multicolored trays, treated foil and hard plastic. All plastic waste fractions are sorted at the point of generation, disposed of in designated containers, and prepared for ultimate disposal at a certified collection organization. As of November of 2010, Eko Flor Plus d.o.o. (a certified collection organization for nonhazardous waste) has handled the preparation activities with respect to the transport of all types of plastic packaging waste. The benefit provided by such improved plastic packaging waste is in reduction of municipal waste as a result of separate collection of plastic waste, a significant decrease in the volume of waste as a result of its baling, reduced number of trips for the certified collection organization, the possibility of recycling waste plastic and, ultimately, cost reduction because some plastic fractions are refundable or transported free of charge.

Our further achievements in the area of environmental protection during the reporting period include the removal of the refrigerant system from the semi-durable sausage warehouse, procurement of an aboveground mobile diesel tank, installation of water meters to monitor water consumption in our slaughterhouses, processing and plant washing, installation of calorimeters in our slaughterhouses and processing to monitor steam consumption, preparation of a concept for wastewater pre-treatment, procurement of a flammable fluid and gases warehouse, and activities to meet integrated environmental protection requirements.


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Junetina gulaš kocke
pik
svježe meso
Svinjski but odrezak
pik
svježe meso
Kontrolirana sljedivost
Pakirano u kontroliranoj atmosferi.
Čuvati na temperaturi do +4°C
Juneći but bijela pisanica
PIK Vrbovec - mesna industrija d.d.
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Environmental Impact Indicators

In 2010, we have also begun to use an alternative process for treating impure foil with BIO DEPO, whereby organic substances (blood and meat fragments) are degraded and unpleasant odor emissions are reduced. This process also resulted in lower costs of impure foil disposal. We tested the water-tightness of grease traps 1 and 2 and the deposit tank near the cattle depository and obtained a Greenhouse Gas Air Emissions License based on which PIK Vrbovec-M.I. has become entitled to emit greenhouse gas from its energy plant. We rehabilitated the deposit tank near the Depository by digging in a readymade deposit tank provided by Tehnix, purchased an eco-container for hazardous waste disposal (oiled waste) having a volume of 1000 liters, and received an opinion from the Ministry of Environmental Protection, Physical Planning and Construction under which are Status Analysis and Conformity Study were accepted.

PIK VRBOVEC-M.I.d.d. does not use any direct natural resources (nonrenewable materials) for its production, but for its supporting processes not being part of the final product: for machine maintenance (lubricants).

Direct materials

The direct materials present in the final product are meat, additives, packaging and gases (for packing fresh meat, meat products and processed meats in a modified atmosphere).

Total Weight of Direct Materials Used

Type of material	2010 (t)	2011 (t)
Livestock (depot + slaughtering services)	46,651.37	53,230.59
Imported raw materials (fresh and frozen)	15,270.24	16,403.16
Additives and condiments	1,313.89	1,677.99
Packaging	2,268.52	3,365.09
Gases	369.02	428.48
TOTAL	65,873.03	75,105.31

Packaging consumption by material type

Type of packaging material	Total 2010	%	Total 2011	%
Polymers	741,952.15	32.71	991,723.19	29.47
Paper / cardboard	1,234,672.13	54.43	2,109,595.87	62.69
Metals (Al, Fe)	261,342.57	11.52	228,818.47	6.80
Natural materials (wood, hemp, collagen)	11,310.62	0.50	12,138.76	0.36
Other (combined)	19,244.14	0.85	22,816.56	0.68
Total packaging	**2,268,521.61**		**3,365,092.85**	

Liquefied Gas Consumption in 2010 and 2011

Gas	Use	Consumed in 2010 (t)	Consumed in 2011 (t)
Carbon diokside	*Stunning pigs in the slaughtering line*	103.4	99.4
	Packing fresh meat and fresh meat products in a modified atmosphere	216.6	260.02
	Packing processed meat in a modified atmosphere	8	10.2
Nitrogen	*Packing processed meat in a modified atmosphere*	23	38.4
Oxygen	*Packing fresh meat and fresh meat products in a modified atmosphere*	18.02	20.46
	Total	**369.02**	**428.48**

Impact Indicators

Environmental Impact Indicators

Nonrenewable materials

Resources not renewed over a short period of time. 0.22% more direct material (as specified in Table 5) per ton of product was spent in 2011 than in 2010 as a result of increased production of products in smaller packaging unit according to market demands.

Nonrenewable material	2010 (t)	2011 (t)
Machine lubricants	4.346	4.187

Recycled input materials are cardboard packaging (all cardboard boxes are made of 100% recycled paper, except for A10 and Ć8 cardboard (for packing 400 g PIK ćevapčići), where the share of recycled fibers is 25-35%)). In 2010, boxes containing up to 35% of recycled fibers accounted for 4% of all cardboard packaging used, while all other cardboard used was made of 100% recycled fibers. In 2011, boxes containing up to 35% of recycled fibers accounted for 12% of all cardboard packaging used, while all other cardboard used was made of 100% recycled fibers.

Cardboard packaging is our recycled input material that accounted for 50% and 51% of all packaging used in 2010 and 2011, respectively. In the meat industry, laminate polymer packaging material (material necessary for maintaining all product properties from the beginning of the end of its life) cannot be entirely substituted by recycling materials: unlike standard packaging materials, biodegradable packaging meets all environmental requirements, but also shows functional weaknesses with respect to its barrier and mechanical properties and technical resistance. This is why biodegradable materials are now only used for disposable bags (shopping bags in stores and household waste bags), while the development of new biodegradable materials as primary packaging and improvement of their functional properties are still contemplated in numerous studies.

Energy

Primary energy used by PIK to directly satisfy its energy needs is diesel fuel used for transporting goods and workforce members, and propane/butane (fuel for forklifts, furnaces, pig scalding in the slaughterhouse – where natural gas is not supplied). Primary energy used by PIK in producing indirect energy forms for its own purposes includes natural gas used to produce heat (steam, hot water) and extra light fuel oil (alternative fuel used in the boiler room) used to produce heat.

The only indirect energy procured by PIK externally is electricity (as PIK produces steam internally, it is not included in indirect energy).

Electricity Consumption

2010		2011	
(kWh)	(GJ)	(kWh)	(GJ)
27,879,613	100,366.61	30,227,202.00	108,817.93

Primary Energy Consumption

	2010 (t)		2011 (t)	
Type of fuel	Fuel consumption (m^3)	Direct energy consumption (GJ)	Fuel consumption (m^3)	Direct energy consumption (GJ)
Natural gas	4,317,598	168,429.50	4,412,945	172,148.98
Extra light fuel oil	6.25	210.95	17	573.78
Diesel fuel	1,502	54,475.74	1,569	56,901.33
Propane-butane	2,777.78	66.60	3,167	75.48
Total	**4,321,884**	**223,183**	**4,417,698**	**229,700**

Impact Indicators

Environmental Impact Indicators

Although our electricity consumption increased in 2010 and 2010 compared to 2009 as a result of increased production, our electricity consumption per ton of product decreased 11% in 2010 and 8% in 2011. The main reason for such decrease in electricity consumption is our monitoring of cooling compressor peak consumption. Improved management of the entire cooling process resulted in substantial electricity savings. Our enlarged production capacities enable us to plan and conduct our batch production in a more rational manner.

Water

PIK's site uses water from the city supply system and water from the nearby mini accumulation lake Bajer.

Water from the city supply system is used for production purposes and as process water (for cooling purposes in the boiler room and engine room, while water from mini accumulation lake Bajer is used solely as firefighting and process water (for cooling purposes in the boiler room and engine room, production of steam in the boiler room, and for corral washing), but its quality should not correspond to that of drinking water. Only one main water meter is provided for water from the city supply system and water from Bajer.

Total water withdrawal by source

Godina	City water (m^3)	Lake water (m^3)	Total (m^3)
2010	504,100	175,757	679,857
2011	439,150	147,999	587,149

The above information shows that our total water consumption in 2010 decreased compared to 2009 by 57,347 m^3 (7.8%) and by 19.5% per ton of product. The year 2011 saw a further decrease in total water consumption by 38,708 m^3 (5.7%) and by 16% per ton of product. In two years, our total water consumption decreased by 96,055 m^3 (13%) and by 32.4% per ton of product. This was achieved by investing in the reconstruction of pumping station for withdrawing process water from the mini accumulation lake Bajer and water from the alternative pool used for drinking water supply in case city water supply is interrupted. Such decrease in city water consumption was mainly a result of optimization in the process of vaporizer dissolving within the plant and the use of high-pressure washers for our washing processes, while the decrease in lake water consumption is mostly a result of the fact that we no longer cool condensate before discharging it into the sewerage (the maximum water temperature before discharge is adhered to even without cooling). We increased conductivity in our closed cooling systems (by using appropriate corrosion inhibitors and stabilizers).

Biodiversity

The location of PIK VRBOVEC-M.I.d.d. is not within a protected area or in a area of high biodiversity value.

Emissions, wastewater and waste

Direct greenhouse gas emissions are emissions from the following sources owned and controlled by PIK:

1. CO_2 emissions from the chimney of the steam generating boiler room – emissions resulting from combustion of gas or extra light fuel oil (alternative fuel in absence of gas supply) – these emissions are consistent with primary energy consumption stated above.

The emissions figures were obtained on the basis of the estimate used for greenhouse gas emissions monitoring and reporting in accordance with the Greenhouse Gas Emission License (issued to PIK in October of 2011 by the Ministry of Environmental Protection, Physical Planning and Construction).

2. CO_2 from PIK's vehicles transporting products to PC (refrigeration plant) and to customers, and from

Impact Indicators

Environmental Impact Indicators

vehicles for internal transport of materials (within the factory);

3. emissions resulting from leaks in the system: fluoridated greenhouse gas (HFC (R 134 A) or mixtures of substitute substances (R 404 A, R 407 C, R 410 A).

These greenhouse gas leaks are a result of defects and maintenance of refrigerating devices in PIK's refrigerator trucks and stationary devices (chambers, air conditioners) at Zagrebačka 148, Vrbovec.
The devices in PIK's refrigerator trucks are maintained and serviced by PIK VRBOVEC-M.I, d.d. (which is in possession of a license issued by the Ministry of Environmental Protection, Physical Planning and Construction, reg. no.: 1075), while onsite stationary devices are serviced by the certified servicer Ledo d.d., Zagreb, at its site, as defined by a contract.
Eight of a total of 112 devices containing R404 leaked during servicing. The total maximum volume of R404a in 112 vehicles (112 devices) is 114.35 kg, so the leak rate in the refrigerator trucks was 17.7% with respect to that gas.

Total Annual CO_2 Emissions from the Boiler Room Chimney

Year	Natural gas	Fuel	Total amissions (t)
2010	8,169.99	17.3	8,187.29
2011 ,	8,444.50	47	8,491.50

Greenhouse Gas Emissions from Vehicles

Use	CO_2 emissions (t) 2010	CO_2 emissions (t) 2011
Vehicles for internal purposes	110.60	69.58
Refrigerator trucks	3,429.02	3,630.54
Total	**3,540**	**3,700**

Greenhouse Gas Emissions from Refrigerating Devices in 2011

Device	Type of gas	Leak (t/year)	GWP	t CO_2 e
Refrigerating devices in vehicles (refrigerator trucks)	R404 a	0.02565	3,700	94.905
Stationary	R404 a	0.027	3,700	99.9
cooling devices	R407 c	0.0071	1,600	11.36
(chambers, refrigerators)	R134 a	0.00475	1,300	6.175
Total		**0.0645**		**212.34**

Indirect greenhouse gas emissions relate to greenhouse gas emissions resulting from the generation of electricity (purchased and used by PIK – as per EN4) owned and controlled by another organization (HEP).

The figures for air pollutant emissions resulting from electricity generation in HEP power plants were taken from the HEP's Sustainable Development report:
In 2010, HEP emitted 1 t of CO_2 into the air to generate 1227.75 kWh; in 2009, HEP emitted 1 t of CO_2 into the air to generate 1280.73 kWh.

Indirect emissions result from PIK's activities although they are produced by sources owned or controlled by another organization or individual, including daily transportation of work-

Impact Indicators

Environmental Impact Indicators

force members to work by bus (the average annual consumption of diesel for transporting workforce members to work by bus was 55,200 l, and its combustion emits 149.04 tons of CO_2 per year or 149.04 tCO_2e) daily transportation of workforce members to work using their private vehicles (around 919 t/year or 919 tCO_2e)[2]. Total indirect greenhouse gas emissions resulting from transporting workforce members to work were approximately 1068 tCO_2e.

[2] *The information was prepared on the basis of the average number of vehicles present in PIK's parking areas (around 650/day) and arbitrarily set average fuel consumption per vehicle (around 7 l/100 km) and the assumption that 50% of the vehicles use diesel, and 50% use gasoline, and that each vehicle drives 30 km a day. The information on the amounts of CO_2 emitted per liter of fuel was taken from the general information at www.ee.undp.hr = around 2.4 kg of CO_2 per liter of gasoline; around 2.7 kg of CO_2 per liter of diesel.)*

Indirect CO_2 Emissions

2010		2011	
Amount of electricity (kWh) consumed by PIK	CO_2 emissions resulting from electricity generation in HEP (t)	Amount of electricity (kWh) consumed by PIK	CO_2 emissions resulting from electricity generation in HEP (t)
27,879,613	**27,879,613**	**30,227,202**	**24,619.98**

Total Greenhouse Gas Emissions

	Direct emissions in tCO_2e			Indirect emissions in tCO_2e	emissions in tCO_2e
Year	Boiler room	Vehicles	Refrigerating devices	HEP	**Total**
2010	8,187.29	1,274.00	No information available	22,707.88	**32,169.17**
2011	8,491.50	1,332.00	212.34	24,619.98	**34,655.82**

The results provided by an organization reporting in the area of gradual discontinuation of ozone-depleting substances indicate the level of its technological leadership and competitive position on product and service markets.
All newly procured devices containing refrigerants are accompanied by a declaration that the product does not contain any ozone-depleting substances in accordance with the law. Our old devices dating back to 1966 that still contain R22 will be replaced by devices containing a working substance that is not ozone-depleting or the working substance in such devices will be replaced by an appropriate non-ozone-depleting substance no later than 2015.

Emissions of Ozone-Depleting Substances in 2011

Type of gas	Leaking (t/god)	ODP	CFC-11 equivalent
R22	0.0042	0.055	0.000231

Below is a report on emissions from the boiler room chimney (three vents from three boilers). Emissions of air pollutants are tested in accordance with the Air Protection Act (Official Gazette 178/04 and 60/08), Ordinance for the Limits of Air Pollutant Emissions from Stationary Sources (Official Gazette 21/07 and 150/08), and the Rules for the Monitoring of Air Pollutant Emissions from Stationary Sources (Official Gazette 01/06).
Air emissions discharged by PIK VRBOVEC-MESNA INDUSTRIJA d.d. are measured and analyzed by DVOKUT-ECRO d.o.o., a company certified by the Ministry of Environmental Protection, Physical Planning and Construction for professional air emission monitoring activities. The summary of air pollutant emissions was prepared on the basis of the Report on the Measurements and Analyses of Air Pollutant Emissions from Stationary Sources in the Factory.
The information from the Emissions Test Report for 2010 (11.2.2011) and 2011 (31.1.2012) was prepared by DVOKUT ECRO d.o.o.

Impact Indicators

Environmental Impact Indicators

Information on the Types and Amounts of Emissions from the Boiler Room Chimney for 2010 and 2011

Measuring point	2010	1	2	3	2011	1	2	3
		BKG 100A	BKG 60A	BKG 100A		BKG 100A	BKG 60A	BKG 100A
Boiler ID		0.370	0.010	0.010		0	0	0
SO_2 (t/year)		7.620	0.760	0.560		5.740	0.570	0.710
NO_2 (t/year)								

PIK discharges its process wastewater using two collectors and two inspection & measuring shafts (A, B) into the public sewerage system of the town of Vrbovec:
- DISCHARGE POINT A (KMO-1): wastewater from the slaughterhouse, fresh meat and processing facilities
- DISCHARGE POINT B (KMO-2): corral wastewater, disinfection stations.

The quality and quantity of wastewater are determined by the Water Management License to Discharge Partially Treated Wastewater into the Public Sewerage System. Wastewater quality is tested six times a year by a certified laboratory (Veterinary Institute, Križevci) six times a year on both shafts. The quantity of wastewater is determined continuously using water level recorders mounted on both shafts. Monthly readings and data processing have been assigned to the certified company Hidroing of Zagreb.

Wastewater is pretreated using the following wastewater pretreatment devices:
- sand traps (for precipitation water from parking and handling areas)
- grease separators, sand traps/grease traps (to remove grease and deposit materials at the end of collectors A and B)
- oil separators (for potentially contaminated precipitation water from parking areas)
- deposit tanks (for wastewater from corrals and wastewater from the truck washing stations).

Annual Wastewater Discharge Volumes 2009-2011

Year	KMO	wastewater volume in m³
2010	1	424,782
	2	248,620
Total	**1+2**	**673,402**
2011	1	203,088
	2	182,901
Total	**1+2**	**385,989**

Total Annual Pollutant Discharge Amount for 2009-2011

Pollution indicators	2009 (t/year)			2010 (t/year)			2011 (t/year)		
	KMO-1	KMO-1	Total	KMO-1	KMO-2	Total	KMO-1	KMO-2	Total
BOD_5	128.806	49.480	178.286	118.679	50.718	169.398	57.39	30.35	87.75
COD (dichromate)	267.976	109.685	377.661	249.913	112.929	362.842	133.87	74.47	208.34
Suspended substance	77.723	37.230	114.953	61.216	31.285	92.500	____	____	____
Grease and oil	25.601	3.328	28.929	22.365	1.650	24.015	____	____	____
Total phosphorus	2.758	1.700	4.458	1.871	1.002	2.873	____	____	____
Total nitrogen	21.816	15.799	37.615	16.559	12.493	29.052	____	____	____

In 2011, PIK obtained a new Water Management License to Discharge Wastewater from its site at Zagrebačka 148, Vrbovec and was thereby provided with new wastewater pollution indicators that need to be tested in the future. The information not provided in the above table for 2011 is no longer tested in wastewater. The new pollution indicators that are to be tested according to the new Water Management License are provided in the following table.

Impact Indicators

Environmental Impact Indicators

Annual amount of discharge and transfer

Pollution indicator	KMO-1 (t/year)	KMO-1 (t/year)
BOD_5	57.395	30.351
COD (dichromate)	133.869	74.471
Deposited substances	0.769	0.410
Non-evaporating lipophilic substances	4.150	1.411
Adsorbent organic halogens	0.019	0.010
Total chlorine	0.008	0.006

If we observe the total annual pollutant discharge in wastewater from PIK in tons of pollution indicators, specifically BOD_5 per year in discharged wastewater, we can see that the significant increase in total organic pollution or BOD_5 on tons of O_2/year in wastewater in 2009 was followed by a decrease in this parameter in 2010 and a further significant decrease in 2011 as a result of significantly decreased amounts of wastewater.

Below we provided information on the types and amounts of waste generated at the PIK Vrbovec site at Zagrebačka 148, Vrbovec on an annual basis, and on waste treatment and final disposal method. All waste is weighed at PIK immediately before being transported from the site.
We will also report the amounts of waste resulting from slaughtering and grease from wastewater pretreatment devices, which are classified as animal-origin byproducts and are disposed of at a rendering plant.
The hazardous and nonhazardous waste tables provide a list of certified waste collectors transporting waste from the site and waste treating organizations if waste is treated in the Republic of Croatia by disposal method.

Total weight of waste by type and disposal method

	Type of waste	Collected by	Treatment	Treated by	2010 t	2011 t
Hazardous waste	*Waste lubricating oil, fluorescent pipes, packaging contaminated by hazardous substances, waste toner. EE waste, lab chemicals containing hazardous substances, infectious veterinary waste, waste paint and varnish containing organic solvents, waste glue and sealing agents containing organic solvents, car batteries and Pb batteries, waste propylene glycol, waste ribbon and film, equipment containing chlorofluorocarbons, HCFC, HFC, hazardous components removed from EE equipment, construction material containing asbestos, oiled absorbents and oil filters, waste nitrates, infectious human waste, gas in communicating vessels, waste polyurethane, insulation material containing hazardous substances*	Mi-Vi Maziva Flora Vtc Virovitica, Kemis Termoclean, Ciak d.o.o., Ekologija Maržić, S.T.R. Akumulator, Munja, Ce-Za-R	R1, R 12, R13, R3, R4, D1, D10	Saša Promet, Ciglana Blatuša; Maziva.; Spectra Media; Herbos; Izvoz Spectra Media; Ekologija Maržić; C.i.a.k., Ce-Za-R; Munja, Ce-Za-R	10.101	13.221
Nonhazardous waste	*Paper and cardboard packaging, wooden packaging, iron and steel, metal packaging, waste tires, sawdust, edible oil and grease, plastic packaging, wood granulate, glass packaging, glass – construction waste, alkaline batteries, sludge and deposit in Administration Building grease trap, sludge and deposit in the grease trap near the gate booth; biodegradable green waste, waste condiments and additives, bulk waste, insulation materials, scraps containing iron, waste aluminum, waste car parts, electrical motors, paper and cardboard, waste clothes*	Eko Flor-Plus Mulltrans; Metalprodukt, Ce-Za-R Gumiimpex; Munja; Agroproteinka, Pos - Plast; Plast Jasna; Europlast; Kemis Termoclean; Proting Horvat;	K	Hamburger Ens; Pan; Eko Flor-Plus, Kompostana; Univerzal d.o.o., PJ Energana Varaždin; Ce-Za-R.; Gumiimpex; Brković; Drava Inter.; Pos - Plast; Munja; Europlast; Eko Velebit; Vetropack Straža; Čistoća d.o.o.; Prot. Horv.; Tarracor; Lotus 91; Izvoz	769.448	777.938
	Total				**779.549**	**791.159**

Impact Indicators

Environmental Impact Indicators

A Comparison of Waste Amounts by Disposal Method

Type of waste	Disposal method	2010 amount (t)	2011 amount (t)
Hazardous waste	Recovery/recycling	2.134	3.288
	Used as fuel	5.02	4.336
	Onshore incineration	2.165	5.477
	Disposal	0.782	0.29
Non-hazardous waste	Recycling	573.37	596.951
	Composting	195.658	178.477
	Reuse	0	3.59
	Used as fuel	0	1.04
	Disposal	0.42	3.06
Municipal waste	Disposal	3,564 m³	312.62t + 631.4 m³

In 2010, we generated less waste than in 2009, while the amount of municipal waste remained almost at the same level as the year before, even with increased production. In 2011 we a saw an insignificant increase in the total amount of separated hazardous and nonhazardous waste, but it is still dropping in relation to the increased production of waste per ton of product (see Chart 6). The amounts of municipal waste cannot be compared to the preceding year because municipal waste has been charged by the ton since March of 2011, so we expect we will have better insight to the actual amounts of waste in the next period, as well as the quality of our waste management system in PIK. PIK's waste management system aims to reduce the amount of municipal waste with maximized extraction of all useful waste.

As EKO FLOR-PLUS d.o.o. has been charged for municipal waste by the ton instead of volume, which was the case in the preceding period, we achieved substantial savings on municipal waste disposal rates (up to 50% a month). The price of municipal waste disposal paid in 2011 was as much as HRK 118,890 lower than in 2010.

In 2010, hazardous waste was mainly used as fuel. In addition to this method, in 2011 we also began to have such waste incinerated in incineration plants abroad (Vienna, Austria). Incineration in incineration plants is one of the hazardous waste disposal methods. We recovered approximately the same amount of waste in both years.

In 2011, there was less hazardous waste disposed of than in 2010. Our hazardous waste disposal methods vary because the types of hazardous waste generated in PIK also deviate from the normal values occasionally, for example, as a result of demolition or construction (asbestos containing waste). Useful nonhazardous waste was mostly recycled and composted.

Animal-origin byproducts (AOB) are transported by Agroproteinka d.o.o. and disposed of in its own rendering plant.

No spills were recorded in 2010 and 2011.

Quantities by Category

AOB type	2010 t	2011 t
Category 1 (production)	1,267.06	1,721.59
Category 1 (grease from collector A grease trap)	202.51	239.10
Total cat. 1	**1,469.57**	**1,960.69**
Category 3	10,254.32	10,913.38
Total AOB	**11,723.89**	**12,874.07**

Impact Indicators

Environmental Impact Indicators

Products and Services
Activities we undertake to mitigate our adverse environmental impacts:
1. Selection of packaging:
When selecting packaging, we tend to use recyclable materials if they meet the safety parameters required for meat and meat product storage. The most commonly used types of packaging material are cardboard/paper (a very valuable and easily recyclable secondary raw material), polymers (polyethylene, polypropylene, etc. may be recycled in the Republic of Croatia, although large amounts are exported to China) and metals (aluminum and iron, also a valuable recyclable raw material). Packaging materials for PIK's products are mostly recyclable. The only problem is the purity (a requirement imposed by waste collecting/treating organizations) of separately collected packaging and the method of collecting such packaging by type.
2. Reduction of greenhouse gas emissions and ozone-depleting gases.
3. Improvement of wastewater quality – we plan to build a wastewater treatment plant and provide a final discharge into a natural recipient. PIK's current Water Management License sets the parameters for wastewater discharging into public sewerage. As the Management Board of PIK chose to treat wastewater up to the parameters for discharging into a natural recipient, PIK will substantially reduce the water load, namely the Luka watercourse, the Lonja River and even the Sava River.
4. Reduction of hazardous waste amounts – ordering reusable toners: in 2010, we used 263 reusable toner, and 675 in 2011.

PIK Vrbovec does not recycle its sold products or their packaging for reuse after the end of their lifecycles.

Regulatory compliance
In 2010 and 2011, PIK Vrbovec M.I. d.d. was not fined on any grounds for noncompliance with environmental laws and regulations.

Transport
CO_2 emissions from vehicles (refrigerator trucks) used for transporting goods to sales centers and customers and buses transporting workforce members have the greatest environmental impact.

Daily bus transport of employees to work: the average annual consumption of diesel for transporting workforce members to work by bus was 55,200 l, and its combustion emits 149.04 tons of CO_2 per year or 149.04 tCO_2e.

Bus transport is arranged for employees coming from Bjelovar and its surrounding towns and villages (for around 220 employees, which is 14% of all employees), whereby we reduced our CO_2 emissions from vehicles by approximately 650 tons a year.
(The information was prepared on the basis of an average distance of 80 km/day for approximately 200 vehicles and fuel consumption as per 8.5.2. EN17.)

Greenhouse Gas Emissions from Vehicles

Use	CO_2 emissions (t)		
	2009	2010	2011
Refrigerator trucks	3,643.73	3,429.02	3,630.54

Impact Indicators

Environmental Impact Indicators

Environmental Prevention and Management Costs

Type of investment	Qty	Supplier	Description of investment	Ammount (HRK)
Waste lubricating oil sampling	*1 analysis in 20101 analysis in 2011*	*Public Health Institute of the City of Zagreb, Health Ecology Department, Mirogojska cesta 16, Zagreb*	*Waste lubricating oil analysis*	2.830,00 HRK/Analysis Total: 5.660,00
Sludge and deposit sampling	*2 analyses in 20102 analyses in 2011*	*Public Health Institute of the City of Zagreb, Health Ecology Department, Mirogojska cesta 16, Zagreb*	*Sludge and deposit analysis*	5.760,00 HRK/Analysis Total: 23.040,00
Standby regimen	*For 2010 and 2011*	*AEKS d.o.o.Ivanić grad*	*Employee team and equipment's readiness for urgent rehabilitation*	2.500,00 HRK/month Total: 60.000,00
Press container lease	*For 2010 and 2011*	*Eko flor-plus d.o.o.,Gornji Stupnik*	*Use of press containers*	99.000,00
Baling press lease	*For 2010 and 2011*	*Pos Plast, Vrbovec Eko Flor-Plus d.o.o.,Gornji Stupnik*	*Use of baling presses*	27.961,00
Wastewater sampling	*6 times a year*	*Croatian Veterinary Institute – Križevci Veterinary InstitutePublic Health Institute Dr. Andrija Štampar*	*Wastewater analysis for 2010 and 2011*	52.229,20
Packaging waste disposal charge	*For 2010 and 2011*	*Environmental Protection and Energy Efficiency Fund*	*Charge for 2010 and 2011 payable for the preparation, implementation and development of a system for returning, collecting and disposing of special waste categories*	491.268,47
Waste electrical and electronic device and equipment management charge	*For 2010 and 2011*	*Environmental Protection and Energy Efficiency Fund*	*Charge for 2010 and 2011 payable for the preparation, implementation and development of a system for returning, collecting and disposing of special waste categories*	16.141,98
Toxicology course	*A course for workers in 2010, 2 courses for supervisors*	*Croatian Institute for Toxicology*	*Training workers and supervisor for handling hazardous chemicals*	8.500,00
Air emission measurement	*1 measurement in 210 and 1 in 2011*	*Dvokut Ecro*	*Air quality monitoring expenditures*	7.000,00
Verification of the greenhouse gas emission reports for 2010 and 2011	*Verification in 2010 and 2011*	*Croatian Center for Cleaner Production*	*Verification of reportsPreparation of a verification report*	31.000,00
Preparation of a Study for the Adjustment of the Plant to the Provisions of the Environmental Protection Act	*1 study in 2011*	*APO/CCCP*	*A study in the process of obtaining integral environmental protection requirements*	88.560,00
NO_2 charge	*For 2010 and 2011*	*Environmental Protection and Energy Efficiency Fund*	*Charge for environmental emissions of nitrogen oxides expressed as nitrogen dioxide for 2010 and 2011*	3.937,98
CO_2 charge	*For 2010 and 2011*	*Environmental Protection and Energy Efficiency Fund*	*Charge for environmental emissions of carbon dioxide for 2010 and 2010*	100.654,42

Impact Indicators

Environmental Impact Indicators

Environmental Prevention and Management Costs

Type of investment	Qty	Supplier	Description of investment	Ammount (HRK)
SO_2 charge	*For 2010 and 2011*	*Environmental Protection and Energy Efficiency Fund*	*Charge for environmental emissions of sulfur oxides expressed as sulfur dioxide for 2010*	139,16
Supervisory and recertification audit by Bureau Veritas	*1 recertification and 1 supervisory audit*	*Bureau Veritas*	*EMS recertification audit in 2010EMS supervisory audit in 2011*	29.062,50 17.550,00
Costs of employee training	*Courses in 2010 and 2011*	*Bureau VeritasLloyd Register*	*Training internal EMS auditors in 2010 and lead auditors in 2011*	20.444,00
Procurement of mobile gas warehouses	*2 warehouses*	*Tehnix*	*The warehouses are intended for safe storage of flammable gases*	80.000,00
Procurement and installation of steam and gas flow rate meters	*3 meters*	*Endress+Hauser*	*Steam consumption monitoring and measuring*	150.413,00
Procurement of an ammonia detector	*1 device*	*Dr. Etlinger*	*Safety enhancement in handling ammonia*	58.822,00
Installation of central heating in the Laboratory and Development Departments	*Central heating system*	*Instalaterski obrt Prelog*	*Installation of the new system results in energy savings (replacement by a more efficient system)*	104.244,00
Reconstruction of the Bajer pumping station	*Electrical cabinet, pump, various pump and pressure vessel parts.*	*Aqua Kem, Elektro-čelik, Bertid, Pireko, Tim Kabel, Strojopromet, Beton Gračec, 3M,Proton*	*Reconstruction for the purpose of improving lake water quality and safety and reducing electricity consumption*	478.561,00
Reconstruction of the Ekonomija pumping station	*Diesel generator plant, control cabinet, pump.*	*Mep, Zigg-pro, Drvoplast, Alstom, Elektron erma*	*Reconstruction for the purpose of improving water quality and safety and reducing electricity consumption*	250.000,00
Total				**2.204.188,71**

Environmental Protection Investments

Type of investment	Qty	Supplier	Description of investment	Ammount (HRK)
Grease trap maintenance	*Engine serviced 3 time*	*Rotostar*	*Engine winching due to its burning out*	7.710,00
Rehabilitation of the deposit tank near the cattle depot – manure	*1 deposit container*	*Tehnix*	*According to Waste Management Inspection report, the deposit tank must be rehabilitated because it leaks*	12.500,00
Price of waste disposal in 2010	*779.509 t + 3,564 m^3*			621.153,40
Price of waste disposal in 2011	*1,109.13t + 631 m^3*			671.849,9
Price of animal-origin byproduct disposal in 2010				3.248.120
Price of animal-origin byproduct disposal in 2011				3.342.707
Wastewater testing	*1*	*IGH*	*Wastewater sampling on both internal sewerage arms immediately before mechanical pretreatment required by preparations to design a wastewater treatment plant*	114.720,00
Personnel costs	*3 employees*	*Luxor*	*Sewerage and grease trap maintenance costs*	180.000,00
Total				**8,198,760.30**

Impact Indicators

Environmental Impact Indicators

Planned Projects within the Environmental Management System in 2012 and 2013

- design and build a wastewater treatment plant by 31 December 2012;
- obtain integral environmental protection requirements by 30 June 2012;
- undergo a supervisory audit of the quality and environmental management system in 2012 and quality and environmental management system recertification in 2013;
- procure and install internal water consumption meters in the production departments by the end of 2012;
- reconstruct the internal sewerage system by the end of 2012;
- prepare a report on carbon dioxide emissions from the plant and provide a verified 2011 emissions report to the Environmental Protection Agency;
- provide information on plant activities (for 2005 to 2008 or 2009-2010) by 31 March 2012, based on which emission units that will be allocated free of charge for the 2013-2020 trading period are calculated;
- procure and replace the burner on a boiler for the purpose of enhancing the combustion quality and reducing fuel consumption in the boiler room;
- install automated boiler desalting and desludging for the purpose of reducing fuel consumption.

Impact Indicators

Environmental Impact Indicators

Ice Cream and Frozen Food - Ledo d.d.

Ledo d.d. is a market leader in the production and distribution of ice cream, frozen dessert and frozen food in Central and Eastern Europe, having a tradition of over 50 years. After being acquired by Agrokor in 1994, Ledo was given a new strength and proceeded to develop and modernize, thus becoming one of the most successful companies within the Agrokor Concern. By constantly investing in infrastructure and technology, keeping up with global trends, and developing and investing in its employees, Ledo d.d. is experiencing an expansion on both the local and international markets.

Ledo wide range of products and brands is divided into five categories: Ledo Ice Cream, Ledo Pastry, Ledo Fish, Ledo Fruits and Vegetables, and Ledo Readymade Meals. Sales are divided into two channels in each region: Retail and Horeca Channel.

The premium quality of Ledo products has been recognized, as confirmed by international awards received from the International Ice Cream Consortium, where Ledo d.d. won awards for the best ice cream in 2011 (King Truffles), while Ledo's Cakesicle was pronounced the most innovative ice cream in the world. In an integral QUDAL (QUality meDAL) quality survey for 2011/2012, Ledo was awarded the highest level for ice cream, frozen dough, frozen readymade meals and frozen pizza.

To ensure product and business safety and quality, Ledo d.d. established and had certified an integral quality management system according to ISO 9001:2008, an HACCP system to ensure food safety according to Codex Alimentarius-Recommended international code of practice- general principles of food hygiene; CAC/RCP 1-1969, Rev.4- 2003, an environmental management system according to ISO 14001:2004, IFS (International Food Standard), BRC (British Retail Consortium Standard), and Kosher standard. Ledo d.d. is classified as a 1st category business entity ad is authorized to export to and trade on the European Union market.

Ledo d.d. approaches environmental management through waste management, disposal of hazardous and other waste substances, wastewater control, air emission control, ongoing energy consumption monitoring, ongoing employee training, monitoring and conforming to applicable laws and regulations of the Republic of Croatia and the European Union, and ongoing technological process improvements.

We have identified significant environmental aspects, established an aspect monitoring system (catalogs, operating instructions, action to be taken in case of incidents, training), defined general and specific environmental objectives for the purpose of reducing any adverse impacts of each aspects, and monitored regulatory compliance.

Our main objectives for 2010-2011 were to continue with our focus on reducing energy consumption, primarily water, improve and optimize our technological processes, improve our waste management process (better separation of recoverable waste – paper/cardboard, plastic), and to implement the guidelines of the IFS and BRC standards for the purpose of additionally enhancing our quality, safety and environmental management systems. In 2010, we implemented and had certified the IFS, BRC and Kosher standard guidelines.

Every year following the certification, the integral system is audited by accredited certification bodies. In 2011, our environmental management system and HACCP system underwent a recertification audit and were recertified.

Materials used by weight in 2010 and 2011

2010		2011	
Raw materials (t)	Packaging (t)	Raw materials (t)	Packaging (t)
18,021.659	1,330.155	19,118.747	1,401.095

Impact Indicators

Environmental Impact Indicators

The cardboard packaging (boxes) used in 2010 and 2011 was made entirely of recycled paper. The cardboard packaging manufacturers use 100% recycled materials for their production.

As regards primary energy sources procured for its own consumption, Ledo d.d. uses fuel (diesel and gasoline) and natural gas. Fuel is used as energy necessary for transport. To reduce our fuel consumption, more economical driving is encouraged, transport routes are optimized, and our vehicles are regularly maintained. Natural gas is used in the technological process of producing cones and for heating and hot water.

In 2010 and 2010, Ledo d.d. did not produce or sell any direct energy sources.

In 2010, our total consumption of diesel for all types of transport (raw materials, finished products, equipment...) was 1,230.58 tons (53,321.03 GJ), while our total gasoline consumption was 21.190 tons (949.31 GJ). In 2011, our total consumption of diesel for all types of transport (raw materials, finished products, equipment...) was 1,284.28 tons (55,647.85 GJ), while our total gasoline consumption was 14.46 tons (647.81 GJ).

Total fuel consumption decreased in 2010 compared to 2009. Our fuel consumption per ton of sold product decreased by 5.97 percent. Our total fuel consumption in 2011 increased compared to 2010 as a result of increased amounts of products sold and delivered. Our fuel consumption per ton of sold product decreased by 2.66 percent.

Variations in the fuel consumption and fuel consumption per ton of sold (and delivered product depend on the delivery trends in large stores and central warehouses supplied using large cargo vehicles in excess of 15 tons, and on the level of transport outsourcing.

In 2011, we launched our first cycle of cone production at Čavićeva 9, and that year will be the reference year for natural gas consumption monitoring. That year, we spent 88,958 m^3 of natural gas.

Amounts of indirect energy
Indirect energy procured and spent from energy sources outside Ledo d.d. includes electricity, water steam, ammonia, refrigerants and liquid nitrogen.

Electricity
Ledo d.d. uses it for machine operation and lighting. It is supplied by HEP, and its power and quantities are determined on the basis of a contract. Consumption of supplied electricity is monitored based on received invoices. Values (working energy and power) are planned for each settlement period for the following year for our settlement measuring point to rationalize our electricity consumption. This plan allows HEP to estimate loads on its electricity distribution network.

In 2010, Ledo spent 10,716.37 MWh (38,578.93 GJ) of electricity, and 11,603.16 MWh (41,771.38 GJ) in 2011.

In 2010, our total electricity consumption increased compared to 2009 as a result of increased total production of our own products (we began to make readymade meals and process maroons). Our electricity consumption per ton of product decreased by 1.09 percent.

In 2011, our total electricity consumption further increased year-on-year because we enlarged our product range (production of readymade meals and maroon processing throughout the year) and moved our cone production to the factory site. Our electricity consumption per ton of product increased by 0.63 percent.

To reduce our electricity consumption, we constantly provide awareness raising and training to our employees with respect to electricity consumption, optimize and improve our technological processes (rational use of machinery, devices and equipment), optimize the use of our cooling chambers and plants (we minimized emergy losses by using a more efficient storage, loading and transport process), and install sensor-based and highly efficient lighting fixtures.

Impact Indicators

Environmental Impact Indicators

Steam
It is used to heat water using heat exchangers for process purposes and for heating all areas. Ledo d.d. is supplied with steam from the Heat Plant. Steam consumption is monitored based on received invoices. Consumption is also monitored internally by reading meters onsite on a monthly basis. Technological discipline in production and defining an optimal heating temperature affect our steam consumption.

Our total steam consumption was 7,352.55 tons in 2010 and 6,527.30 tons in 2011.

Our total steam consumption in 2010 increased compared to 2009 because we installed a maroon processing line that requires steam in the process, and a result of more cold days. Our steam consumption per ton of product increased by 8.21 percent.

Our total consumption in 2011 decreased year-on-year because we installed a steam condensate system for heating sanitary water and as a result of less cold days. Our steam consumption per ton of product decreased by 17.01 percent.

Ammonia
Ammonia is used as refrigerant in our closed primary cooling system. The closed cooling system tanks and pipelines contain approximately 12 tons of ammonia. The system was not loaded in 2011 and was loaded with 800 kg of ammonia in 2011 as a result of losses during oil discharge.

Refrigerants
They are used for refrigeration in cooling equipment (refrigerators, cabinets, refrigerator trucks, chambers, dairy freezers, air conditioners). To mitigate our adverse environmental and ozone-depleting impacts, we have gradually removed all controlled substances from our cooling devices and replaced them with substitutes. We are removing R12 and R22 refrigerants and replaced them with environmentally friendly R134a, R 404A, R407 and R507 refrigerants. R-12 is no longer used to load cooling equipment, while R-22 is used as refrigerant in large chambers and will gradually be replaced by substitutes. We plan remove these controlled substances from use in our cooling equipment by 2015. When purchasing new cooling equipment and air conditioners, we ensure that these devices are loaded with environmentally friendly gas. We used 1.41190 tons of refrigerant to load our cooling equipment in 2010, and 1.69070 tons in 2011.

We reduced our use of refrigerant R12 to load our cooling equipment in 2010, however, we increased our use of R22 because of defects in the storage chamber refrigerated by R22. In 2011, we used substantially less of the harmful refrigerant R22 in 2011.

Using refrigerant for cooling equipment maintenance in 2010 and 2011

	2010		2011	
Refrigerant	quantity (kg)	quantity (t)	quantity (kg)	quantity (t)
R 12	4.48	0.00448	0.00	0.00000
R 22	208.04	0.20804	60.09	0.06009
Total:	212.52	0.21252	60.09	0.06009
R 134 a	144.34	0.14434	221.38	0.22138
R 404 a	670.99	0.67099	989.04	0.98904
R 407	0.00	0.00000	21.20	0.02120
R 507	384.05	0.38405	399.00	0.39900
Total:	1,199.38	1.19938	1,630.61	1.63061
Grand total:	**1,411.90**	**1.41190**	**1,690.70**	**1.69070**

Impact Indicators

Environmental Impact Indicators

Liquid nitrogen
It is used for direct freezing within the ice cream production process on one production line. In 2010, we used 247.12 tons of it, and 330.65 tons in 2011.

Our total consumption of liquid nitrogen in 2010 and 2011 increased compared to the preceding reporting period as a result of increased production.

Total water withdrawal by source
Ledo d.d. uses water for drinking and sanitary purposes as process and cooling water and for washing plants. Some of the water remains in our products (ice cream, dough and readymade meals), and some of it evaporates through evaporation condensers. Water from the public supply system of the City of Zagreb is used for all purposes. Water from the public supply system is distributed via pipelines to all consumers at the site.

Our water consumption is monitored on the basis of received invoices. Internally, we monitor our water consumption using water consumption monitoring software and check it using meters on a monthly basis, and we also train our employees in rational use of water. We also monitor our water consumption when no consuming devices are active to check that our internal water supply system is watertight.

In 2010, Ledo spent 97,956 m^3 of water and 94,842 m^3 in 2011.

Our total water consumption in 2010 increased year-on-year as a result of increased production of our own products however, our water consumption per ton of product decreased by 0.21 percent. Our total water consumption in 2011 decreased year-on-year as a result of introducing remote water meter (water consumption) control and better monitoring of any damage to pipelines, and as a result of installing a system for loading evaporation condensers with refrigerated steam condensate. Our water consumption per ton of own product decreased by 9.91 percent.

In addition to constantly providing training for our employees, monitoring our water consumption using monitoring software, and regularly checking watertightness, we optimize our production process by planning our production continuity for each product for the purpose of minimizing batch interruptions and avoiding any multiple washing and water losses. Several cooling water consuming devices are connected in a closed circuit that uses the same water over and over (recirculation) and we also use condensate to heat our sanitary water, after which such cooled water is used as water for refrigerating evaporation condensates. In addition, we installed nozzles on our washing hoses to reduce any uncontrolled leaking of water during plant washing.

Ledo d.d., Čavićeva 9, is located within the 2nd zone of sanitary protection for the Žitnjak and Sašnjak sources.

Ledo d.d. is located within an industrial area with very few residential buildings. To mitigate our environmental impact, our internal sewerage system including wastewater treatment facilities is tested for water-tightness when required by law (every five years). Our internal sewerage and sewerage facilities meet the water-tightness requirements. Wastewater is discharged from Ledo's site via two connections to the public sewerage system of the City of Zagreb. Wastewater from the public system is then directed to the city treatment plant before being discharged to the recipient (natural watercourse).

Greenhouse gas emissions
Stationary source emissions: Our CO_2 emissions in 2011 resulting from natural gas combustion in the cone line process furnace amounted to 165.54, calculated according to the total amount of natural gas spent and the discharge factor. No data is available for 2010.

Emissions resulting from transport: For transport purposes, we use passenger cars, light commercial vehicles and heavy cargo vehicles. 394 vehicles were used in 2010, and 384 in 2011.

Our CO_2 emissions (t CO_2 per L o fuel) resulting from transport (of raw materials, finished products, equipment...) were estimated using the CORINAIR manual titled EMEP/EEA emission inventory guidebook 2009.

Impact Indicators

Environmental Impact Indicators

CO_2 emissions	2010 (t/L)	2011 (t/L)
Diesel	3,261.04	3,403.35
Gasoline	50.86	34.69

NO_x and CO emissions	2011 (t/year)
Nitrogen oxides expressed as nitrogen dioxide NO_2	0.06894
carbon monoxide CO	0.01539

Pursuant to the Ordinance for the Limits of Air Pollutant Emissions from Stationary Sources (Official Gazette 21/07, 150/08), we measure our NO and Co emissions resulting from natural gas combustion in the cone line process furnace and then compare these values with the required limits for small heating devices (Article 11 of said Ordinance). Emissions are measured at least once in two years (Article 122 of said Ordinance).

The concentrations of our NO and CO emissions are in compliance with the required limits. The amount of our air pollutant emissions was determined based on a measurement undertaken on 18 April 2011 and the total amount of natural gas used.

Wastewater is discharged from Ledo's site via two connections to the public supply system of the City of Zagreb as combined (inspection & measuring shaft 1) and sanitary (refrigerator workshop) water. Our discharged wastewater comprises process, sanitary and precipitation water.

Process wastewater is treated by neutralization and mechanically on the deposit tank and separator before being discharged into the public sewerage system. Sanitary water is discharged from our production facilities, administration buildings and refrigerator workshop in their full volumes, without any pretreatment, into the public sewerage system. Wastewater is directed from the public supply system to the city treatment plant before being discharged into the recipient (natural watercourse).

In 2010, our total combined wastewater discharge on inspection & measuring shaft 1 was 68,327 m^3, and 69,089 m^3 in 2011. The volume of combined water is measured using a water level measuring device and is read on a quarterly basis by a certified institution.

Pursuant to our Water Management License, our wastewater is sampled twice a year on the inspection & measuring shaft, immediately before being discharged into the public supply system of the City of Zagreb. Our wastewater treatment, emissions of treated wastewater into the environment, sample analyses and their frequency are in accordance with the Ordinance for the Limits and our Water Management License. Wastewater quality is checked every six months, and process wastewater flow on a quarterly basis by a certified institution (sampling and flow measuring are performed by Hidroing d.o.o., while ŠNZ Andrija Štampar analyzes wastewater quality).

The results of our wastewater analysis are in compliance with all Water Management License Requirements for discharge into the public sewerage system according to the laws and regulations of the Republic of Croatia.

By optimizing and automating our technological process and using automated process control, we minimized our organic discharge and increased the quality of the process wastewater we discharge. Before using any cleaning agents, we mechanically clean all working areas, floors and walls and use cleaning agents and disinfectants in a controlled manner; some of the process wastewater resulting from CIP washing undergo a neutralization treatment; all process wastewater is mechanically treated before being discharged into the public sewerage system (wastewater pretreatment on the separator); and we constantly measure wastewater flow rates and quality and have it analyzed by an independent accredited laboratory.

Impact Indicators

Environmental Impact Indicators

Wastewater Analyses in 2010 and 2011

PARAMETER	2010 QTRs				2011 QTRs			
Combined wastewater flow – water level measuring device, m^3/quarter	I	II	III	IV	I	II	III	IV
	3,672	22,898	48,244	68,327	19,812	44,482	64,009	69,089

PARAMETER	2010 six month periods		2011 six month periods	
	I (28.04.2010)	II (30.09.2010)	I (16.02.2011)	II (23.11.2011)
Combined wastewater flow (L/sec)	8.3	4.2	6.5	4.7
Dissolved oxygen content (mgO_2/L)	7.0	7.4	8.1	5.5
BOD_5 (mgO_2 / L) *max. 250*	35	45	60	16
COD – dichromate (mgO_2 / L) *max. 700*	89	441	135	107
Total suspended substance (mg/L)	31	108	73	532
Total dry evaporated residue (mg/L)	757	802	389	600
pH 6,5-9,5	7.6	7.4	6.8	6.9
Visible waste substance	none	none	none	none
Color	none	light grey	none	none
Water temperature (°C) *max. 45*	18.0	21.0	15.0	14.0
Depositing substances (ml/Lh) - max. 10	0.1	3	0.3	0.2
Total oil and grease (mg/L) *max. 100*	9	34	31	12
Mineral oil (mg/L) *max. 30*	0.123	0.127	0.275	0.038
Anionic detergent (mg/L) *max. 10*	0.25	0.633	0.45	0.15
Non-ionic detergent (mg/L) *max. 10*	0.09	0.287	0.18	0.10
Sulfates (mg/lit)	43	41	49	46

Ledo d.d. sorts its waste at the point of its generation, collects it separately by type, and temporarily stores it in a designated area. Waste is provided to a certified waste collection, transport, treatment, recovery or disposal organization.

In 2010, Ledo disposed of 10 types of hazardous waste amounting to 32.156 tons, 10 types of nonhazardous waste amounting to 392.134 tons, and 414.61 tons of municipal waste. In 2011, Ledo disposed of 12 types of hazardous waste amounting to 32.709 tons, 11 types of nonhazardous waste amounting to 410.783 tons, and 435.63 tons of municipal waste.

The amounts of waste were provided by waste collecting organizations and in invoices. To reduce the volume of waste, we constantly train our employees on proper waste sorting by type and point of generation, and on better extraction of waste to be recycled/recovered. Whenever possible, we have our supplier deliver raw materials in reusable packaging.

Impact Indicators

Environmental Impact Indicators

The volume of municipal waste per ton of product decreased by 11.13% in 2010 compared to 2009, and by 2.20 percent in 2011 compared to 2010.

The amount of separated paper and cardboard packaging increased and its volume expressed per ton of product increased by 1.89% in 2010 compared to 2009, and by 6.52 percent in 2011 compared to 2010. The amount of separated plastic packaging decreased, mostly as a result of our own production of raw materials instead of purchasing raw materials in plastic packaging due to changes in our product range, the fact that this eliminated our need for raw materials coming in plastic packaging, changes in packing methods (transition from plastic buckets to plastic bags), and the use of reusable packaging for delivering raw materials. The volume of plastic packaging expressed per ton of product decreased by 24.62% in 2010 compared to 2009, and by 7.54 percent in 2011 compared to 2010.

Ledo d.d. has put in place internal regulations with respect to the treatment of substances that may result in adverse environmental impacts if spilled. The applicable internal regulations are: Operating Plan of Interventional Measures in Case of Extraordinary and Sudden Water Pollution, Ledo.d.d, Operation and Maintenance Plan for Water Structures for Sewerage and Wastewater Treatment Plants, Ledo d.d, Rules for the Disposal of all Types of Waste Resulting from the Technological Process and Sludge Resulting from the Wastewater Treatment Process, Ledo d.d, Operation and Intervention Plan for Environmental Protection, Ledo d.d., Assessment of Endagerment of the Population, Material and Cultural Domains and the Environment by Disasters and Major Accidents, Ledo d.d., Protection and Rescue Operating Plan, Ledo d.d. There are bund walls underneath all tanks containing chemicals, cleaning agents and disinfectants as a protective measure in case of uncontrolled spills. No spills of chemicals, oil or fuel were recorded in 2010 or 2011.

Types and amounts of hazarous waste and waste treatment					**2010**	**2011**
	Type of waste	Collected by	Treatment	Treated by	t	t
Nonhazardous waste	*Paper and cardboard packaging; plastic packaging; combined metals; glass packaging; edible oil and grease; waste toner and ribbon; materials unfit for consumption or processing; mixture of grease and oil from the separator; waste tires; municipal waste*	Hamburger ENS; Samoborka; Savapromet; Unijanova; ROL-BO; Makromikro; Agroproteinka; Mull Trans; Eko Flor Plus; Kemis-Termoclean; Gumiimpex; CIAK, Čistoća	D10; D15; R1; R3; R5; R7; R9	Hamburger ENS; Samoborka; Savapromet; Unijanova; Modibit; Biotron; Makromikro; Agroproteinka; Eko Flor Plus; Zagrebački Holding-podružnica Zrinjevac; Lotus 91; Gumiimpex; Našicecement; Čistoća; Izvoz	806.744	846.413
Hazardous waste	*Mixture of grease and oil from the separator; chlorine-free mineral engine oil; discarded equipment containing fluorochlorohydrocarbons; chlorofluorohydrocarbons; HCFC, HFC; packaging containing hazardous substance residue; absorbents; filter materials; fabric and cleaning materials contaminated by hazardous substances; waste containing oil; waste not otherwise specified; waste laboratory chemicals; j ink and MEK solvents for ink-jet printers; fluorescent pipes, waste EE equipment; unsorted batteries*	Eko Flor-Plus Mulltrans; Metalprodukt, Ce-Za-R Gumiimpex; Munja; Agroproteinka, Pos - Plast; Plast Jasna; Europlast; Kemis Termoclean; Proting Horvat;	K	Hamburger Ens; Pan; Eko Flor-Plus, Kompostana; Univerzal d.o.o., PJ Energana Varaždin; Ce-Za-R.; Gumiimpex; Brković; Drava Inter.; Pos - Plast; Munja; Europlast; Eko Velebit; Vetropack Straža; Čistoća d.o.o.; Prot. Horv.; Tarracor; Lotus 91; Izvoz	32.156	32.709

Impact Indicators

Environmental Impact Indicators

In addition to the initiatives to mitigate environmental impacts described under EN4, EN8, EN21 and EN22, we underake other measures and initiatives to mitigate our environmental impacts:
1. We installed an ammonia absorbing system in the engine room containing the ammonia plant as additional protection in case of ammonia penetration. We regularly inspect, test and gauge our cooling system (preventive and protective measures).
2. We preventively maintain our cooling equipment, inspect and test our cooling plants and equipment for impenetrability, and dispose of cooling equipment in a controlled manner. Our freezer suppliers must install environmentally friendly materials in their products (environmentally friendly gas and insulation). The manufacturer is required to produce a certificate guaranteeing that the product was made in accordance with the EU environmental standards.
3. Measures to reduce raw material and packaging consumption:
- process improvement, batch and production continuity optimization,
- higher efficiency of powder and liquid raw materials,
- physical inspection of raw material consumption by weighing, volume measuring and parameter analysis,
- by adjusting our packaging to product size, we reduced our use of packaging material for each type of product

No fines or non-monetary sanctions were imposed in 2010 and 2011.

We follow European standards when ordering new vehicles to mitigate our environmental impacts resulting from transport (greenhouse gas emissions). In 2011, we removed seven cargo vehicles complying with EURO 3. That same year, we ordered seven cargo vehicles made to EURO 5 with a „START-STOP“ feature that turns off the engine during short stops. Our vehicles are fueled by sulfur-free fuel (in compliance with DIN EN 590), regularly maintained, and subjected to eco-tests, with ongoing route optimization.

Waste disposal, emissions treatment and rehabilitation costs	2010	2011
Waste disposal, emissions treatment and rehabilitation costs	1,592,737.51	1,336,514.41
Environmental prevention and management costs	1,562,374.90	195,436.79
Total environmental protection expenditures and investments (HRK)	**3,155,112.41**	**1,531,951.20**

Planned Activities and Main Objectives for 2012 and 2013:

Our main objectives for the next period are to further reduce our energy consumption per product unit, improve our waste management system and raise our employees' awareness with respect to systematic environmental care and sustainable development.

To improve and optimize our technological processes, we plan to reduce our electricity consumption per ton of product in 2012 by 0.5% compared to 2011, reduce our water consumption per ton of product in 2012 by 1% compared to 2011, reduce our steam consumption per ton of product in 2012 by 1% compared to 2011, and to reduce our fuel consumption per ton of product in 2012 by 0.5% compared to 2011.

We plan to further improve our waste management system by raising our employees' awareness of the need to sort and collect recoverable and reusable waste more efficiently.

We plan to develop our employees through annual training on actions to be taken in case of incidents in accordance with our internal operating plans, operating environmental protection training (wastewater, actions to be taken in case of minor incidents – acid and oil spills, etc.), and systematic training according to the requirements of ISO 14001:2004.

We plan to implement the Halal standard and conform our laboratory's operation to the requirements of ISO 17025.

Impact Indicators

Environmental Impact Indicators

In 2004, Ledo d.d. acquired the ice cream manufacturer Baldauf és Társa Kft., which has since then operated under the name of **Ledo Kft.** and manufactured family packs of private label ice cream and products under its own brand. The ice cream factory is located 25 km from Budapest in Szad. The factory area contains a finished product warehouse and a raw material and packaging warehouse. The information included in the Report pertains to that site.

Systematic environmental care, ongoing employee training and implementation of new technologies ensure that adverse environmental impacts are mitigated and optimize energy and natural resource consumption. Once every year before the beginning of the season, an internal training session is held for permanent and seasonal employees, including environmental care and hazards of certain activities for the environment (unnecessary water electricity consumption, unnecessary water consumption, etc.). In 2010, we measured how much the temperature in the finished product warehouse rises during the night in wintertime if cooling is not on. We established that, when outside temperatures allow it, we can turn off cooling in our finished product warehouse without any risk of impairing the quality of our finished products, which we have begun to use in practice in 2011.

We implemented the HACCP system in 2000 and IFS (International Food Standard, ver. 5) in 2008. In 2010 and 2011, supervisory and certification audits of the HACCP system and IFS ver. 5 were conducted and the systems were recertified.

Since 2000, Ledo Kft. has held a veterinary export license under number 293, awarded to it by the Hungarian Ministry of Agriculture and Rural Development. Experience, good manufacturing practice and staff's competencies have been recognized as strengths of the management systems, and we believe our staff's knowledge, ability, talent and experience are our most valuable assets in fulfilling Ledo's vision and mission.

Our environmental management is focused on management according to environmental requirements and activities pursuant to the applicable laws and regulations of the European Union.

Materials used by weight or volume

2010		2011	
Raw material (t)	packaging (t)	Raw material (t)	packaging (t)
18,021.659	1,330.155	19,118.747	1,401.095

The percentage of recycled input materials used in Ledo Kft. was:

2010: 30.14 % 2011: 21.51 %

Our recycled input materials used in 2010 weighed 57.6 tons, and 38.1 tons in 2011. To cut our costs wherever possible, some of the products that were packed in transport cardboard boxes are now packed in PE foil. As PE foil is not made of recycled materials, the amount of recycled input materials is smaller. These formerly used transport cardboard boxes are made entirely from recycled paper.

The primary energy sources used by Ledo Kft are natural gas and fuel (diesel and gasoline). Natural gas is used to heat process water, public supply system water and all areas. In 2010 and 2011, natural gas was supplied to Ledo Kft. by Tigáz Zrt. under a contract. Employees of Tigáz Zrta recorded our gas consumption. Fuel is used as energy for transport. To reduce our fuel consumption, we integrate routes to points of delivery, our vehicles are regularly maintained, and our driving is rational.

In 2010 and 2011, Ledo Kft. did not produce or sell any direct energy sources. In 2010, Ledo Kft. spent a total of 46,082 m^3 (1,797.66 GJ)* of natural gas. In 2011, Ledo Kft. spent a total of 48,320 m^3 (1,884.96 GJ)* of natural gas (the figures in m^3 were provided by Tigáz Zrt).

* The figures in GJ were converted (1 m^3 = 39.01 GJ).

Our natural gas consumption varied in 2009, 2010 and 2011 because the amount of ice cream produced each year was different. Gas is mostly used to heat water for process purposes, so our gas consumption is directly dependent upon the amount of ice cream we make.

Natural Gas Consumption by Year

2009	2010	2011
49,729 m^3	46,082 m^3	48,320 m^3

Impact Indicators

Environmental Impact Indicators

In 2010, our total consumption of diesel for all types of transport (raw materials, finished products, equipment...) was je 45.42 tons (1,968.05 GJ)*, while our gasoline consumption was 8.35 tons (374.08 GJ)**. In 2011, out total diesel consumption was 14.34 tons (621,35 GJ)*, and our gasoline consumption was 1.39 tons (62.27 GJ)**.

Fuel	2009	2010	2011
Diesel	124.96 t	45.42 t	14.34 t
Gasoline	16.75 t	8.35 t	1.39 t

** The figures in GJ were converted (1 t = 43.33 GJ).*
*** The figures in GJ were converted (1 t = 44.80 GJ).*

Our diesel consumption decreased substantially in 2009, 2010 and 2011 because we had less and less transport vehicles year after year. In 2009, Ledo Kft. used 10 trucks, in 2010 it used six, and it only used one truck in 2011. Ledo Kft. has contracts in place with transport companies for such purposes.

Our gasoline consumption also decreased substantially during the reporting period because Ledo Kft. uses less company cars. In 2009, Ledo Kft. had 11 company cars, five in 2010, and three in 2011.

Ledo Kft. uses electricity to operate its machines and supply its equipment, for lighting, cooling in the finished product warehouse, etc. In 2010 and 2011, Ledo Kft. received its electricity from EDF DÉMÁSZ Zrt. The energy supplier is selected every year in the manner than PANNON FOOD (a group of manufacturers Ledo Kft. belongs to) collects electricity needs from each member and launches a bidding to select the most eligible supplier. Both PANNON FOOD and Ledo Kft. enter into a contract with such supplier. Electricity consumption is recorded automatically by using a telephone line on a daily basis.

In 2010, Ledo Kft. used 1,711 MWh (6,159.60 GJ)* of electricity, and 1,625 MWh (5,850.00 GJ)* in 2011.

** The figures in GJ were converted (1 MWh = 3.6 GJ).*

Our electricity consumption varies as a result of changes in our ice cream production volumes. Like natural gas, electricity is used mostly to operate process equipment. We also use our best efforts to have our production process run smoothly because this increases efficiency and reduces energy consumption.

Our electricity consumption in 2010 was somewhat higher for two reasons: that year, the Management Board of Ledo Kft. moved to the factory site. Interior modifications were made, more air conditioners, computers, printers, etc. were brought in, and the IT servers were moved to the same location. We cleaned our evaporation condensers and removed deposits on piping, which resulted in lower consumption of electricity for cooling our storage areas in 2011.

Impact Indicators

Environmental Impact Indicators

The amount of primary energy used for producing direct energy spent by Ledo Kft. in 2010 was:

	2010		2011	
Local production in Hungary	**46.10%**	**2,839.58 GJ**	**18.97%**	**1,109.75 GJ**
Renewable energy sources				
Wind energy	0.90%	55.44 GJ	1.89%	110.57 GJ
Hydropower	0.36%	22.17 GJ	0.70%	40.95 GJ
Biomass energy	3.35%	206.35 GJ	2.75%	160.88 GJ
Other	1.39%	85.62 GJ	0.82%	47.97 GJ
Oil incineration energy	0.10%	6.16 GJ	0.03%	1.76 GJ
Natural gas energy	10.66%	656.61 GJ	4.94%	288.99 GJ
Coal energy	6.63%	408.38 GJ	1.45%	84.83 GJ
Power plant	20.06%	1,235.62 GJ	2.51%	146.84 GJ
Other	2.65%	163.23 GJ	3.88%	226.98 GJ
Imported from EU	**53.82%**	**3,315.10 GJ**	**78.17%**	**4,572.95 GJ**
Renewable energy sources				
Hydropower	0.70%	43.12 GJ	2.73%	159.71 GJ
Other	0.03%	1.85 GJ	0.20%	11.70 GJ
Natural gas energy	25.73%	1,584.87 GJ	35.22%	2,060.37 GJ
Coal energy	0.05%	3.08 GJ	0.00%	0.00 GJ
Power plant	23.83%	1,467.83 GJ	35.34%	2,067.39 GJ
Other	3.48%	214.35 GJ	4.68%	273.78 GJ
Imported from non-EU member states	**0.08%**	**4.93 GJ**	**2.85%**	**166.73 GJ**
Renewable energy sources				
Hydropower	0.02%	1.23 GJ	0.15%	8.78 GJ
Natural gas energy	0.04%	2.46 GJ	2.41%	140.99 GJ
Other	0.02%	1.23 GJ	0.29%	16.97 GJ
Total		**6,159.60 GJ**		**5,850.00 GJ**

Ledo Kft. mostly uses water for process purposes, washing process equipment and plants, sanitary purposes, and for cooling and drinking. Most of the water is incorporated in ice cream, and some of it is lost through evaporation condensers.

Water from the public supply system supplied by DMRV Zrt. is used for all purposes. Such water enters the factory at one point, where a water meter and a mechanical filter are installed. Water consumption is monitored internally and based on received invoices.

Wastewater is generated as process water and sanitary water and is drained from the factory through a drainage channel. A wastewater meter is installed on the drainage channel and calibrated once a year.

In 2010, Ledo Kft. spent 8,877 m^3 of water and 9,132 m^3 in 2011.

Water Consumption by Year

2009	2010	2011
49,459 m^3	8,877 m^3	9,132 m^3

Impact Indicators

Environmental Impact Indicators

Our water consumption in 2009, 2010 and 2011 varied depending on the amount of ice cream produced, but also on the volume of water used for washing process equipment and plants. Unlike gas or electricity, water is not directly related to the amount of ice cream produced alone. The frequency of washing process equipment and plants depends on the size of each batch i.e. the time it takes to make a product. In case of large batches, less washing is required, less water is used, and less process water is generated. In case of small batches, more water is needed to wash the line and more wastewater is therefore generated. Because of its small storage areas and storage cost cutting, Ledo Kft. makes its products in small batches.

In addition, substantial amounts of water evaporate from condensers (water is used for condensing compressed ammonia, where ammonia is condensed and water evaporates as a result of heat). If summer temperatures are higher, more water is used to cool ammonia and more water evaporates.

Ledo Kft. does not own or lease any land in protected areas and therefore performs no activities that could affect biodiversity in such areas.

Our CO_2 emissions resulting from natural gas combustion for process purposes, heating public supply system water and heating all interior areas in Ledo Kft. were as follows: *

2010 87.03 t | 2011 91.26 t

** The CO_2 figures were calculated (source: http://www.eecabusiness.govt.nz/wood-energy-resources/co2-emission-calculator.*

CO_2 emissions resulting from diesel and gasoline combustion in commercial and passenger vehicle engines:

CO_2 emissions (t)	2010	2011
Diesel	147.20	46.49
Gasoline	25.93	4.31

** The CO_2 figures were calculated (source: http://www.eecabusiness.govt.nz/wood-energy-resources/co2-emission-calculator).*

The estimated amount of gasoline used for daily transport of workforce member to work was 13,700 l in 2010 and 11,500 l in 2011. Resulting CO_2* emissions:

2010 32.33 t | 27.14 t

Ledo Kft. does not use and ozone-depleting substances. In addition, Ledo Kft. does not have and refrigerant-containing equipment or installations.

One of our top priorities with respect to our overall reduction of natural resource consumption and environmental emissions is to reduce the volume and pollution of wastewater discharged.

Wastewater is discharged from the site through a connection to the public water supply system of the town of Szad. Outgoing wastewater comprises process and sanitary water. The quality of our wastewater was tested four times in 2010 and three times in 2011 by a certified institution. Process wastewater is treated in the grease trap before being discharged into the public sewerage system. Sanitary water is discharged from the production facility and offices into the public sewerage system in their entirely, with no pretreatment. Wastewater from the public system is directed to the town treatment plant before being discharged into the recipient (natural watercourse).

In 2010, we discharged a total of 5,165 m³ of wastewater, and 5,209 m³ in 2011.

Wastewater Discharge by Year

2009	2010	2011
5,176 m³	5,165 m³	5,209 m³

Our wastewater discharged varied over the reporting period because the wastewater was mostly process water (wastewater resulting from process equipment washing) and its amount depends on the size of production batches. As Ledo Kft. has small storage areas and therefore makes its products in small batches, we need to use more water to wash our process equipment, which results in more process wastewater.

Impact Indicators

Environmental Impact Indicators

There is a substantial difference between the total volumes of water used and wastewater discharged because water is incorporated in the finished product (ice cream). In addition, substantial amounts of water evaporate from condensers (water used to condense compressed ammonia, where ammonia is condensed and water evaporates as a result of heat).

Wastewater samping and analysis are performed by Balint Analitika Kft.

The results of the 2010 and 2011 wastewater analyses were within the statutory limits.

The results of wastewater analyses depend on the time of sampling by employees of the certified laboratory. If washing was done during sampling, the wastewater sample was worse; if normal production was in progress, the sample was better. What is important is that the average results were within the statutory limits.

wastewater analyses

PARAMETER	Average values in 2010	Average values in 2011
pH 6.5 - 10	8.22	8.18
COD – dichromate (mgO_2 / L) max. 1000	906.52	426.83
BOD_5 (mgO_2 / L) max. 500	474.84	351.83
Depositing substances (mg/L) max. 150	5.00	5.00
Ammonia-ammonium-nitrogen (mg/lit) max. 100	0.715	1.17
Total oil and grease max. 50	40.89	41.21

Waste is generated as a result of all our activities and represents material and energy loss. Waste is any substance or object disposed of, intended to be disposed of or required to be disposed of by its holder. Waste is sorted at the point of its generation, collected separately by type, and temporarily stored in a designated area. Nonhazardous and hazardous waste is temporarily collected in Ledo Kft. and then all types of waste are provided by Ledo Kft. to a company certified for collecting, transporting, treating, recovering or disposing of waste.

In 2010, Ledo Kft. disposed of four types of hazardous waste (6.99 t) and three types of nonhazardous waste (20.6 t); in 2011, it disposed of three types of hazardous waste (8.54 t) and two types of nonhazardous waste (11.5 t).

There were no spills of chemicals, oil or fuel in Ledo Kft. in 2010 and 2011.

To reduce our electricity consumption, we constantly train and raise the awareness of our employees with respect to energy consumption:

Types and amounts of hazardous and nonhazardous waste and waste treatment					2010	2011
	Type of waste	Collected by	Treatment	Treated by	t	t
Nonhazardous waste	*Paper and cardboard packaging, plastic packaging, waste tires...*	AVE Tatabánya Zrt., Avermann- Hungária Kft.	R3. R13	Duparec Kft.	20.6	11.5
Hazardous waste	*Waste oil, oil and grease mixture, packaging containing residues of hazardous substances...*	Fővárosi Településtisztasági és Környezetvédelmi Kft., RÁVISZ '96 Szolgáltató és Kereskedő Kft., Hungarochemicals Kft.	D15	n/a	6.99	8.54

Impact Indicators

Environmental Impact Indicators

once a year before the beginning of the production season, we conduct internal training for permanent and seasonal employees where they learn about the importance of rational treatment of energy; seasonal warehouse workers learn about the places where they may indirectly affect the environment (closing chamber/warehouse doors, turning on lights in the warehouse, unnecessary entering into or exiting from the warehouse, etc.); we optimize and improve our technological processes (rational use of machines, devices and equipment); we constantly revise our preventive maintenance scheduled to have as few interruption as possible during the season (among other things, such interruptions cause unnecessary energy spending) and to ensure that our equipment functions more efficiently (equipment maintained properly has less losses during operation); we optimize the use of cooling chambers and plants (we minimize our energy losses by increasing the efficiency of our storage, loading and transport processes); we have an air curtain at the entrance to the finished product warehouse that prevents warm air to enter the warehouse.

To reduce the amounts of waste we generate, we constantly train our employees with respect to proper storage of waste by type and point of generation. This part is also included in internal training that is conducted once a year before the beginning of the production season, where our employees learn about waste disposal and any changes in regulations. Whenever possible, we arrange with our supplier to provide raw materials in reusable packaging.

To reduce our water consumption, we constantly train our employees and optimize our production processes. This is also part of the internal training conducted once a year before the beginning of the production season.

No fines or non-monetary sanctions were imposed in 2010 and 2011.
We constantly train our truck drivers with respect to the importance of economical driving, our vehicles are regularly maintained, and we constantly optimize our routes.

Fuel	2009	2010	2011
Diesel	124.96 t (5,414.52 GJ)*	45.42 t (1,968.05 GJ)*	14.34 t (621.35 GJ)*
Gasoline	16.75 t (750.40 GJ)**	8.35 t (374.08 GJ)**	1.39 t (62.27 GJ)**

** The GJ figures were calculated (1 t = 43.33 GJ).*
*** The GJ figures were calculated (1 t = 44.80 GJ).*

Waste disposal, emissions treatment rehabilitation costs in 2010 and 2011

Cost	amount in 2010 (t)	amount in 2011 (t)	Service paid to	amount in 2010 (t)	amount in 2011 (t)
Charge for packaging put on the Hungarian market	237.3 t	221.8 t	Öko-Kord Kft.	4,194,775 HUF	6,524,650 HUF
Paper, cardboard and plastic packaging	20.4 t	11.5 t	AVE Tatabánya Zrt, Avermann- Hungária Kft,	1,413,102 HUF	1,031,850 HUF
Separator cleaning, transport and disposal of grease and oil mixtures	6 t	8 t	Fővárosi Településtisztasági Kft,	146,638 HUF	222,202 HUF
Total:	**263.7 t**	**241.3 t**		**5,754,515 HUF 20,894 EUR**	**7,778,702 HUF 27,859 EUR**

Objectives for 2012 and 2013

In the next period, Ledo Kft. will continue to train its employees, improve its business and technological processes, prevent pollution and improve its waste management processes, which means it will use its available resources as efficiently and possible to minimize our environmental impacts.

Impact Indicators

Environmental Impact Indicators

Frikom AD is a frozen food business launched as a frozen food project of the PKB Frozen Food Institute. Frikom has operated within the Agrokor Concern since 2003.
This factory with three plants (ice cream production, frozen fruits and vegetables processing and packing, and production of frozen dough and pizza) is located in Belgrade and has its own boiler room, water supply system, compressor station, mechanical wastewater treatment system, sanitary wastewater treatment system, a fuel station and warehouses. Products are delivered to customers through a network comprising seven distribution centers, 150 delivery vehicles, and over 52,000 refrigerators. Frikom owns approximately 500 ha of arable land within an estate in Glogonj, but Frikom also uses subcontractors to obtain sufficient quantities of peas, string beans, corn, potatoes, broccoli, cauliflower, Brussels sprouts, sunflower, and mercantile corn for internal processing purposes and sales.

Frikom has implemented and had certified a food safety management system according to the requirements of ISO 22000:2005 in April of 2010, and the Global GAP standard (Global Partnership for Safe and Sustainable Agriculture) for its own production and its subcontractors' farm areas in October of 2010. In June of 2011, supervisory audits of the certified system and a certification of the environmental management system according to the requirements of ISO 14001:2004 and the occupational health and safety system according to the requirements of OHSAS 18001:2007 were successfully performed.

During the reporting period, we made numerous investments for the purpose of minimizing our exploitation of natural resources and maximizing our environmental protection efforts. By implementing a cleaner production project in cooperation with our partner, the International Finance Corporation (IFC), we provided our business response for the sustainable development concept in accordance with our strategic environmental protection objectives – optimize the use of natural resources and constantly improve, prevent and reduce all types of pollution in the immediate and global settings. Based on the project findings, we made the following investments: we installed compressors to reduce our electricity consumption by approximately 30%; we procured a chlorine dosing device that enables its even dosing (within the statutory limits); we installed and put into service a stable ammonia detection system in our production hall and plants; we procured and installed water nozzles with hoses that reduced our water consumption during manual washing by approximately 20%; we built and put into service a sanitary wastewater treatment plant (biodisc); we procured special tanks for separating fluorescent pipes, metal components and oiled rags, and special tanks for disposal of used toner. In addition, we procured a tank with a bund wall and a special container for separating waste oil; we improved our system for separating secondary raw materials by introducing different colors to designate the collection points for the respective raw materials, which resulted in less municipal waste; we installed a flow rate meter on the atmospheric sewerage line before the entry point to the Lisičji jarak channel; and insulated our waste acid pool after regenerating the softening filters.

We procured new containers for collecting municipal and vegetable waste and reconstructed the factory depository plateau by providing water drainage channels to channel water to the wastewater treatment system and to avoid any irrigation channel pollution. We maintain and service our chlorine and ammonia detection systems, firefighting equipment, and all relevant installations to avoid any incidents in accordance with our preventive maintenance plants.

Frikom a.d. does not use any recycled materials in its production processes.

The weight of nonrenewable materials used for the production process

	2010	2011
Natural gas / m³	1,726,336.70	1,682,336.00
Fuel (ED, D2)/ m³	244.69	156.86
Total/ m³	**1,726,581.39**	**1,682,492.86**

Impact Indicators

Environmental Impact Indicators

The weight of direct materials used for the production process

	2010	2011
Raw material / kg	26,100,377.00	30,458,344.00
Packaging / kg	2,324,276.00	2,290,448.00
Process supporting materials		
Lubricant and oil/ kg	4,475.05	2,926.56
Spare parts/ kg	25,590.00	70,389.00
Mineral fertilizer/ kg	121,000.00	181,900.00
Insecticide, fungicide, herbicide / kg	1,527.90	2,326.50
Total / kg	**28,577,245.95**	**33,006,334.06**

Nonrenewable direct energy sources procured

	2010	2011
Natural gas	96,079.68 GJ	102,702.21 GJ
Fuel (ED, BMB, TNG)	54,915.95 GJ	51,194.61 GJ
Total	**150,995.63 GJ**	**153,896.82 GJ**

Energy consumption per product unit

	Gas consumption	Fuel consumption
2009	76.25 m³/t	53.87 l/t
2010	73.81 m³/t	52.94 l/t
2011	66.91 m³/t	44.35 l/t

Our natural gas consumption per product unit decreased by 3.2% in 2010, and by 12.25% in 2011 compared to the preceding reporting period. This was mostly a result of replacing old valves with new ones and implementing resource efficiency measures. Our fuel consumption per product unit decreased by 1.73% in 2010, and by 17.67% in 2010 compared to 2009 as a result of improved organization of distribution routes.

The amount of indirect energy procured and consumed from nonrenewable energy sources

	Electricity – total consumption	Electricity-consumption per product unit
2010	71,434,85GJ	590.06 kWh/t
2011	69,759.96GJ	537.02 kWh/t

Our electricity consumption per product unit in decreased by 1.77% in 2010, and by 10.76% in 2011 compared to the preceding reporting period. These savings resulted from the installation of a reactive power compensation device and optimization of maximum load usage.

The total volume of water used in the factory is obtained by withdrawing and processing groundwater within the area of the factory:

	Groundwater withdrawal – total	Water consumption per product unit
2010	455,215.00 m³	17.32 m³/t
2011	69,759.96GJ	537.02 kWh/t

Our water consumption per product unit significantly decreased during the reporting period, after we installed and put into service our new vegetable processing line. Our further efforts to control our water consumption are reflected in the optimization of process line operation and ongoing water consumption monitoring, so our total water consumption per product unit has been almost constant since the new vegetable processing line has started to operate.

Frikom a.d. does not own or lease such type of land and there is no such land near it.

Frikom's greenhouse gas emissions result from natural gas and fuel combustion, while its indirect emissions result from the combustion of coal (lignite) during the generation of electricity supplied and spent.

Direct emissions	2010	2011
Natural gas / t CO_2e	1,674.81	1,790.25
Fuel (ED, BMB, TNG)/ t CO_2e	1,434.75	1,333.50
Total / t CO_2e	**3,109.56**	**3,123.75**
Indirect emissions		
Lignite / t CO_2e	374.81	366.02
Total / t CO_2e	**3,484.37**	**3,489.77**

Impact Indicators

Environmental Impact Indicators

Our emissions resulting from transporting workforce members to work and business trips are not significant compared to the emissions provided under EN16 and are not subject to any major decrease as a result of changes in Frikom's activities.

Other relevant emissions	2010	2011
Transporting workforce members to work / t CO_2e	480.18	470.01
Business trips/ t CO_2e	1.90	2.04
Total / t CO_2e	**482.08**	**472.05**

Refrigerant is used in refrigerating equipment (cooling displays, refrigerator trucks, chambers, air conditioners). Refrigerants R12 and R22 will no longer be used and will be replaced by environmentally friendly refrigerants R134A, R404A, R410A and R507. In 2010, we spent 1.54 tons of refrigerant to refill our refrigerating equipment (including 0.15 t of R 12 and R 22), and 2.26 tons of refrigerant in 2011 (including 0.13 t of R12 and R22). Environmentally unacceptable refrigerants will be fully replaced by environmentally acceptable ones after we decommission our old refrigerating equipment, which we expect to be completed in 2012.

NO_x, SO_x and other significant air emissions	2010	2011
NO_x emissions	14.91 t	13.7 t
PM_{10} emissions	0.39 t	0.35 t

The organization emits NO and PM_{10} as a result of natural gas and fuel (ED, BMB, LPG) combustion within its production and distribution processes.

Factory's wastewater comprises process wastewater, sanitary wastewater and atmospheric wastewater. The total wastewater discharge into the Danube via the PKB collector was 341,691.00 m^3 in 2010 and 390,254.00 m^3 in 2011. In 2010, we discharged 45,524 m^3 of atmospheric wastewater into the irrigation channel Lisičji jarak, and 35,025 m^3 in 2011.

A decrease in our total water consumption compared to the preceding reporting period resulted in less process wastewater discharged into the Danube via the PKB collector: per unit of product, our consumption decreased by 13.82% in 2010 and 7.24% in 2011. We discharged 13,1 m^3/t of process wastewater into the Danube via the PKB collector, and 14.1 m^3/t in 2011. This slight increase in 2011 was a result of discharging some of the atmospheric wastewater together with process wastewater.

Waste resulting from production and supporting processes is separated at the point of its generation, including separation of cardboard, hard plastic, nylon, vegetable waste and metal waste, while municipal waste accounts for the rest.

Total weight of waste by type and disposal method			**2010**	**2011**
	Treatment	Type of waste	t	t
Nonhazardous waste	Recycling	Paper and cardboard	353.84	358.32
		Waste plastic (LDPE)	24.09	42.61
		Waste plastic (HDPE)	34.48	32.00
		Old iron	94.36	39.40
		Vegetable waste resulting from vegetable processing	3,500.00	5,600.00
	Disposal	Municipal waste	7,800.00 m^3	6,864.00 m^3
Hazardous waste	Disposal	Oil and grease mixture from the separator of the process wastewater treatment system	852 m^3	188 m^3
	Recycling	Waste oil	/	6.50 t
		Combined electronic waste	/	17 t

Impact Indicators

Environmental Impact Indicators

In 2010, the total volume of hazardous waste was 852 m³ of oil and grease mixture from the separator, only to be reduced to 188 m³ in 2011. An additional 23.50 tons of waste oil and combined electronic waste was recycled that year. In 2010, the total weight of nonhazardous waste was 4,006.77 tons, and 6,072.33 tons in 2011 as a result in greater production volumes. The total amount of municipal waste decreased from 7,800.00 m³ in 2010 to 6,864.00 m³ in 2011.

Collected waste is weighed on the road scale at the entrance to the factory. The amount of collected grease and oil mixture is specified by the certified company collecting this type of waste. The weight of municipal waste was estimated based on the number of containers within the factory and the number of visits from the utility company for their emptying.

Our ongoing efforts to improve our waste sorting system increased the amounts of secondary raw materials collected.

	Secondary raw materials collected per product unit
2009	0.013 t/t
2010	0.018 t/t
2011	0.017 t/t

The weight of secondary raw materials collected per product unit increased by over 30% during the reporting period compared to the preceding reporting period.

There were no significant spills of hazardous substances in 2010 and 2011.

During this reporting period, we launched initiatives to reduce our water consumption: in 2010, we installed 10 water nozzles on the manual washing hoses in the vegetable plant, which resulted in water savings of approximately 20,000 m³ that year. In July of 2011, we installed a control valve for ice cream blend cooling, which additionally decreased our water consumption (for 1 July to 31 December 2011) by 4,500 m³.

5.27% of the total amount of packaging waste put on the market by Frikom a.d. in 2010 was recycled – 76.13% was paper and 9.03% was plastic. In 2011, we recycled 11.4% of the total amount of packaging waste: 54.95% was paper, 23.75% was plastic, 2.19% was metal, and 2.18% was wood. This information was provided by the companies with which Frikom has contracts in place for the collection and appropriate disposal of packaging waste put on the market.

In 2010 and 2011, Frikom paid no administrative or court fines as a result of its noncompliance with any environmental protection laws or regulations and no non-monetary sanctions were imposed on it.

Fuel (ED, BMB, LPG) used for:

Fuel used / l	2010	2011
Product distribution	1,524,022.90	1,490,464.10
Transport of workforce members	662,325.01	648,434.44
Business trips	2,205.37	2,394.01
Total:	**2,188,553.28**	**2,141,292.55**

Impact Indicators

Environmental Impact Indicators

EMISSION	NO_x/ kg		PM_{10} /kg	
	2010	2011	2010	2011
Product distribution	14,465.17	13,220.30	387.63	351.91
Transport of workforce members	2,710.80	2,653.94	183.56	179.71
Business trips	27.36	12.36	1.48	1.24
Total:	**17,203.33**	**15,886.60**	**572.67**	**532.86**

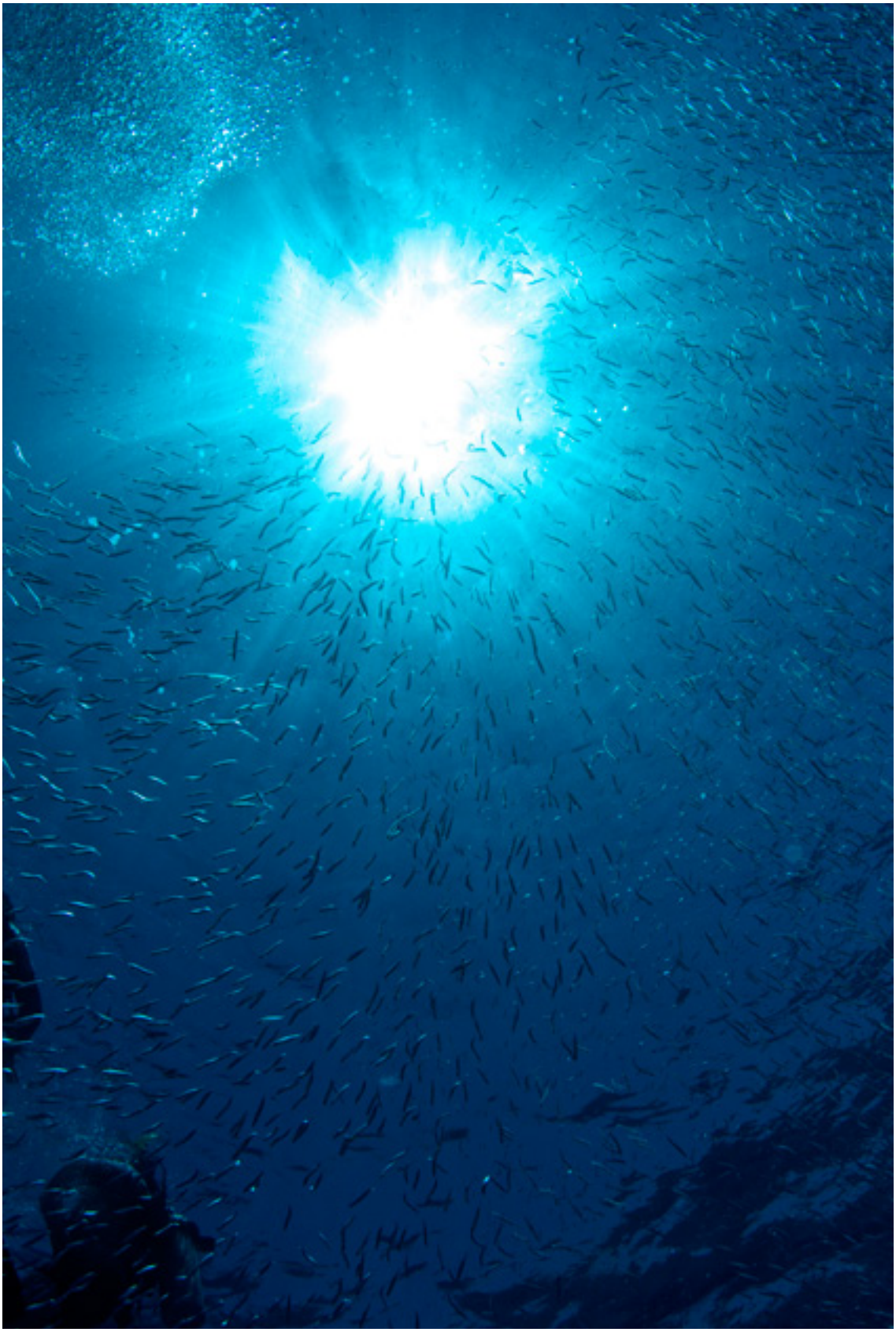
We mitigate the environmental impact of product distribution by investing in vehicles having better fuel economy and using new-generation engines that emit less pollutant as a result of combustion.

Waste disposal, emissions treatment and rehabilitation costs:

Costs in EUR	2010	2011
Waste disposal, emissions treatment and rehabilitation	310,268.87	299,525.70
Environmental prevention and management	20,812.87	32,301.36
Total	**331,081.74**	**331,827.06**

Objectives for 2012 and 2013

- enter into contract for delivering vegetable waste to a biogas plant after vegetable processing,
- enter into contracts for the supply of secondary raw material containers with certified secondary raw material recycling companies,
- reconstruct the process wastewater treatment system,
- implement energy efficiency measures: reconstruct the steam meter in the boiler room to control the amounts of steam generated; install a steam meter on the boiling line to control steam dosing; automate the public system pumping station to improve distribution and reduce the volume of pumped water, and to minimize electricity consumption and pump maintenance costs; reconstruct the condensate return line in the ice cream preparation department to minimize our fluid and energy consumption,
- implement measures to maximize our resource exploitation: install a water meter at the entrance to the ice cream production and vegetable and dough production areas, reconstruct the pipeline in the chemical water preparation department to ensure the safety of supplied water and minimize the possibility of any accidents; reconstruct the atmospheric wastewater treatment system to achieve a quality of treated water suitable for discharging into a natural recipient and minimize the costs of such discharge.



Impact Indicators

Environmental Impact Indicators

Irida d.o.o. is a fish processing factory based on a freshwater fishing tradition. In addition to freshwater fish, Irida presently processes and prepares sea fish, mollusks and other seafood, and has as of recently engaged in meat processing and animal-origin frozen food repacking and storage. Irida has been part of the Agrokor Concern since 2002.

Irida has in place an integrated quality, food safety and environmental management system according to the requirements of ISO 9001:2008 and ISO 14001:2004 and has had its HACCP system certified according to the requirements of Codex Alimentarius. The systems were certified by Bureau Veritas.

All objectives set for the reporting period were met: a quality, food safety and environmental management system was successfully integrated, certified and conformed to ISO 9001:2008; we developed a water recirculation system on two packing lines: we procured stainless steel molds to minimize waste packaging (Styrofoam pads); we procured an equipment and tool washer (water and process time savings); we recued our water consumption by rationalizing the treatment method used for mollusks and the equipment and tool washing method (washer); we reduced the volume of plastic packaging as a result of using new products packed in reusable packaging; and we reduced the amount of foam-based cleaning agents and disinfectants by using new products requiring smaller doses.

During this reporting period, we implemented all environmental management programs (measuring emissions, safety valve gauging, preventive maintenance of the cooling system, disposal of hazardous and nonhazardous waste, practical drills for cases of accidental release of ammonia, wastewater and sludge analysis, and employee training).

As planned a recertification audit to ISO 9001 and ISO 14001 and a supervisory audit for HACCP were performed. No nonconformity was found during the audits, except for a few observations that will be complied with by the time of the next supervisory audit scheduled for June of 2012.

Irida d.o.o. complies with and implements the provisions of Croatian and EU environmental laws and regulations and uses its best efforts to improve its treatment of the environment to the extent possible. Environmental management incudes proper waste separation by type and point of generation, ongoing energy consumption monitoring, and ongoing employee training with respect to rational consumption.

Lubricating oil used for the cooling system and vacuum packing machines were used in Irida during the reporting period as process supporting materials. It comprised chlorine-free oil for engines and gears based on mineral oil. Cardboard and polymer packaging materials were used for products.

Materials used by weight and volume

	2010 (t)	2011 (t)
Process supporting materials	0.45	0.25
Packaging materials	475.155	455.414
Raw materials	3,867.051	3,571.185

Percentage of materials used that are recycled input materials

	2010 (t)	2011 (t)
Packaging materials	475.155	455.414
Recycled input materials	326.234	310.136
EN2 (%)	**69 %**	**68 %**

The primary energy source used by Irida is natural gas for heating sanitary water and all indoor areas. Natural gas is supplied by Darkom d.o.o. Daruvar.

In 2010, Irida used a total of 126,270.60 m^3 (4,925.82 GJ) of natural gas, its price per 1 m^3 ranging between HRK 2.45 and HRK 3.02. Our total consumption of natural gas in 2011 was 116,866.20 m^3 (4,558.95 GJ), its price ranging between HRK 2.9 and HRK 3.39.

Our natural gas consumption slightly increased compared to 2009.

Impact Indicators

Environmental Impact Indicators

Natural gas consumption

Month	2010 (m³)	2011 (m³)
January	20,400.2	17,399.2
February	17,068.2	18,519.4
March	16,088.8	13,283.2
April	7,902.4	8,092.4
May	3,745.2	4,487.4
June	1,625.0	2,369.6
July	4,629.8	2,457.0
August	3,422.8	2,309.2
September	7,104.8	3,282.4
October	9,824.4	8,298.0
November	13,809.6	19,737.2
December	20,649.4	16,631.2
Total	**126,270.6**	**116,866.20**

Irida uses electricity to operate its equipment, lighting, machines, etc. and such electricity is supplied to it by HEP Elektra Križ Daruvar. In 2010, Irida used 1,732,366 kWh (6,236.52 GJ) of electricity, and 1,823,171 kWh (6,563.42 GJ). The electricity (MW) to total production ratio is as follows:

- 2009. – 0,45 MW/t
- 2010. – 0,5 MW/t
- 2011. – 0,56 MW/t.

In 2010, we procured new equipment (equipment and tool washer) that has begun to operate in July that same year and was used throughout 2011, which resulted in higher electricity consumption. This explains the growing trend in electricity consumption.

	2010 (kWh)			2011 (m³)		
Month	Higher daily tariff item	Lower tariff item	Total	Higher daily tariff item	Lower tariff item	Total
January	74,810	40,284	115,094	82,416	40,876	123,292
February	79,435	39,115	118,550	89,645	42,386	132,031
March	103,830	50,299	154,129	102,870	48,386	151,256
April	83,110	46,712	129,822	101,187	49,122	150,309
May	83190	50,656	133,846	91,570	50,992	142,562
June	85,240	53,982	139,222	100,058	55,286	155,344
July	118,670	66,384	185,054	125,118	66,189	191,307
August	107,739	61,571	169,310	117,466	63,789	181,255
September	100,824	53,206	154,030	117,154	61,965	179,119
October	99,042	49,846	148,888	80,302	47,960	128,262
November	101,322	49,696	151,018	97,734	46,579	144,313
December	91,173	42230	133,403	95,434	48,687	144,121
Total	**1,128,385**	**603,981**	**1,732,366**	**1,200,954**	**622,217**	**1,823,171**
%	**65**	**35**		**66**	**34**	

	Index 2011/2010
electricity – higher daily tariff item	0.06 (+)
electricity – lower daily tariff item	0.03 (+)

Impact Indicators

Environmental Impact Indicators

Ammonia is used as refrigerant in the primary cooling system, which is closed. The tanks and pipelines within the closed cooling system contain approximately 3,000 kg of ammonia. During the reporting period, we loaded approximately 700 kg of ammonia to compensate the losses incurred during oil discharging.

Liquid nitrogen is used for additional freezing of breaded products. In 2010, we used 123 tons of liquid nitrogen, and 207 tons in 2011.

Irida d.o.o. uses water for drinking, production purposes such as process and cooling water, for sanitary purposes, and to wash plants and machinery. Water from the public supply system supplied by Darkom d.o.o. Daruvar is used for all these purposes. Water consumption is monitored on the basis of received invoices, and recorded internally on the water meter once a month to minimize water consumption.

In 2010, Irida used 33,941 m^3 of water. The price of 1 m^3 of water ranged between HRK 7.72 and HRK 8.90 (Sep-Dec) in 2010. In 2011, it used a total of 18,286 m^3 of water. That year we introduced a new method for raw material cleaning and renovated the plumbing, which resulted in a significant decrease in water consumption compared to the preceding year. The price of 1 m^3 of water was HRK 8.90 in 2011.

Ukupna količina crpljene vode

Month	2010 (m^3)	2011 (m^3)	Index 2011/2010
January	1573	840	0.46 (-)
February	1468	2334	
March	1480	1937	
April	6868	1784	
May	2137	1147	
June	1015	1208	
July	5193	1999	
August	2785	1717	
September	2273	1818	
October	3669	1326	
November	3580	1231	
December	1900	945	
Total	**33,941**	**18,286**	

In 2010, following a shortage of standard mollusk raw materials on the market, Irida has begun to process a new raw material (ilex) that requires more water to be processed. However, when we reached our peak water consumption in 2010 in April, we found on that the meter had not been read in the past three months. This is why illogical deviations appear in our monthly consumption figures, but they do not relate to our production volumes. In February and March, we reached the highest monthly production volumes in 2010. In July, we produced the greatest volume of cleaned products (squid) that year, in October we produced the greatest volume of ilex, and in November the greatest volume of all finished products.

Water consumption (m^3) / total production (t):
- 2009 – 8 m^3/t
- 2010 – 10 m^3/t
- 2011 – 6 m^3/t.

After a period of seeking the best option for technological treatment of new raw materials and higher water consumption figures in 2010, it became clear in 2011 that our water consumption had become more rational, which resulted in lower water consumption (m^3) per ton of product compared to 2009. This, on the other hand, represents a challenge with respect to wastewater treatment because the amount of production residue remained the same, which creates greater concentration of pollution in a smaller volume of water used.

Impact Indicators

Environmental Impact Indicators

The Irida factory site contains 12 buildings, all owned by the factory. All buildings (administration building, production plant, warehouse/refrigeration facility, and ancillary facilities) are situated within a single site inside the factory area, which is not located within a protected area. Irida engages in seafood and meat processing and animal-origin frozen food packing and storage and is a food industry entity registered in the records of approved food industry facilities under number 677. Irida's business site covers an area of 0.03 km^2. Its business activities do not affect biodiversity in immediate surroundings of the factory.

The company IRI SISAK d.o.o. za istraživanje, razvoj i ispitivanje measures our air emissions of pollutants from stationary sources at Irida's site every second year.

	2010	2011
Natural gas (m^3)	126,270.60	137,930.40
Carbon dioxide (CO_2) (kg)	234,986.50	256,676.16

	2010	2011
Natural gas (m^3)	126,270.60	137,930.40
nitrogen oxides expressed as nitrogen dioxide (NO_2) (kg)	147.74	459.83
Carbon monoxide (CO) (kg)	42.10	45.98

Floating peel and sludge and all other floating substances are retained by a barrier and they are evenly deposited across the bottom.

Process wastewater free of such solid substances is discharged into the city collector through the inspection shaft. Waste sludge resulting from the mechanical treatment of wastewater is removed from the deposit tank at least once a year (or more frequently if necessary). In 2010, a total of 13.4 tons of waste sludge was collected from the deposit tank and passed on to a certified hazardous waste collection organization to be disposed of. Depending on the results of analysis performed by a certified laboratory, waste is further sorted by key number and appropriately disposed of.

Fish processing has the greatest impact on the generation of wastewater. Most water is used to clean and thaw fish. During equipment and area washing and cleaning, pieces of fish are washed away into the sink, which increases the concentration of BOD_5, COD, grease and suspended substances in wastewater. The high requirements for reducing emissions relating to the removal of fish residue from wastewater have been met only partially to date, and special attention should be focused on improving the process of extracting fish remains and their proper storage, as well as on disposing of animal-origin byproducts and improving the wastewater treatment system in general.

Irida presently discharges its wastewater pursuant to its valid Water Management License (BOD_5 = 1500 mgO_2/l and COD = 2000 mgO_2/l) and the laws and regulations of the Republic of Croatia. According to the Water Management License, wastewater is sampled twice a year. The Veterinary Institute of Križevci collects samples and measures the flow rate of, and analyzes wastewater.

Irida has submitted an application for using IPARD funds for Measure 103 "Investments in the processing and marketing of agriculture and fishery products to restructure those activities and to upgrade them to Community standards", Section 103.3 Fisheries Sector, subsection 103.3.1 Construction, and 103.3.2 Equipment, whereby it plans to reconstruct, expand and equip its wastewater treatment plant for the purpose of improving its effluent quality.

In 2010, our wastewater discharge amounted to 33,941 m^3 and 18,286 m^3 in 2011. The significant decrease in water consumption in 2011 resulted in greater value of the BOD5 and COD indicators for wastewater compared to the preceding year. Pending construction of our own treatment plant, wastewater will be treated by the treatment plant of the City of Daruvar, subject to an additional charge payable for the treatment of such water.

Impact Indicators

Environmental Impact Indicators

Wastewater analysis

Process wastewater is treated onsite using a treatment facility (a deposit facility for mechanical wastewater treatment with an inspection/measuring shaft). Process wastewater flow into the deposit tank through sewerage pipes.

PARAMETER	2010	2011
Process wastewater flow rate (L/s)	2.5	3
Water temperature (°C)	17	13.5
Color	grey	grey - white
BOD_5 (mg O_2 / L)	181	589
KPK (mg O_2 / L)	429	1035
Total oil and grease (mg/L)	6.6	3.5
pH vrijednost	7	6.5

Waste is sorted at the point of its generation, collected by type, and temporarily stored in a designated area within Irida. Irida delivers all types of waste to a company certified for collecting, transporting, treating and recovering or disposing of waste.

In 2010, Irida disposed of six types of hazardous waste (13.508 t) and nine types of nonhazardous waste (712.342 t). In 2011, Irida collected five types of hazardous waste (0.069 t) and nine types of nonhazardous waste (646.572 t). Disposal of hazardous waste is in progress. At the time of preparation of the report (March of 2012), the cleaning of our deposit tank was not completed, so the amount of waste sludge resulting from the mechanical wastewater treatment (key number: 19 08 13*) was not available for 2011.

In early December of 2011, we introduced a new method of accounting for municipal waste transport (formerly per m^3, presently per unit). Each of the containers has a volume of 5 m^3 and they are transported four times a month, which counts as one unit.

Total weight of waste by type and disposal method

	Type of waste	Collected by	Treatment	Treated by	2010 t	2011 t
Nonhazardous waste	*Paper, PET and foil, metal packaging, glass, alkaline batteries, metal waste, edible oil and grease, animal waste*	Sekundarne sirovine, Europlast, Vitrex, Agroproteinka	R3, D15, R5, R9, R1	Belišće, Hamburger Recycling, Europlast, Sekundarne sirovine, Vetropack, Vitrex, Agroproteinka	713	647
Hazardous waste	*Chlorine-free lubricant, packaging containing hazardous substances, oil filters, fluorescent pipes, oiled waste, hazardous sludge from wastewater*	Zagrebpetrol, KEMIS	R1, R3, R4, R5, R7	Saša, Zagrebpetrol, KEMIS	14	14
Total					**727**	**661**

Irida has internal regulations in place for the treatment of substances that may have an adverse environmental impact if spilled. The relevant internal regulations are: Policy and Instructions for the Operation and Maintenance of Facilities and Devices Relevant to the Protection of Water against Pollution, Policy for the Disposal of all Types of Waste Resulting from Processes and Sludge Resulting from the Wastewater Treatment Process, Operating Plan of Interventional Measures in Case of Sudden Water Pollution, and the Interventional Environmental Protection Measures Plan.

Bund walls are provided beneath all tanks containing chemicals, cleaning agents and disinfectants as a security measure in case of uncontrolled spills. No spills of chemicals, oil or fuel were recorded in 2010 and 2011.

Impact Indicators

Environmental Impact Indicators

For the purpose of minimizing our electricity consumption, our employees are constantly trained and we raise their awareness with respect to electricity consumption (each individual's contribution to electricity saving – leaving lighting fixtures and equipment turned on unnecessarily – is always underlined during such internal training sessions; we optimize and improve our technological processes (economical use of machines, devices and equipment); and optimize the use of our cooling chambers and plants.

To minimize our waste, we constantly train our employees with respect to proper waste sorting by type and point of generation (the importance of each individual's proper waste sorting by type for later disposal and recycling is always underlined during such internal training sessions) and receive our cleaning agents and disinfectants in reusable packaging.

To minimize our water consumption, we constantly train our employees (each individual's contribution to water saving – optimal water consumption while washing equipment, premises and protective equipment (maximum allowed amount of laundry for one wash) and for hygienic purposes – is always underlined during such internal training sessions)); we monitor our water consumption, measure water-tightness, and use nozzles on our washing hoses to minimize uncontrolled discharge during washing.

In addition, bund walls are in place under all tanks containing chemicals, cleaning agents or disinfectants as a security measure in case of uncontrolled spills.
The cooling system is regularly inspected, tested and gauged (preventive and protective measures) to prevent ammonia penetration.

No fines or non-monetary sanctions were imposed for noncompliance with environmental laws and regulations in 2010 and 2011.

Disposal, emissions treatment and rehabilitation costs for 2010 and 2011

Type of waste (key number)	Quantity (t/l/m³)		Service provider	Cost	Amount (HRK)
	2010	2010			
Packaging containing hazardous substances or contaminated by hazardous substances (15 01 10)*	0,024 t	0,024 t	Zagrebpetrol d.o.o. Zagreb	2010 - 5 kn/kg	120
				2011 - *još nije zbrinuto*	-
Oil filters (16 01 07)*	0,020 t	0,020 t	Zagrebpetrol d.o.o. Zagreb	2010 - 4 kn/kg	80
				2011 - *još nije zbrinuto*	-
Fluorescent pipes and other mercury- containing waste (20 01 21)*	0,030 t (136 kom)	0,030 t (136 kom)	Zagrebpetrol d.o.o. Zagreb	2010 - 5 kn/kg	680
				2011 - *još nije zbrinuto*	-
Absorbents, filter materials (including oil filters not otherwise specified), fabrics, wiping and absorbing products, and contaminated protective clothes) (15 02 02)*	0,034 t	0,034 t	Zagrebpetrol d.o.o. Zagreb	2010 - 4 kn/kg	136
				2011 - *još nije zbrinuto*	-
Sludge containing hazardous substances from other industrial wastewater treatment activities (19 08 13)*	13,4 t	13,4 t	Kemis-Termoclean d.o.o. Zagreb	2010 - 5 kn/kg	66,340.00
					-
Municipal waste (20 03 01)	-	-	Darkom d.o.o. Daruvar	2010 - 0.47 kn/kg	15,425.00
				2011– 0,47 kn/m² i 12,mj, 1972 kn/kom	16,112.00
Waste animal tissue (02 02 02)	570,230 t	486,491 t	Agroproteinka d.d. Sesvetski Kraljevec	2010 - 0.69 kn/kg	398,970.00
				2011 - 0.69 kn/kg	335,868.00
Plastic packaging (15 01 02)	50,58 t	51,48 t	Europlast d.o.o. Petrinja	2010 - 1 kn/kg	50,580.00
				2011– 1kn/m² i od 01,03, 1.80 kn/kg	86,568.00

Impact Indicators

Environmental Impact Indicators

Environmental prevention and management costs in 2010 and 2011

	Service provider	Year	Amount (HRK)
Gas installation airtightness checks	Darkom d.o.o. Daruvar	2010 2011	109 -
Safety valve gauging	Frigo MPS, Cerje	2010 2011	12,910 -
Measuring pollutant air emissions from stationary sources	IRI Sisak d.o.o. Sisak	2010 2011	2,000 -
Waste sludge analysis	Zavod za javno zdravstvo Dr. Andrija Štampar, Zagreb	2010 2011	2,730 2,730
Supervisory audit of the ISO 9001 quality management system and the ISO 14001 environmental management system	Bureau Veritas	2010 2011	13,332 20,600
Wastewater content analysis	Hrvatski veterinarski institut. Zagreb	2010 2011	1,170 1,170
Employee training – Toxicology Course (1 employee)	Hrvatski zavod za toksikologiju	2010 2011	1,000 -

	2010	2011
Total disposal, emissions treatment nd rehabilitation costs (HRK)	532,331	438,548
Environmental prevention and management costs (HRK)	33,251	24,500
overall environmental protection expenditures and investments (HRK)	565,582	463,048

	2010	2011
Environmental prevention and management costs (HRK)	33,251.00	24,500

Main Plans for 2012 and 2013:

- Improve wastewater quality (BOD_5) by installing a new wastewater treatment plant by the end of 2012. According to the Water Management License, we intend to reduce the present value of BOD_5 = 1500 mg/l to BOD_5 = 250 mg/l.
- Process optimization – reduce our energy cleaning agent and disinfectant consumption:
  - reduce our water consumption by 1 – 5%,
  - reduce our electricity consumption by 1 – 5%,
  - reduce our gas consumption by 1 – 5%,
  - reduce our natural gas consumption by 1 – 5%.
- Employee training: train the responsible person for handling hazardous chemicals (1 employee) in 2012.
- Reduce our washing chemicals and disinfectant consumption by 1% – 5% during the reporting period.

Impact Indicators

Environmental Impact Indicators

Ledo d.o.o. Čitluk has operated within the Agrokor Concern since 2000 and celebrated its 10th anniversary of operation in early 2010. The quality, food safety and environmental management system grew along with the production and distribution ranges during the period. Our business successes were followed by enhancements in the management system. Ledo presently has 264 permanent and seasonal employees and its product range comprises 18 types of impulse-purchase popsicles and 27 types of fish product packaging. Its fleet comprises 161 vehicles that serve approximately 14.500 retail stores on a daily basis.

Most of the environmental activities planned were performed in 2010 and 2010, including some additional ones as follows:

- We completed our 2010 training programs for permanent employees (evacuation drill, compressor training, economical use of resources, waste management lessons) and for seasonal employees (environmental awareness, waste management, actions to be taken in extraordinary situations, economical use of resources); in 2011, we planned for a smaller number of internal trainings targeting small groups of employees: supervisor training on the basics of the EMS, training for maintenance and refrigeration employees on the statutory requirements applicable to their jobs; exams in firefighting, and training and exams in firefighting equipment handling;
- Separation of the gas warehouse – a gas warehouse was provided in Ljubuški;
- Internal and external audits (audits conducted by our EMS maintenance partners): in 2010 and 2011, all planned internal audits were performed and an external audit was performed by our waste disposal partner C.I.B.O.S. PJ Mostar in 2011, and another one in 2011 by Duga d.o.o. Biograci;
- Performing regular measurements (boiler room exhaust gas emissions, safety valve and manometer checks on compressors, measuring the airtightness of the refrigerant system, wastewater quality monitoring...);
- We modified our air conditioning system for the administration building, which resulted in lower electricity consumption;
- A stationary paper and nylon press was installed;
- The fire alarm system upgrading was prolonged to the next reporting period,
- Bureau Veritas successfully inspected the system twice in 2011 – during the second supervisory audit in April of 2011 and during the recertification audit in December of 2011.

Materials used

Raw materials (kg)	2010	2011	2011/2010
Total dairy components	145,277.00	128,833.00	-11.32%
Total dairy components	86,904.45	80,581.50	-7.28%
Total cocoa and chocolate components	83,601.00	83,786.00	0.22%
Total sugar components	156,039	166,857	6.93%
Fruit components	21,161.7	22,117.00	4.51%
Fish and mollusks	1,193,737	1,162,559	-2.61%
Packaging (kg)			
Total ice cream packaging	88,026.588	93,386.416	6.09%
Total butter packaging	3,089.22	2,018.17	-34.67%
Total fish packaging	67,660.72	66,346.54	-1.94%

The product range of Ledo Čitluk comprises three segments: production of impulse popsicles, butter repacking, and fish and mollusk repacking and finishing (retail and restaurant packaging). The ice cream product structure comprises creamy ice cream, dairy ice cream, fruit desserts and combined dairy/fruit ice cream.

In 2011, our ice cream production (expressed in kg of finished product) increased by 5.4% compared to 2010. As a result of new market demands, the sales structure of our impulse ice cream changed, which resulted in changes in our product range. In 2011, our sales of ice cream with fruit components exceeded those in 2010 by 23% and our dairy dessert production

Impact Indicators

Environmental Impact Indicators

also increased, which ultimately resulted in different consumption rates for certain raw materials.

Butter is used as a raw material in ice cream production, but is also packed for retail in 250 gram packaging. The amount of repacked butter significantly decreased in 2011 compared to 2010 (-21 t or -36.1%).

The figures for the fish packing plant (kg of finished product) in 2011 show a slightly downward trend compared to 2010 (-2.5%), primarily as a result of a decreased volume of restaurant packaging (-12.1%) caused by increased direct sales of restaurant packaging by restaurateurs themselves.

Packaging used in production: wooden sticks, ice cream foil, butter foil, fish bags, squid trays, and boxes for bulk packaging. Our packaging material consumption directly depends on the quantity of finished products – in 2011, we used 6% more ice cream packaging, up to 35% less butter packaging, and approximately 2% less fish packaging materials.

The materials used are recycled packaging materials for secondary packaging – cardboard boxes. In 2010, we used a total of 102,652.60 kg of recycled materials, and 103,932.40 kg in 2011.

Diesel and fuel oil consumption	2009		2010		2011	
	L	GJ	L	GJ	L	GJ
Diesel consumption	616,842.73	26,727.80	637,189.57	27,609.42	547,348.86	23,716.63
Fuel oil consumption	59,430.00	2,388.49	52,870.00	2,124.84	52,151.00	2,095.95

Fuel oil is used in the boiler room for the hot water boiler that is directly connected to production – in 2010 and 2011, our average consumption was 11.6% lower than 2009 as a result of a smaller production volume.

In 2009, diesel consumption figures were only collected for some of the vehicles belonging to SC Herzegovina (214,529 L), and the data collected for this report pertains to the entire territory of Bosnia and Herzegovina (for the entire fleet).

Our diesel consumption was roughly equal in 2009 and 2011, but our consumption in 2010 was 3% higher than 2009.

All vehicles – all facilities	Number of vehicles	Fuel type	km driven	Fuel used (l)	GJ
2009	149	diesel	4,570,052	616,842.73	26,727.80
2010	158	diesel	4,739,724	637,189.57	27,609.42
2011	161	diesel	4,652,500	620,541.90	26,888.08

Electricity consumption

Electricity consumption	2009		2010		2011	
	kWh	GJ	kWh	GJ	kWh	GJ
	2,700,504	9,721.81	2,654,019	9,554.47	2,592,048	9,331.37

We observed downward year-on-year trends in electricity consumption of -1.7% and -2.3% in 2010 and 2011, respectively. The data collected only pertains to the Ledo Čitluk site.

Impact Indicators

Environmental Impact Indicators

The closed cooling system contains 5 tons of ammonia. The system was not refilled in 2010 and 2011.
Refrigerants are used in cooling equipment. To reduce our adverse ozone and climatic impacts, we are gradually replacing controlled substances by substitutes during cooling equipment servicing. Our refrigerant consumption depends on the age of cooling equipment.

Our refrigerant consumption slightly increased in 2010 compared to 2009 (7.2%) as a result of increasing consumption of R404a (+28.6%) used in vehicles and refrigerators. Such increased consumption had been expected considering the age of our vehicles and other cooling equipment. Another relevant indicator is the significant decrease in the consumption of controlled refrigerant R22 (-72.4%). In 2011, our refrigerant consumption decreased compared to 2010 (-1.0%), but remained higher than in 2009 (+2.8%), primarily as a result of older vehicles and other equipment.

Refrigerant	R22 ODP 0.05	R404a ODP 0	R507 ODP 0	Total	Kg/t of marketed product
2009	105.6	346.89	15	467.49	0.041
2010	29.2	446.16	10	485.36	0.043
2011	55.2	403.51	21.8	480.51	0.041

Consumption of public supply system water

	2009 m³	2010 m³	2011 m³
Water consumption	15,451	13,490	18,531

Our water consumption decreased by 12.7% in 2010 compared to 2009, however, we saw a sharp rise in water consumption compared to the earlier years (+37.4% compared to 2010), although our production volumes remained at approximately the same level. We checked our pipelines for water-tightness to rule out any defects or spills. We reached the conclusion that such increased water consumption in 2011 was a result of long-lasting draught periods and extended time needed by the automatic green area irrigation system. An additional inspection of the irrigation system revealed that a number of nozzles were damaged and sprayed larger amounts of water than foreseen for the intended drop-by-drop operating mode. The nozzles were inspected and we concluded they needed to be inspected before starting up the irrigation system, but also on a regular basis during the season.
Ledo Čitluk is located within the industrial zone of the Municipality of Čitluk, next to strategic road R 424 Mostar-Čitluk-Ljubuški. There are no adjacent protected areas.

The Ledo Čitluk factory is located within an industrial zone where its environmental impact and impact on populated areas are minimal. The fulfillment of statutory requirements for uninterrupted operation of the factory is ensured by regular measurements of smoke gas emissions from the boiler room, noise, wastewater quality, micro-climatic conditions, monitoring of equipment under pressure, and testing of working tools.

As a result of fuel combustion during transport, our CO_2 emissions directly depend on our fuel consumption; our emissions in 2009 and 2011 were roughly the same, but our emissions in 2010 increased by 3.3% compared to 2009.

All vehicles - al facilities	Number of vehicles	Fuel type	km driven	Fuel used (l)	GJ	t CO_2
2009	149	diesel	4,570,052	616,842.73	26,727.80	1,636.959
2010	158	diesel	4,739,724	637,189.57	27,609.42	1,690.655
2011	161	diesel	4,652,500	620,541.90	26,888.08	1,646.484

Impact Indicators

Environmental Impact Indicators

	2009			2010			2011		
Electricity	kWh	GJ	t CO_2 *	kWh	GJ	t CO_2 *	kWh	GJ	t CO_2 *
consumption	2,700,504	9,721.81	1,961.27	2,654,019	9,554.47	1,927.51	2,592,048	9,331.37	1,882.50

**The values of emission coefficients were used according to EMER/EEA air pollutant emission inventory guidebook (for all sectors), 2009 (http://www.eea.europa.eu/publications/emep-eea-emission-inventory-guidebook-2009).*

We observed downward trend in total electricity consumption; -1.7% in 2010 compared to 2009, and -2.3% in 2011 compared to 2010, which was directly reflected in lower CO_2 emissions.

Fuel oil is used for our boiler room using a hot water boiler. Our fuel oil consumption is directly related to our production – in 2010 and 2011, our average consumption was 11.6% lower than 2009 as a result of smaller production volumes.

Total CO_2 emissions (t)	Transport	Boiler room	Electricity	Total
2009	1,636.669	182.950	1,961.27	3,780.889
2010	1,690.655	162.755	1,927.51	3,780.920
2011	1,646.484	160.541	1,882.50	3,689.525

Employees of Ledo Čitluk come to work from Čitluk, Međugorje, Ljubuški, Mostar, Široki Brijeg and surrounding villages, driving 40 km daily on average, both ways. The business hours of our respective departments depend on the nature of their activities and the season. This is why it is impossible to arrange group transport to work, and public transport is not always available, so most of our employees come to work using their own vehicles. Company cars are mostly used for business trips, and the figures regarding their fuel consumption are provided under EN16.

Of all refrigerants we use in our cooling systems, only R22 has ODP in excess of 0. Its consumption has dropped since 2009 (-72.3% in 2010 and 47.7% in 2011).

Our nitrogen and sulfur oxide emissions result from fuel oil combustion in the boiler room.

Refrigerant	R22 ODP 0.05
2009	105.6
2010	29.2
2011	55.2

Pollutant	Annual emission, E (t) 2010	Annual emission, E (t) 2010
CO_2	162.755	160.541
NO_X	0.130	0.128
SO_2	0.420	0.415

Impact Indicators

Environmental Impact Indicators

Wastewater quality 2010	Limits		2010				2010
PARAMETER	watersurface	public sewerage	09.03.	08.06.	18./19. 8.	8.12.	average
Wastewater flow rate (m^3/16 hrs)	----	----	13.5	67.5	65.9	22.3	42,3
BOD_5 (mgO_2 /L)	25	250	497	3843	2002	986	1832
COD – dichromate (mgO_2 /L)	125	700	730	5120	3031	1626	2627
Total evaporated dry residue (mg/L)	----	----	989	3270	2072	1425	1939
pH	6.0-9.0	5.5-9.5	7.37	7.02	5.13	6.92	6,61
Color	----	----	----	----	----	----	----
Water temperature (°C)	30	40	15.8	24.2	25.6	12.6	19,6
Total oil and grease	20	100	197	860	51.9	137	398
Detergents (mg/L DBS)	1.0	20.0	3.185	1.75	0.12	1.15	1,55
Total nitrogen	10	100	10.11	12.5	24.4	12.33	14,84
Total phosphorus	1.0	5.0	3.90	4.82	3.538	5.22	4,37
m-alkalinity (mg $CaCO_3$/L)	----	----	242	325	211	242	255
Electrical conductivity (mS)	----	----	711	628	1623	1103	1016
Ash at 550 °C (mg/L)	----	----	497	617	683	753	638
Soluble substances at 550 °C (mg/L)	----	----	492	2653	1385	672	1301
Suspended substances at 105 °C	35	<300	205	761	----	317	428
Ammonia (mg/l-N)	10	40	6.31	0.91	----	0.96	2,73
Nitrites (mg/l-N)	0.5	10.0	0.07	0.06	----	0.037	0,056
Nitrates (mg/l-N)	10	50	3.21	2.7	----	2.31	2,74
Chlorides (mg/l)	200	250	181.6	----	----	239	210,3

Wastewater quality 2011	Limits		2011				2011
PARAMETER	watersurface	public sewerage	09.03.	08.06.	18./19. 8.	8.12.	average
Wastewater flow rate (m^3/16 hrs)	----	----	19,1	72	15,9	11,3	29,6
BOD_5 (mgO_2 /L)	25	250	458	1866	413	381	779,5
COD – dichromate (mgO_2 /L	125	700	655	2922	627	533	1184
Total evaporated dry residue (mg/L)	----	----	766	2622	787	632	1201,75
pH	6.0-9.0	5.5-9.5	7,82	6,95	7,22	7,52	7,38
Color	----	----	----	----	----	----	----
Water temperature (°C)	30	40	16,2	23,5	15,2	13,6	17,1
Total oil and grease	20	100	153	62,3	71,3	41,3	81,97
Detergents (mg/L DBS)	1.0	20.0	3	0,32	0,22	0,11	0,80
Total nitrogen	10	100	11,12	17,8	15,96	14,56	14,86
Total phosphorus	1.0	5.0	5,32	3,7	7,210	5,88	5,53
m-alkalinity (mg $CaCO_3$/L)	----	----	261	232	245	237	244
Electrical conductivity (mS)	----	----	822	1752	701	781	1014
Ash at 550 °C (mg/L)	----	----	493	831	530	452	577
Soluble substances at 550 °C (mg/L)	----	----	273	1791	257	180	625
Suspended substances at 105 °C	35	<300	189	450	71	59	192
Ammonia (mg/l-N)	10	40	6,13	2,7	10,08	12,23	7,79
Nitrites (mg/l-N)	0.5	10.0	0,09	0,09	0,023	0,039	0,061
Nitrates (mg/l-N)	10	50	3,51	3,3	4,23	5,17	4,05
Chlorides (mg/l)	200	250	251,6	117	167	188	180,9

The volume of wastewater is directly related to water consumption and production volume, so it was used to estimate the volumes, while the wastewater quality measurement results depend on the current production phase and may not be compared.

Impact Indicators

Environmental Impact Indicators

Total weight of waste by type and disposal method					2010	2011
	Type of waste	Collected by	Treatment	Treated by	t	t
Nonhazardous waste	*Municipal waste, paper, PET and foil, wooden waste, glass, metal waste, decommissioned refrigerators*	JKP Broćanac, Cibos, Duga, Kons	R3, R4, R5	JKP Broćanac, Cibos, Duga, Kons	180.886	200.270
Hazardous waste	*Ink, toner, waste oil, oiled materials, electronic waste, gasoline, soot*	Eko Ero, Cibos, Reton, Duga	D10, D15, R1, R4	Kemis, Eko Ero, Cibos, Reton, Duga	0.900	0.617
Total					**181.786**	**200.887**

1 Description of waste treatment within the organizational unit:
- temporary disposal, selecting, pressing, incinerating, composting, recycling, thermal treatment...
2 Who collected waste from the organizational unit:
- company – contract with a certified corporation, subcontractor, utility company, sales agreement, public sale, sale to employees, auction...
3 Final destination of waste – treatment method (cattle feed heating material, production, special treatment, incineration for energy purposes):
C/P – chemical/physical, B - biological, T - thermal, D – waste disposal, C – waste conditioning, + treatment recommended

In 2010, we disposed of a total of 10 types of waste – four types of hazardous waste and six types of nonhazardous waste. Municipal waste, paper and cardboard account for most of the nonhazardous waste, while waste hydraulic oil accounts for most of the hazardous waste. By reducing our production and appropriately training our staff, we reduced the total amount of waste compared to 2009 (municipal waste – 14.5%, paper and foil -17.5%, total waste -15.2%) and the amount of waste per unit of finished product (-1.5%). Our municipal waste records are based on the number of tours, one tour counting as 1,000 kg of waste.

In 2011, we disposed of 17 types of waste – 11 types of hazardous waste and six types of nonhazardous waste. Municipal waste, paper and cardboard account for most of the nonhazardous waste, while waste hydraulic oil accounts for most of the hazardous waste. The amount of municipal waste increased by 23.4% compared to 2010, which is not a precise figure because consumption is recorded based on the number of tours driven. The decrease in paper waste (-2.1%) is a result of decreased amounts of repackaged fish.

The potential incidents identified by Ledo d.o.o Čitluk that may endanger the safety of people and facilities are:
- spilling into the ground and water: waste and new oil, concentrated cleaning agents and disinfectants, chemicals, powder chemicals
- air emissions: ammonia, refrigerant
- fire/explosion
- occupational injuries
- natural disasters.

To prevent any incidents, we installed protective bund walls beneath each tank, regularly check our fuel tanks and refrigerant using systems for water-tightness, check and maintain safety valves, pressure vessels and firefighting equipment. We provided appropriate protective gear. We have elaborated and documented procedures in place in case of an incident. Brief instructions for alarming and repairing procedures in case of incidents are displayed in visible places. We constantly train our employees and have evacuation drills.

No significant spills of chemicals, oil or fuel were recorded during the reporting period.

Impact Indicators

Environmental Impact Indicators

Having implemented the environmental management system according to ISO 14001:2004, Ledo Čitluk demonstrated its permanent commitment to monitoring and mitigating any environmental impacts of its products and services. We considered all environmental aspects and defined relevant aspects for which we set objectives as regards improving the system and criteria to be regularly monitored.

Monitoring the ammonia system is one of the most important aspects – we regularly maintain our equipment, inspect and test our systems, safety valves, manometers and pressure vessels, train our employees, and conduct evacuation drills.

To minimize our adverse impacts on the ozone and climate as a result of using refrigerant, we are gradually replacing all controlled substances in our cooling devices by substitutes. New equipment is procured in accordance with EU standards, and special attention is paid to preserving working substances in our devices by strictly controlling the temperatures in our cooling systems, regularly maintaining our equipment, measuring system water-tightness and airtightness, and training our maintenance employees.

By enforcing technological discipline and planning our production in large batches, we optimize our costs and use of raw materials and energy. By installing new water pipelines in the production plant, new raw material transport pumps and valves for controlling the flow of ice cream mass and modifying the two-component ice cream line, we reduced water and raw material wasting in the production plant and reduced the volume and load of washing water.

By analyzing the dimensions of each product and bulk packaging box and decreasing the size of some packaging, we increased the number of individual units in bulk packaging and therefore optimized our utilization of packaging material.

The product range of Ledo d.o.o. Čitluk comprises deep-frozen products requiring a constant temperature chain from storage and delivery to consumption. No products or their packaging may be reclaimed or reused.

No fines or non-monetary sanctions were imposed for noncompliance with environmental laws and regulations.

Ledo products are distributed based on a pre-sale system including the involvement of passenger vehicles and refrigerator trucks. The system is fully supported by software used for optimizing routes, placing orders, dispatching and monitoring distribution parameters – the cost of distribution per ton of delivered product. Fuel consumption and kilometers driven are one of the most important parameters, so our task at all times is to optimize our transport and reduce our costs. For optimization purposes, we regularly revise our routes and adjust them to market demands, and also plan return cargo in case of deliveries to distribution centers to avoid any transport with empty vehicles. The transport department maintains detailed records of the status of our fleet, fuel consumption, regular servicing, and preventive and current maintenance. Our vehicles are inspected within regular maintenance and optimal engine operation is ensured.

Our vehicles' exhaust emissions are measured within the technical inspection for annual registration purposes. The relevant records are part of the required documentation for vehicle registration. If a vehicle fails to meet the requirements with respect to exhaust fume quality, it cannot be registered for traffic.

Our diesel consumption was roughly the same in 2009 and 2010, but decreased by 3% in 2011 compared to 2010.

Impact Indicators

Environmental Impact Indicators

A Waste management revenue and costs in 2010

Type of waste (key number)	qty (T / l /kom)	Purchased by	Revenue basis	Amount (EUR)
Wooden pallets	8.390	KonsLjubuški	Sale/secondary raw materials	446.3
Batteries	0.69	Cibos Ilijaš, PJ Mostar	Sale/ disposal	165.1
Electronic waste	0.201	Cibos Ilijaš, PJ Mostar	Sale/ disposal	1.2
Decommissioned refrigerators	763	Cibos Ilijaš, PJ Mostar	Sale/ disposal	2,276.80
Total				**2,889.40**

B Waste management and EMS costs in 2010

Type of waste (key number)	qty (T / l /kom)	Service provider	Cost description	Amount (KM)
Municipal waste	77	JKP Broćanac	Disposal costs	3,685.00
Waste oil disposal	0.678	EKO Ero d.o.o. Mostar	Disposal costs	81.10
Safety valve inspection	----	„Frigoterm“	Measurement costs	2,814.20
Current wastewater analyses and PE study	----	Control H	Measurement costs	2,136.20
Measurements and employee training	----	Inproz d.o.o. Tuzla	Measurement and training costs	2,364.70
Periodic system checks	1	Bureau Veritas	Auditing costs	2,408.20
Total				**2,889.40**

C Waste management and EMS investments in 2010

Type of investment	qty	Supplier	Investment description	Iznos (KM)
Training to become a ''Waste Management Expert''	1	CETEOR Sarajevo	Staff training	233.10
Plant investments (pumps, pipelines...)	-----	----	Equipment and services	4,294.90
Total				**4,528.00**

A Waste management revenue and costs in 2011

Type of waste (key number)	qty (T / l /kom)	Purchased by	Revenue basis	Amount (EUR)
Metal waste	220	Cibos Ilijaš, PJ Mostar	Sale/secondary raw materials	203.40
Decommissioned refrigerators	1169	Cibos Ilijaš, PJ Mostar	Sale/ disposal	3,431.40
Total				**3,634.70**

Impact Indicators

Environmental Impact Indicators

B Waste management and EMS costs in 2011

Type of waste (key number)	qty (T / l /kom)	Service provider	Cost description	Amount (KM)
Municipal waste	77	JKP Broćanac	Disposal costs	5,593.40
Disposal of waste oil and other hazardous waste	0.617	Duga d.o.o. Biograci Kemis d.o.o. Tuzla	Disposal costs	693.70
Safety valve inspection	----	„Frigoterm“	Measurement costs	2,962.60
Current wastewater analyses	4	Control H	Measurement costs	933.20
Measurements and employee training	----	Inproz d.o.o. Tuzla	Measurement and training costs	7,054.40
Periodic system checks	2	Bureau Veritas	Audit costs	4,550.60
Total				**18,754.20**

Our total expenditures for the environmental management system in 2010 were EUR 16,411.90, with an emphasis on the increase in investments in the system and training, external analyses and measurement, and a supervisory audit of the integral management system. In 2011, our total expenditures were EUR 18,754.20 EUR - EUR 6,287.20 was spent on waste management, EUR 10,950.20 on measuring and analyses, and EUR 4,550.60 on the second supervisory audit and recertification of the integral process management system.

Management systems in Ledo d.o.o. Čitluk

Quality management system

Our quality management system developed under the guidelines of ISO 9001:2000 was first certified in 2003 (DNV). The system was recertified in 2009 (BV), and then again in 2011 (BV).

HACCP system

The management system developed under the guidelines of Codex Alimentarius was first certified in 2005 (DNV). The system was recertified in 2009 (BV), and then again in 2011 (BV).

Environmental management system

Our environmental management system developed under the guidelines of ISO 14001: 2004 was first certified in 2009 (BV). It was first recertified in 2011 (BV).

Planned Activities for 2012 and 2013

- As a result of the substantial increase in our water consumption, our top priority for the next period will be to address this issue. For that purpose, we plan to install new internal water meters to precisely define our consumption for each process within the company, thoroughly examine our automated irrigation system, eliminate any defects, and rational the duration of irrigation.
- Optimize the CIP washing system for the purpose of minimizing our water consumption.
- Activities to conform to the provisions of the Packaging Waste Management Ordinance: sign a contract with a certified operator, define the terms of disposing of industrial packaging waste, train our employees for implementing the provisions of the Ordinance, and establish a system for recording all types and amounts of packaging put into circulation.
- Ongoing activities to maintain and improve our EMS: ongoing employee training, performing legally required measurements and tests, and performing internal and external audits. An external audit is scheduled for early 2013 because BV has already performed a recertification audit in 2011.

Impact Indicators

Environmental Impact Indicators

Agriculture - Belje d.d.

Headquartered in Darda, Belje d.d. is an organization with a tradition of over 300 years, including agricultural production and food business. Once the largest local industrial/agricultural conglomerate with a tradition in food production, Belje has operated within the Agrokor Concern since early 2005. Food production and agricultural production are segments of Belje divided into profit centers (PC): production of durable meat products (PC BARANJKA), production of flour (PC MILL), wine production and bottling (PC WINE CELLARS), production of cattle feed (PC TSH, BU Agroprerada Ivanić-Grad), and dairy production (PC TMP).

PC AGRICULTURE has five production units: Brestovac-Karanac, Mirkovac, Širine-Kneževo, Poljanski lug and Seeds. PC PIG FARMING has 11 farms: Kozarac, Darda 1, Brod Pustara 1, Brod pustara 2, Malo Kneževo, Gradec 1, Gradec 2, Haljevo, Gaj, Sokolovac and Podlugovi. PC BABY BEEF FATTENING includes six farms: Eblin, Hatvan, Mala Karašica, Sudaraž, Zvirinac and Poljanski lug. PC DAIRY FARMING also has six business units/farms: Topolik, Čeminac, Popovac, Zeleno polje, Prosine and Mitrovac. Belje also includes PC Overhauls, PC Beljetrans, and its subsidiary Belje Agro Vet d.o.o.

In late 2006, Belje d.d. made a strategic decision to implement an integral quality management system according to the requirements of HRN ISO 9001:2000 and an environmental management system according to the requirements of HRN ISO 14001:2004. Belje has fully adopted Agrokor Concern's Environmental Policy and has established its Management system Department. At that time, we began to work intensively on preparing the documentation and implementing an integral management system using the services of the consultancy firms Lloyd´s Register EMEA and Biotechnicon. Since then, we have had our HACCP and GLOBALG.A.P certified, our integral management system has been supplemented with new requirements, and we introduced BS OHSAS 18001:2007. In March of 2011, a recertification audit was performed for our ISO 9001:2008 and ISO 14001:2004 standards, based on which Belje was awarded a new certificate for both systems, which expires in April 2014.

As regards the plans set during the preceding reporting period, we implemented the project for installing a new wastewater treatment plant in PC Wine Cellars (a new winery) and two treatment plants on the Čeminac and Popovac farms within PC Dairy Farming. We began to prepare the treatment plant project for PC Baranjka and PC TMP, but they have not been built yet, so these objectives will need to be attained in the next reporting period. In addition, we prepared a conceptual design for the construction of the first biogas plant in Belje.

Impact Indicators

Environmental Impact Indicators

Materials used by weight or volume

PROFIT CENTER	mu	2010	2011
PC BARANJKA	t	1,366	1,496
PC MLIN	t	56,438	53,480
PC TMP	t	5,863	6,811
PC TSH	t	135,042	187,532
PC WINE CELLARS	liter	2,996,100	2,691,200
PC RATARSTVO			
Wheat	t	24,475	36,651
Barley	t	8,025	10,676
Sunflower	t	3,158	3,478
Soybean	t	3,848	3,565
Corn	t	73,231	79,537
Sugar beet	t	166,160	159,537
Other	t	33,548	32,950
PC PIG FARMING			
Hogs, fattened pigs, sluts, etc.	t	16,730	21,188
BABY BEEF FATTENING	t	3,755	3,751
PC DAIRY FARMING			
Milk; aggregate production	liter	18,277,903	19,378,862

Belje does not use any recycled input materials.

Most of our profit centers have already replaced fuel oil with natural gas. Fuel oil is now only used in PC Baranjka, PC Agriculture and BU Seeds.

Our diesel and fuel oil consumption has dropped significantly since 2009, while our gas consumption has increased because most of the sites have replaced fuel oil with gas. In addition, our production volumes increased during this reporting period, which affected our gas consumption.

Belje presently uses no direct renewable energy sources. During the 2012/2013, we plan to build biogas plants driven by biomass and other types of raw materials from renewable sources.

Direct energy consumption by primary source

	2010		2011	
		GJ		GJ
Diesel (liters)	2,253,260.73	97,633.79	6,312,515.06	273,521.28
Gas (m^3)	2,764,616.00	107,847.67	3,188,333.10	124,376.88
Fuel oil (liters)	274,034.00	11,013.43	133,724.00	5,374.37

Indirect energy consumption by primary source

	2010		2011	
	kW	GJ	kW	GJ
Electricity	20,840,464.35	75,025.68	26,768,722.80	96,367.41
coeficient for GJ 0.0036				

Impact Indicators

Environmental Impact Indicators

Our electricity consumption increased significantly compared to 2009 as a result of increased production volumes. This specifically means that our production of kulen increased by 10%, our production of ABC cheese by 16%, our production of cattle feed by 40, our production of pigs by 27%, and our production of milk by 6% during the reporting period.

Our cooling systems use ammonia and refrigerant within the production processes in PC Baranjka and PC TMP. The tanks and pipelines of our closed cooling system in PC TMP contain approximately 1,000 kg of ammonia and approximately 387 kg of refrigerant, while those in PC Baranjka contain approximately 1500 kg of ammonia and 228 kg of refrigerant. Both these profit centers used environmentally friendly refrigerant R 404A. The system in neither PC was refilled in the past two years.

Water is used for drinking and sanitary purposes, cattle watering, production (process and cooling water), and for washing plants and machinery.

Total water withdrawal by source

Belje d.d. Sites	2010 m³	2011 m³
PC Baby Beef Fattening	104,612	109,524
PC Dairy Farming	194,067	172,424
PC Pig Farming	328,519	347,228
PC Agriculture	11,501	4,265
Industry	177,830	195,564
Service Activities	4,480	11,902
Total	**821,009**	**840,907**

The total area of land leased by Belje under administration in protected areas of Kopački Rit is 1,274 ha. In addition to agriculture, Belje uses this area for cattle farming – *in harmony with nature, so-called cow-calf system.* Most of the herd within the system are bovines of the Hereford breed. What makes the project special is our care for a herd of eight Slavonian/Srijem Podolac bovines, which are an autochthonous breed, so these are among rare specimens in Croatia. The Eblin farm is in the immediate vicinity. Our production activities in this protected area are undertaken in accordance with the Breeding Plan approved by the competent Ministry of Environmental Protection, Physical Planning and Construction. This plan is defined and approved for each business year, including a defined schedule of required measures that we comply with in our production processes. In addition, we have our Kormoran restaurant on the edge of Kopački Rit, which undertakes its activities in accordance with the environmental requirements and is fully incorporated in the setting. Such production helps us preserve natural resources, minimize soil, water and air pollution, and maintain biodiversity.

The documents confirming that Belje's activities have no impact on biodiversity and pertaining to the construction of new production facilities are Environmental Impact Studies prepared for the construction of a new winery, reconstruction of the cattle feed factory, and construction of new cattle farms. PC Pig Farming, which is subject to the IPPC Directive, meets its requirements.

Greenhouse gas emissions

	2010		2011	
Belje d.d. – sites	CO kg/year	CO_2 kg/year	CO kg/year	CO_2 kg/year
PC Agriculture	3.65	4.699	4.89	64.927
PC Mill	51.472	655.023	30.23	404,843.40
PC Dairy factory	189.03	2,066,397.03	201.84	2,206,408.22
PC Baranjka	55.64	349,748.37	38.37	253,911.64
PC Cattle feed factory	-	592,036.22	-	1,102,313.00
PC Pig farming	75.39	1,553, 657.00	112.22	2,593,353.00
Total	**375.19**	**4,562,498.35**	**387.55**	**6,560,894.19**

Impact Indicators

Environmental Impact Indicators

Emisije CO_2, CO, NO_2 and SO_2 emissions – 2010 and 2011

	2010		2011	
Belje d.d. - sites	SO_2 kg/year	NO_2 kg/year	SO_2 kg/year	NO_2 kg/year
PC Agriculture	106.50	25.99	169.92	31.65
PC Mill	103.525	126.01	-	95.32
PC Dairy Factory	28,774.05	5,442.79	30,723.67	5,811.58
PC Baranjka	-	243.08	-	181.17
PC Cattle Feed Factory	16.89	210.59	-	468.29
PC Pig Farming	-	506.12	-	955.62
Total	**29,000.97**	**6,554.58**	**30,893.59**	**7,543.63**

Refrigerant used in Belje as a refrigerating medium in the cooling systems of PC Baranjka and PC TMP has no harmful or adverse environmental impacts and is not ozone-depleting.

The emissions were calculated on the basis of emission measurements and energy consumption for each profit center and its associated production units, and are consistent with the data reported to the Environmental Pollution Registry database by 1 March of the current year for the preceding year, as required by law.
Raw water is oxidized, filtered, subjected to deferization (removal of iron) and demanganization (removal of manganese), and finally disinfected by chlorine.

During this reporting period, we installed new wastewater treatment plants on our Čeminac and Popovac farms and in the new winery.

Total water discharge by destination

Belje d.d. - sites	2010 m³/y	2011 m³/y
PC Dairy Farming	4,530	7,890
PC Pig Farming	21,900	27,000
Industry	127,813	160,560
Total	**154,243**	**195,450**

Total weight of waste by type and disposal method

	Type of waste	Collected by	Treatment	Treated by	2010 t	2011 t
Nonhazardous waste	*Paper and cardboard packaging; plastic packaging; combined municipal waste; iron and steel; waste animal tissue; waste tires; glass; septic tank sludge; washing and cleaning sludge; biodegradable waste; pharmaceutical waste; waste edible oil; air filters*	Unijapapir, Baranjska čistoća, CE-ZA-R, Agrovet, PC Remont, Eko-Flor Plus, Baranjski vodovod, K. Bilje, Komunalije Hrgovčić	R3, R4, R5, R13, D9	Belišće d.d., Drava International, CE-ZA-R, Agroproteinka, GumiImpex	2,371.26	4,826.97
Hazardous waste	*Infectious waste; chlorine-free engine and gear lubricants based on mineral oil; lead batteries; packaging containing hazardous substances; fluorescent pipes; EE waste; transformers and condensers containing PBC; absorbents; filter materials; oil filters; construction materials containing asbestos and asbestos roof tiles*	Komunalije Hrgovčić, Maziva-Zagreb, C.I.A.K., Flora V.T.C. (Metal Zec)	R1, R4, R5, R13, D9, D10, D15	Komunalije Hrgovčić; C.I.A.K., Spektramedia Zagreb	87.37	84.6
	Total				**2,458.63**	**4,911.57**

Impact Indicators

Environmental Impact Indicators

During the past two years, Belje d.d. did not record any significant spills of oil, fuel, waste, chemicals or the like. We systematically conduct staff training (by profit center and production unit, farm), monitoring and measuring. Pursuant to the law and Requirement 4.4.7 of ISO 14001:2004 (Emergency Preparedness and Response), we conduct emergency drills, thus acting preventively and educationally.

Environmental awareness is present in Belje and we use our best efforts to further improve the situation every day. When our new winery was built, we provided for a very important environmental aspect – wastewater – and immediately built a treatment plant. Our water consumption in the old winery was approximately 30,000 m^3, while the new site uses 13,500 m^3.
Having built new farms within PC Pig Farming and used modern production technologies and slurry disposal methods, we made exceptional positive shifts with respect to the environment. For example, our annual water consumption per 1 pig at the former Darda farm (which is no longer used and is intended to be demolished) was 4 m^3, while the new Darda 1 farm uses 1.26 m^3. To dispose of waste resulting from our agricultural and cattle farming activities, we began to build a biogas plant on the Gradec farm in Vrbovec.
Target fertilization used in PC Agriculture, targeting soil depending on its composition (as determined by analysis) and the needs of the cultivar grown at the location, has an exceptionally positive environmental impact.
Staff training and economical use of energy also make a substantial contribution to the mitigation of adverse environmental impacts.

Belje does not have a recycling or reusing system within its production cycle.

No cases of noncompliance with environmental laws were recorded in Belje in 2010 and 2011. No noncompliance with any laws was found at the sites visited by environmental inspectors.

Our Management System Service (Environmental Protection Department) monitors environmental regulations on a daily basis, maintains records thereof and assessments of compliance with legal and other requirements are conducted on a quarterly basis in all profit centers, as required by Requirement 4.3.2 of ISO 14001:2004. We also ensure further training for our employees on all levels of operation for the purpose of ensuring their ongoing progress and development. Using such training, systematic monitoring and constant supervision, we act preventively, which we believe is very important.

The transport systems in all companies have environmental impacts, including Belje d.d. as certain environmental emissions, mostly air emissions, occur (we focused on CO_2 as primary emissions resulting from fuel combustion).

PC Beljetrans uses 55 vehicles for transporting goods, while the entire Belje system has 179 company cars. Our employees come to work using their own cars as there is no organized transport for workforce members.

Total fuel consumption and CO_2 emissions

Year	Fuel consumption for total transport (dm^3)	CO_2 emissions (kg)
2010	6,630,985.00	17,840,424.98
2011	7,197,878.00	19,365,232.98
Total	**13,828,863.00**	**37,205,657.96**

Impact Indicators

Environmental Impact Indicators

Total environmental protection expenditures and investments by type

Waste disposal, emissions treatment and rehabilitation costs			Environmental prevention and management costs		
Description of investment (HRK)	2010	2011	Description of investment (HRK)	2010	2011
Charges for air emissions (CO_2)	51,279.12	51,279.12	*Certification*	37,450	37,450
Water using charge	499,238.32	583,860.92	*Training*	12,500	2,660
Waste management costs	1,186,297.57	2,049,548.15	*Environmental impact studies integral Waste Act*	645,000	165,000
Packaging waste	1,287,161.14	2,615,708.01	*New projects*	1,177,071	1,088,514
EE waste	4,716.88	5,139.08			
Total	**3,028,693.03**	**5,305,535.28**		**1,872,021**	**1,293,624**

The year-on-year increase in waste disposal, emissions treatment rehabilitation costs in 2011 is a result of increased production volumes generating large amounts of different types of consumption, but also a result of removal of old buildings.

2012 and 2013 Plans

Dairy Farming
- build a biogas plant on the Mitrovac farm
- install wastewater treatment plants on the Zeleno polje and Topolik farms
- install a slurry tank on the Topolik farm
- reconstruct the Zeleno polje and Prosine farms

PC Pig Farming
- install slurry tanks on the Brod P. 1 and 2 and Malo Kneževo farms
- build biogas plants on 3 pig farms

PC Baby Beef Fattening
- build collection tanks next to the disinfection barriers on the Mala Karašica and Poljanski lug farms

PC Mill
- purchase filters for the mercantile drying kiln
- install explosive vents on the exterior elevators
- an internal auditor course for ISO 14001:2004
- a lead auditor course for ISO 14001:2004
- environmental protection training

Impact Indicators

Environmental Impact Indicators

Agrolaguna d.d. is an agricultural and food processing company headquartered in Poreč. It produces grapes, olives, vegetables and sheep milk on its agricultural land around Poreč. Most of these products are raw materials used in Agrolaguna's production processes to make wine, extra virgin olive oil, hard cheeses and curd. Vegetables are sold fresh. Some raw materials are purchased from our partners.

Agrolaguna is organized in several organizational units: PC Agriculture, engaging in primary production of vegetable-origin raw materials; PC Cellar processing grapes into wine (winery); and PC Špin engaging in primary production of animal-origin raw materials (milk) and production of hard cheeses and curd. Common departments are integrated within the Management.

Thanks to favorable weather conditions in 2011, the quality and yield of grapes were higher, primarily as a result of very dry weather during the harvesting period. In addition, we purchases substantial amounts of grapes from private winegrowers and processed grapes from Istravino's vineyards in Dajla. Greater processing volumes implied greater consumption of processing production materials and energy as specified in the Report. As the year 2011 was dry, we used much more water to irrigate our agricultural land.

By regularly inspecting our devices and energy containers and introducing new technologies, we ensure environmental protection and reduce our adverse environmental impacts. Cooling equipment is loaded with the most environmentally friendly refrigerant as a substitute for ozone-depleting refrigerants. In 2010 and 2011, we prepared a wastewater treatment plant project for the cheese plant and obtained all required permits for its reconstruction including the wastewater treatment plant construction. The project should be implemented in 2012. We monitor our energy consumption (electricity, different types of fuel) and constantly work on minimizing it.

As regards our environmental investments in 2011, we replaced the asbestos roof on the wine bottling and storage building and prepared a new study required to design winery's wastewater treatment plant in 2012. All this resulted in somewhat higher costs in 2011 compared to 2010. The difference was partly offset by our investment in designing a wastewater treatment plant for the Špin cheese plant and preparing an Environmental Impact Study for the reconstruction of the cheese plant. The entire project was registered for the IPARD competition and is expected to be implemented during the next reporting period.

In addition to our quality (ISO 9001:2000) and food safety (HACCP) standards, we had our environmental management system ISO 14001:2005 certified during the observed period. The company has thus taken another step to improve its environmental protection.

During the observed period, we exported 350 hl of wine and 2,500 l of oil, most of it to Austria, Switzerland, Germany, Slovenia, Bosnia and Herzegovina, Serbia, United States of America, and Canada.

Agrolaguna d.d. is an active member of the Istrian olive farmers groups, undertaking activities to obtain an protected designation of origin for their olive oil. The implementation of this project would validate the specific characteristics of Istrian varieties and climate, and provide value added to Istrian brands.

Impact Indicators

Environmental Impact Indicators

The following wine awards were received in 2011:

Vine	Vintage	Event and rating venue	Medal
Cabernet Sauvignon Festigia	2008	Vinistra, Poreč	gold
Syrah Festigia	2008	Vinagora, Pecs	silver
		Vinistra, Poreč	silver
Cabernet Sauvignon Festigia	2009	Sauvignon Forum, Češka	gold
		Vinistra, Poreč	gold
		Monde Selectiones, Bruxelles	silver
		Selections Mondiales Se Vins, Quebec	silver
		Vinagora, Pecs	silver
		San Francisco Wine Competition, San Francisco	bronze
		Decanter, London	recommendation
		Vinitaly, Verona	Special Mentions
Castello Festigia	2009	Vinagora, Pecs	gold
		Vinistra, Poreč	gold
		Vinagora, Pecs	Best of Country
		IWC, London	silver
		Vinalies International, Paris	silver
		Decanter, London	recommendation
Merlot Festigia	2009	Vinistra, Poreč	gold
		IWC, London	silver
		Selections Mondiales Se Vins, Quebec	silver
		Vinagora, Pecs	silver
		San Francisco Wine Competition, San Francisco	bronze
		Vinitaly, Verona	Special Mentions
		Decanter, London	recommendation
Malvazija Festigia	2010	San Francisco Wine Competition, San Francisco	silver
		Vinagora, Pecs	silver
		The World Of Malvasia, Poreč	gold
Malvazija Laguna Histria	2010	The World Of Malvasia, Poreč	silver
		IWC, London	bronze
		Decanter, London	bronze
Borgonja Laguna Histria	2010	Vinistra, Poreč	silver
Chardonnay Laguna Histria	2010	Vinistra, Poreč	silver
Muškat Ruža	2010	Vinistra, Poreč	bronze
Muškat Žuti	2010	Vinistra, Poreč	bronze
Pinot Bijeli Laguna Histria	2010	Vinistra, Poreč	silver
Pinot Sivi Laguna Histria	2010	Vinistra, Poreč	silver
Cabernet Sauvignon Rose	2010	Vinistra, Poreč	bronze
Teran Laguna Histria	2010	Vinistra, Poreč	silver

Impact Indicators

Environmental Impact Indicators

Awards for extra virgin olive oil in 2011

Oil Type/Event	Rating Venue/Event	Medal
Povenjak - Omiš	Picholine	gold
	Pendolino	gold
	Combination of varieties	gold
	Ascolana	gold
Oleum Olivarum - Krasica	Picholine	silver
	Pendolino	bronze
	Combination of varieties	bronze
	Ascolana	gold
Tar	Picholine	gold
Noćnjak - Vodice	Picholine	gold
	Pendolino	gold
	Combination of varieties	gold
	Ascolana	gold
Maslina - Split	Picholine	gold plaque
	Pendolino	gold plaque
Sol D'oro - Verona	Combination of varieties	Honorary Award
Vodnjan	Picholine	silver
	Mješavina sorti	silver
Dani Masline - Zadar	Picholine	gold
	Pendolino	gold
	Combination of varieties	gold
	Ascolana	silver
Ulika 2011 - Medulin	Picholine	gold
	Pendolino	gold
	Combination of varieties	silver
	Ascolana	gold / Vice champion in Light oils
Novosadski Sajam	Combination of varieties	gold
Oil China	Combination of varieties	bronze
Vinistra	Picholine	srebro
	Pendolino	gold
	Combination of varieties	gold
	Ascolana	gold
Terraolivo - Izrael	Combination of varieties	gold
Los Angeles Usa	Combination of varieties	gold
New York Usa -		1st place In medium-intensity oil
Extra Virgin Olive Oil Championship	Combination of varieties	2nd place overall

In 2011, we rebranded our wines and the new product line is called „Vina Laguna“. Our glass bottles are now opened using screw caps instead of corks, which facilitates wine opening. The bottles are partly transparent, which makes the wine color visible.

Impact Indicators

Environmental Impact Indicators

Materials used by weight or volume

	PRODUCTION		2010	2011
Raw Materials	Wine	Grapes (kg)	2,987,548	6,252,630
	Olive Oil	Olives (kg)	719,770	1,005,420
	Cheese	Milk (l)	1,012,670	1,025,597
	Agricultural Products	Vegetables and Cereals (kg)	1,248,176	1,011,649
Process Supporting Materials	Wine	kg	2,712	5,141
	Cheese	kg	4,304	3,609
Packaging Materials	Wine	Primary, Secondary and Tertiary Packaging	3,856 kg 8,532,753 pcs	4,337 kg 9,529,969 pcs
	Olive Oil	Primary, Secondary and Tertiary Packaging	660,079 pcs	625,500 pcs
	Cheese	Primary, Secondary and Tertiary Packaging	318,550 pcs	327,324 pcs

The cardboard packaging we use to pack our products is made entirely from recycled raw materials. The share of recycled glass (glass waste) in the glass bottles made by Vetropack Straža was 5.41% in 2010 and 29.56% in 2011.

Direct energy consumption by primary energy source

	2010		2011	
Fuel type	liters	GJ	liters	GJ
Extra light fuel oil	40,053	1,470	32,400	1,200
Medium fuel oil	101,320	4,200	95,600	4,000
Blue diesel	168,143	6,200	161,567	5,900
Diesel	80,128.08	2,900	77,718	2,850
Gasoline	25,204.31	775	31,472	968
Autogas and gas	5,976	160	3,941	100
ukupno	**-**	**15,705**	**-**	**15,018**

The reason for such decrease in gas consumption is the fact that our agricultural vehicles made a gradual transition from gas to liquid fuels. We can also observe a downward trend in diesel consumption, which is offset by increased gas consumption.

Indirect energy consumption by primary source

Site	Winery and oil plant		Sheep breeding and cheese plant		Agriculture	
Electricity	kW	GJ	kW	GJ	kW	GJ
2010	672,227	2,420	125,492	452	200,285	721
2011	857,676	3,090	165,930	597	165,420	596
Total	**1,529,903**	**5,510**	**291,422**	**1,049**	**365,705**	**1,317**

Impact Indicators

Environmental Impact Indicators

New equipment was installed in the winery in the past two years: in late 2008: presses and vessels, in 2009 and 2010: a new bottling facility; and in 2010, before the harvest: new tank trucks and a must and wine cooling device. The cooling device uses substantial amounts of electricity, which is directly related to the temperatures at the time of harvest. If grapes arrive in the cellar warm, it takes more energy to cool them. In addition, our electricity consumption is related to the amounts of grapes processed.

The increase in electricity consumption in the Špin cheese plant is related to the amounts of milk processed and climatic conditions that also determined the necessary operating mode for the air conditioning chambers.

In 2011, there were fewer people in the Fuškulin facility where are seasonal workers stay, which resulted in lower electricity consumption in PC Agriculture.

We withdraw water from the city water supply systems of Poreč and surrounding municipalities (Tar, Funtana). These water supply systems are operated by Istarski vodovod. The only exception is the Kampaladanja site where we grow vegetables, which withdraws water from the ground.

Our water consumption in agriculture depends on climatic conditions. As the year 2010 was humid, we used less water to irrigate our olive groves, but planting new vineyards required irrigation of large areas and resulted in increased water consumption in vineyards. Changes in consumption in the agricultural machinery workshop at the Fuškulin facility were caused by current maintenance activities and the number of seasonal workers (the „Agriculture - Farming“ section).

Agrolaguna d.d. does not own or lease any land in protected areas or areas of high value, so it has no direct impact on biodiversity in any areas having the described characteristics.

Our emissions in 2011 were somewhat lower than in 2010, which is consistent with our lower consumption of fuel oil. The only exception is the amount of SO in the cheese plant, which was much higher as a result of a higher sulfur content in supplied fuel. As the sulfur content depends on the supplier, this factor is our of Agrolaguna's control.

Total water withdrawal by source (m³)

Year	Total water withdrawal by source	
2010	Winery and oil plant	16,753
	Cheese plant	5,445
	Agriculture – farming	3,638
	Olive grove irrigation	3,289
	Vineyards	2,323
	Total	**31,448**
2011	Winery and oil plant	19,829
	Cheese plant	5,892
	Agriculture – farming	2,520
	Olive grove irrigation	42,690
	Vineyards	3,057
	Total	**73,988**
Total 2010/2011		**105,436**

Fleet CO_2 emissions

Fuel	2009	2010	2011
Gasoline	50.36	53.62	66.96
Diesel	235.62	217.39	210.85
Gas	17.43	9.79	6.46

Boiler room emissions

	2010				2011			
PC	SO_2	NO_2	CO	CO_2	SO_2	NO_2	CO	CO_2
Winery	5,382	1,012	16	336,856	4,012	897	16	315,609
Cheese plant	49	58	3	76,575	155	48	2	63,917
Total	**5,431**	**1,070**	**19**	**413,431**	**4,167**	**945**	**18**	**379,526**

Impact Indicators

Environmental Impact Indicators

Greenhouse gas emissions result from the generation of electricity (generated and supplied by HEP) and transport and production of production materials by their respective manufacturers and suppliers.

Our activities in PC Agriculture (plant cultivation) result in greenhouse gas emissions, primarily CO_2, which bound to plant tissue.

In 2011, PC Winemaking and Oil Making discharged 120 kg of R22 refrigerant.

Emissions of ozone-depleting substances by weight

Site	Refrigerant	Total weight, kg
Winery	R22	151.30
	R406	10
Cheese plant	R22	7.9
	R406	18

Wastewater is discharged into public sewerage and the volumes of such discharge are approximately equal to the volumes of water used in the winery and cheese plant.

Total water discharge by quality and destination (m³)

Method	Parameter	Winery	Oil plant	Cheese plant	MAC
19 HRN ISO 10523:2009	pH	8.49	8.96	7.62	6.5 - 9.5
20 HRN ISO 10523:2009	pH measuring temperature	18.9	19.8	22.4	
21 HRN EN 872:08	Suspended substances – total	572	312	1,033	
40 HRN ISO 15705:02	COD – dichromate	6,347	304	8,030	700
345 HRN EN 1899-1:04	BOD_5	3,193	154	3,319	250
364 Int. Met. HACH AA	Total phosphorus	10.05	1.8		
55 B.C.l. vol. 39 (1988)	Nonionic detergent	< 0.1		< 0.1	10
81 DIN 38409 H18:81	Grease and oil – total	188.5	39.4	538.8	100
164 HRN EN 903:02	Anionic tensides - MBAS index	0.867		1.87	10

Total weight of waste by type and disposal method (KEY)

Type of waste	2010 (kg)	2011 (kg)
Plastic	2,638	7,880
Paper and cardboard	4,086	10,300
Glass	6,990	6,460
Olive oil deposit and filters	300	786
Waste animal tissue	6,380	3,677
Absorbents		140
Waste iron		1,020
Insulation materials		5,280
Total nonhazardous	20,394	35,543
Mineral oil*	2,600	3,300
Mineral oil filters*		290
Packaging with pesticide residue*	100	490
Car batteries*		990
Waste asbestos*		26,535
Total hazardous	2,700	31,605

The waste was disposed of by certified companies in accordance with the relevant regulations. Asbestos was disposed of at the asbestos depository in Germany, insulation materials at the Goričica landfill, waste mineral oil is used as alternative fuel in cement plants, while waste packaging is recycled.

After we implemented the ISO 14001:2005 system, we improved our waste management activities, while the number of types of separately collected waste increased in 2011 compared to the previous years. By reducing the death rate at the Špin farm, we reduced the amount of animal waste. In 2011, we replaced the asbestos roofs on the wine bottling and storage facilities and the awning at PC Agriculture, which resulted in waste asbestos and insulation materials in 2011. On the other hand, we disposed of obsolete equipment in 2009, which resulted in larger amounts of waste iron and sheet metal.

Impact Indicators

Environmental Impact Indicators

There were no spills of hazardous substances that may have a harmful impact on human health, soil, vegetation, water systems and groundwater during the reporting period.

In 2011, Agrolaguna d.d. implemented its ISO 14001:2005 environmental management system. We use our best efforts to dispose of waste separately in order to minimize the amounts of combined municipal waste. We are undertaking further activities to design a treatment plant. The cheese plant treatment plant design was completed and the project is planned to be implemented by the end of 2012. A treatment plant at the winery site is being designed and relevant permits need to be obtained for it.

Agrolaguna is not registered for reclaiming expired products, so we have no data for this indicator.

No fines were imposed for noncompliance with environmental laws and regulations during the relevant period.

Agrolaguna does not have its own distribution or organized transport for employees, so we are unable to provide this indicator.

Total environmental protection expenditures and investments by type

Type of cost, HRK	2010	2011
Waste disposal costs	117,359.58	154,510.70
Wastewater analysis	9,508.59	53,986.34
Preparation of project documentation for the Špin wastewater treatment plant	86,708.93	0
Environmental Impact Study – the Špin cheese plant project	79,999.99	0
Air emission measuring and boiler room burner maintenance	10,390.00	44,023.99
Certification of the ISO 14001:2005 environmental management system	0.00	108,027.42
Replacement of the asbestos roof on the production hall	0.00	944,945.26
Environmental charges. including packaging refund	1,317,393.89	1,405,236.73
Total	**1,608,862.22**	**2,705,635.56**

During the 2012/2013 reporting period, we plan to undertake the following activities:

- reconstruct the Špin cheese plant, including improvement of environmental protection measures;
- undertake further activities to implement the wastewater treatment plant projects for the winery and oil plant; and
- continue to make improvements in waste sorting and disposal using certified companies.

Impact Indicators

Environmental Impact Indicators

PIK Vinkovci d.d. was established in 1962 and has been part of the Agrokor Concern since 1994 as its first company to engage in primary production (agriculture). Ever since it was established, PIK VINKOVCI has been one of the leaders and drivers of Slavonia, a solid foundation for over 500 employees and hundreds of agricultural producers.
Following years of awareness-raising with respect to the necessity of operating in accordance with the sustainability concept, PIK VINKOVCI chose environmental protection in business activities as its primary objective. Constantly controlling any adverse environmental impacts and minimizing them, the company improves its treatment of the environment and bases its business on an internationally recognized environmental management system. This commitment is confirmed by the certification of an ISO 14001:2004 system in the autumn of 2010. PIK has thus become the ninth Agrokor Concern company to hold an international environmental protection certificate. Our management System Service has full support from the Chairman of the Management Board and has managed to become a positive factor in the improvement of our environmental practices. The company has improved its present integral quality, health and food safety management system, once again demonstrating that it deserved to be called one of the leaders in food production and processing in the region, thanks to its sustainable agricultural production.

PIK conducts its business within the scope of five full production cycles according to the dispersion of its sites between Vukovar-Srijem County and Zadar County. The activities undertaken by PIK are: cultivation of agricultural crops (cereals, oleaginous crops, industrial plants and vegetables) at sites neat Vinkovci, vegetable storage and packing at the Lipovac site and at the remote plant Nova Zora based in Sv Filip i Jakov, vegetable growing and processing, storage and drying of cereals and oleaginous crops in our own silos and floor warehouses in Vinkovci (receiving up to 86.00 t), production of wheat products (Vinkovci site) and corn products (Stari Mikanovci), seed production (seed corn, seed wheat, seed soybean...), and cooperation with small producers in agricultural production.
Our integral management systems represent the implementation of the ISO 14001 environmental management system in our preexisting quality management systems ISO 9001, HACCP and GlobalGap. Our quality and food safety system was first certified in 2006, and recertified in 2009. Good agricultural practice (GlobalGAP) has been recertified every year since 2008. In 2012, we expect to have our quality management system (ISO 9001:2008), food safety management system (HACCP) and Good Agricultural Practice (GlobaGAP) recertified, while our environmental management system is expected to be recertified in 2013, subject to a regular supervisory audit in 2012.

Having certified our ISO 14001:2004, we proceeded to use intensive efforts on mitigating our environmental impacts, as reflected in our objectives achieved in 2011:
• Improve our waste management system (prevent pollution and minimize all types of waste: By providing an area for hazardous waste disposal at two locations (Sopot and Vinkovci), for which we spent HRK 70,000, and by procuring waste containers (whether on loan from a certified waste transport and disposal company or by purchasing new containers), for which we spent an additional HRK 20,000. We reduced our municipal waste in 2011 by 5% compared to 2010 as a result of successful waste sorting trainings. We also began to separate toner, old IT equipment and fluorescent pipes, while our revenue from purchasing old iron, waste packaging materials and old paper and foil increased.
• Replace 50% of asbestos-containing roof tiles by the end of 2011: Considering the large amount of the overall investment, this investment will be completed after a substantial period of time. In 2011, we replaced around 10% of the asbestos roof tiles, on which we spent approximately HRK 20,000.
• Reduce our noise emissions by 5%: As the project has not been completed yet, we cannot determine the percentage of noise reduction with certainty, but our noise emissions significantly decreased after we built noise barriers in 2011, on which we spent approximately HRK 150,000. In addition, we plan to install lids and will re-measure the noise levels after project completion to determine the exact percentage of their reduction).
• Maintain and improve our wastewater quality and reduce the possibility of wastewater penetration:


CLAAS

Impact Indicators

Environmental Impact Indicators

We aim to reduce our COD by 10%, BOD by 5%, nitrogen by 30%, and phosphorus by 30% in wastewater. The COD, BOD, nitrogen and phosphorus values were lowered to be within the MAC limits defined by water management documents as a result of removing sludge from and cleaning our separators, on which we spent HRK 21,290.71 in 2011.

• Reduce the possibility of environmental incidents and pollution: This was accomplished by providing a storage area for fuel and by procuring aboveground fuel tanks in 2011, on which we spent a little over HRK 181,000.

Production materials used by weight or volume

	2010	2011
Plant protection agents		66 L / 36 kg
Mineral fertilizer (tons)	15	17.6
Manure (tons)	5.5	3,5
Slurry (m^3)	50	47
Fuel oil, heavy oil, lubricants (L)	413	316
Euro diesel (L)	136	148
Blue diesel (L)	952	935
Natural gas (m^3)	402	186
Electricity (kwh)	5499	4835

We use mineral fertilizer, plant protection agents, and diesel and blue diesel as fuel for operating our agricultural machinery in our production of farm and vegetable cultivars. In flour production, we used electricity to operate our production plant and in the storage and packing processes. We use natural gas and some heavy oil for dry our crops.

In 2010, our expenditures for packaging material charges increased compared to the preceding period as a result of a larger scope of activity and new profit centers and subsidiaries that joined the PIK Vrbovec system.

PIK Vinkovci d.d. did not use and recycled input materials.

Packaging material put on the market in kg

	2010	2011
Paper/cardboard	277,217.42	254,988.65
Wood	2,776.00	30,342.00
Textile	149.00	251.15
Other polymeric materials	80,075.59	88,372.47
Charge / HRK (according to OONZ)	164451.98	166489.07

OONZ - Registry of the Types and Quantities of Packaging Put on the Market – Packaging and Packaging Waste Ordinance 97/05 (115/05; 81/08; 31/09; 38/10; 10/11; 81/11; 126/11). Quarterly reports must be submitted and a charge is payable to the Environmental Protection Fund.

Impact Indicators

Environmental Impact Indicators

As the year 2010 was very humid, our silo needed to additionally dry its raw materials, especially in October and November, so our gas consumption increased during these months.

Direct energy consumption by primary energy source

Fuel	2010	2011
Fuel oil, heavy oil, lubricants (L)	413 000	316 000
Euro diesel (L)	136 000	148 000
Blue diesel (L)	952 000	935 000
Natural gas (m³)	402 000	186 000

Indirect energy consumption by primary energy source

Electricity (kWh)	
2010	5,498,625
2011	4,834,863

PIK Vinkovci uses water from several sources. Water from the rivers Bosut and Spačva and groundwater pumped from our own wells (Čeretinci, Municipality of Markušica) are used for irrigation. We use sanitary water in agriculture and partly in vegetable cultivation. The only water entering our production process is water supplied by the public water supply system.
Municipal water is withdrawn at two sites in Vinkovci (Silo and Sjeme Slavonija) and the Wheat Mill site in Stari Mikanovci (municipal water used solely as such), as well as Sopot and Otok (municipal water used for cultivation).

Sanitary water consumption

Sanitary water consumption (m³)	
2010	11,243.00
2011	13,857.00

Irrigation water

Water withdrawal location	2010 (m³)	2011 (m³)
Own wells	76 000	94 000
Bosut River	66 000	551 000
Spačva River	408 000	512 000
Total	**550 000**	**1157 000**

PIK Vinkovci does not generate any process wastewater in its production processes and its only registered wastewater is water resulting from agricultural machinery washing that we are allowed to discharge under our valid water management license (Sopot site – the permit expires on 20 August 2017; Otok site – expires on 10 April 2022; the license for sanitary wastewater at the Silo and New Mill sites expires on 1 September 2016; the water management license for the Lipovac site expires on 3 May 2021).

In 2010, we withdrew little water from Bosut River because it was a rainy year, but we can see an increase in water withdrawal from Spačva River during the reporting period as a result of increased production of vegetables that require watering.

PIK Vinkovci d.d. does not have any land in protected areas and areas of high biodiversity value.

Impact Indicators

Environmental Impact Indicators

Amounts of greenhouse gas emissions in kg/year

Air emission	Point of emission	2010	2011
CO	Boiler TIP 300	65.61	83.72
	Boiler TilP 500	15.52	16.22
	Gas drying kiln	11.57	10.03
	Drying kiln Law	21.63	3.72
	Nevulkan	5.04	29.98
	Total	**119.37**	**143.67**
CO_2	Boiler TIP 300	486,755.49	536,597.00
	Boiler TilP 500	447,934.50	490,790.00
	Gas drying kiln	240,515.66	113,463.84
	Drying kiln Law	337,208.20	8,230.56
	Nevulkan	32,293.73	31,018.00
	Total	**1,544,707.58**	**1,180,099.40**

Our air emissions were measures in November of 2009 for boilers and drying kilns. The measurement for boilers was repeated after two years, in October 2011, and it was found that the CO and NO air emission results exceeded those measured in October of 2009. As we found our gas emissions to be higher, we plan to service our boilers (interior and exterior inspection, safety/check valves checks, pressure test) in the next reporting period and then analyze our need to replace any worn out parts, line the boiler wall and, after inspection, adjust the ignition systems. The next measurements to be performed for our drying kilns are scheduled for 2014.

Our energy consumption remained the same with respect to the hours of operation of the respective boilers and drying kilns. The number of hours of boiler operation increases as production grows. As the year 2010 was very humid, our drying kilns operated four times more than the average.

Fuel consumption

Fuel	2010 (000)	2011 (000)
Fuel oil, heavy oil, lubricants (L)	413	316
Euro diesel (L)	136	148
Blue diesel (L)	952	935
Natural gas (m^3)	402	186
Fuel – company cars	76	85

The increased gas consumption is associated with the abovementioned increase in the number of drying kiln operation.

After our fleet was enlarged there were 36 cars in 2010 and 44 in 2011), we recorded increased fuel consumption for company cars. However, better fuel economy per car was recorded because these cars have new-generation engines.

Impact Indicators

Environmental Impact Indicators

Presentation of conversion of gas emissions from fuel

2010 Energy	CO coefficient 0.0001865	CO_2 coefficient 3.133	NO_2 coefficient 0.021
Fuel oil, heavy oil, lubricants	0.0770245	1293.929	8.673
Euro diesel	0.025364	426.088	2.856
Blue diesel	0.177548	2982.616	19.992
Natural gas	0.074973	1259.466	8.442
Fuel – company cars	0.014174	238.108	1.596

2011 Energy	CO coefficient 0.0001865	CO_2 coefficient 3.133	NO_2 coefficient 0.021
Fuel oil, heavy oil, lubricants	0.058934	990.028	6.636
Euro diesel	0.027602	463.684	3.108
Blue diesel	0.1743775	2929.355	19.635
Natural gas	0.034689	582.738	3.906
Fuel – company cars	0.0158525	266.305	1.785

Impact Indicators

Environmental Impact Indicators

Ozone-depleting substances by weight

Air emissions	Point of emission	2010	2011
CO	Boiler TIP 300	65.61	83.72
	Boiler TilP 500	15.52	16.22
	Gas drying kiln	11.57	10.03
	Drying kiln Law	21.63	3.72
	Nevulkan	5.04	29.98
	Total	**119.37**	**143.67**
NO_2	Boiler TIP 300	305.54	759.46
	Boiler TilP 500	246.67	178.71
	Drying kiln Law	5.40	4.81
	Nevulkan	3.75	15.68
	Total	**561.36**	**958.66**
SO_2	Boiler TIP 300	504.24	4,141.15
	Boiler TilP 500	557.17	89.59
	Nevulkan	0.35	0.24
	Total	**1,061.76**	**4,230.98**
CO_2	Boiler TIP 300	486,755.49	536,597.00
	Boiler TilP 500	447,934.50	490,790.00
	Gas drying kiln	240,515.66	113,463.84
	Drying kiln Law	337,208.20	8,230.56
	Nevulkan	32,293.73	31,018.00
	Total	**1,544,707.58**	**1,180,099.40**
	Total	**2,321,852.24**	**1,185,432.71**

Amounts of greenhouse gas emissions resulting from fuel in kg/year

Energy		CO coefficient	CO_2 coefficient	NO_2 coefficient
		0.0001865	3.133	0.021
Methods	2010	ISO 12039:2002	ISO 12039:2003	ISO 10849:1996
Fuel oil, heavy oil, lubricants (L)	413	0.0770245	1293.929	8.673
Euro diesel (L)	136	0.025364	426.088	2.856
Blue diesel (L)	952	0.177548	2982.616	19.992
Natural gas (m^3)	402	0.074973	1259.466	8.442
Fuel – company cars	76	0.014174	238.108	1.596
Total		**0.3690835**	**6200.207**	**41.559**
	2011			
Lož ulje. mazut. maziva (L)	316	0.058934	990.028	6.636
Euro diesel (L)	148	0.027602	463.684	3.108
Blue diesel (L)	935	0.1743775	2929.355	19.635
Natural gas (m^3)	186	0.034689	582.738	3.906
Fuel – company cars	85	0.0158525	266.305	1.785
Total		0.311455	5232.11	35.07

Impact Indicators

Environmental Impact Indicators

NO_X, SO_X and other significant air emissions by type and weight

Air emission	Point of emission	2010	2011
NO_2	Boiler TIP 300	305.54	759.46
	Boiler TilP 500	246.67	178.71
	Drying kiln Law	5.40	4.81
	Nevulkan	3.75	15.68
	Total	**561.36**	**958.66**
SO_2	Boiler TIP 300	504.24	4,141.15
	Boiler TilP 500	557.17	89.59
	Nevulkan	0.35	0.24
	Total	**1,061.76**	**4,230.98**

PIK does not generate any process wastewater in its production processes. Water used in PIK as wastewater is water resulting from agricultural machinery washing, vegetable growing activities and vegetable washing (potatoes, carrots, celery, etc.). Pursuant to our water management licenses, we regularly sample and analyze such water and the analysis results are within the MAC limits.

Measurements of COD and BOD in wastewater (mg O_2/L by BOD and COD in wastewater)

	2009		2010		2011	
Sites	COD	BOD	COD	BOD	COD	BOD
Sopot	57.90	8.39	5.78	2.27	0.92	1.46
Otok	38.2	1.82	38.2	1.83	There was no wastewater	
Vinkovci	1	3	79.1	3.68	0.46	0.72
Lipovac					45	16

PIK Vinkovci recorded a significant increase in the production of small flour packaging (1 kg and 5 kg) as a result of business changes and penetration of the retail market, which in turn resulted in greater amounts of waste. To prevent these impacts from disrupting our specific setting, our business policy provides for several environmental protection measures to be taken now and in the future.
We temporarily dispose of waste as required and maintain the required registries of waste generation and flow, and ensure that our temporary waste disposal and recovery are registered in proper documents. The amounts of waste generated between 2009 and 2011 within company's activities are provided in Table 14, including an overview by type of waste. All amounts of waste provided to a certified waste recovery and disposal company are accompanied by the relevant documents subject to prior contract or presentation of a waste management authorization issued by the competent ministry.

Impact Indicators

Environmental Impact Indicators

Amounts of hazardous and nonhazardous waste in kg/year

Waste key number	Type of waste	2010	2011
13 02 05*	Waste oil	11,390	7,560
13 05 02*	Sludge from the oil separator/water	0	14,000
15 01 10*	Waste pesticide packaging	9,000	8,393
15 02 02*	Oiled waste	362	719
16 01 04*	Waste vehicles	0	0
16 01 07 *	Oil filters	415	2,060
16 02 13*	Electronic waste	760	620
16 06 01*	Lead car batteries	982	0
16 07 09*	Waste containing other hazardous substances	400	0
	Total hazardous waste:	**23,309**	**33,352**
12 01 01	Scrap and saw dust containing iron	12,980	41,600
15 01 01	Paper and cardboard packaging	31,500	12,660
15 01 02	PVC foil	5,920	3,380
16 01 03	Waste tires	4,280	3,800
16 01 17	Iron and iron alloys	13,880	0
17 04 02	Aluminum	1,220	0
17 04 05	Iron and steel	22,600	70,520
20 01 01	Paper and cardboard	960	7,940
	Total nonhazardous waste	**93,340**	**139,900**
	Total waste	**116,649**	**173,252**

PIK Vinkovci did not record any significant spills during the reporting period.

As our environmental management system was certified in late 2010, we proceeded to undertake intensive activities to mitigate our environmental impact, as confirmed by the following:

- improve our waste management system – we provided an area for hazardous waste disposal, procured waste containers, conducted several trainings on waste sorting, and signed several contract for disposal of certain types of waste against a fee;
- start replacing the asbestos roof tiles;
- launch initiatives to reduce our noise emissions by 5% - a noise barrier was built;
- maintain and improve our wastewater quality and reduce the possibility of wastewater leaking;
- reduce the possibility of environmental incidents and pollution, for which purpose we provided a fuel storage area, tested our underground fuel tanks and procured aboveground fuel tanks.

PIK Vinkovci d.d. is not authorized to reclaim, recover and/or dispose of packaging received from customers. This is why it pays a charge to the Environmental Protection Fund for disposal of packaging put on the market.

PIK Vinkovci d.d. was not fined or sanctioned for noncompliance with any environmental laws or regulations during the reporting period.

PIK Vinkovci's goods are transported by its customers or third party carriers. A truck and five forklifts are used for internal transport purposes. The company has 44 company vehicles. In 2011, we spent 85,000 liters of fuel for all these transports, and 76,000 liters were used in 2010 for the 36 cars the company had at the time.

Impact Indicators

Environmental Impact Indicators

Total environmental protection expenditures and investments by type

WASTE DISPOSAL, EMISSIONS TREATMENT AND REHABILITATION COSTS

Description of investment	2010	2011
Air emission charge (SO_2)	297.22	119.43
Air emission charge (NO_2)	114.86	72.49
Air emission charge (CO_2)	-	10,305.01
Air emission measurements	-	4,500.00
Water management charges	434,893.36	500,005.64
Wastewater analysis		
Waste management costs	115,426.48	63,560.55
Total	550,731.92	578,563.12

ENVIRONMENTAL PREVENTION AND MANAGEMENT COSTS

Description of investment	2010	2011
ISO 14001 certification	18,000.00	18,000.00
EMS training	15,000.00	50,000.00
Fire protection		
Waste management investments	1,659.63	272,151.80
Assessment of the need for environmental impact assessment, IPPC, EMS, etc.	-	80,000.00
Total	34,659.63	420,151.80

Our main objectives for the next period are:

- rehabilitate our underground tanks and pipelines by the end of 2013,
- replace all roof tiles containing asbestos by the end of 2015 (as this involves a substantial investment, we plan to replace 50% of the asbestos roof tiles in 2012 and 2013),
- improve our waste management system – reduce the total amount of municipal waste by 5% compared to 2010 and increase the amount of waste office paper collected by 10% per product unit,
- decrease our noise emissions at the Lipovac site by 5% compared to the present situation by installing lids by the end of 2012,
- maintain and improve wastewater quality and reduce the possibility of wastewater leaking,
- reduce the possibility of environmental incidents and pollution and improve our emergency response,
- enhance environmental education, awareness, expertise and communications (provide lead auditor training for environmental management systems, train our managers for internal auditors, train our employees by job and waste management position).

Impact Indicators

Environmental Impact Indicators

Agrofructus d.o.o. s a leading fruit and vegetable purchasing company in Southeast Europe. It is headquartered in Dugo Selo and has operated under this name since 1 September 2009. AgroFructus engages in producing and purchasing fresh fruits and vegetables in Croatia and across the region, purchasing approximately 110,000 tons of fresh fruits and vegetables annually, which makes it a leading purchaser of mandarins, apples, potatoes, watermelons, cantaloupes, onions and carrots. The company presently employs 227 people and has modernly equipped purchase centers in Dugo Selo, Opuzen and Belica. The Plodovi Fructus purchase center in Donji Miholjac also operates as part of AgroFructus, including warehouses in Polača and Lozan. All these centers are covered by this report.

In addition to constantly improving our quality and increasing the quantities of fruits and vegetables we market locally and abroad, we aim to conduct our business according to internationally recognized quality control standards that guarantee the safety of our agricultural and food products. AgroFructus presently has all relevant standards in fruits and vegetables distribution certified, such as GloabalGAP, HACCP, ISO and TN, as a result of which we ensure that our product and environmental care, energy and water resource consumption optimization and municipal waste issues are properly addresses. AgroFructus established an Integral Quality Manual combining all standards the company has in place. The ISO 9001:2000 and HACCP systems were implemented in Plodovi Fructus in 2008 and have been successfully recertified every other year. After the 2009 merger that resulted in AgroFructus, this certificate became an integral part of the integral management system in AgroFructus. We would like to underscore the fact that we were the first in Croatia to obtain a Global GAP certificate in 2006 for our mandarin production in our Opuzen purchase center. In addition to mandarins, AgroFructus now uses the Global GAP standard in the production of peaches, nectarines, cauliflower and cabbage. We are proud to say that we have fulfilled the requirements to obtain the Tesco nature (TN) standard in mandarin production and distribution as a supplier to the Tesco retail chain. Having been certified with this standard, we demonstrated our willingness to comply with even the most stringent standards required by major retail chains. As of 2009, the company has been a member of Sedex Group, focusing on promoting ethical values and business sustainability from the manufacturer to the customer.

During the reporting period, we fulfilled a number of the objectives planned in the preceding report. We reduced our consumption of our most important energy (electricity) by 31% year-on-year. We also reduced our water and refrigerant consumption. We increased the number of our subcontractors and the number of products under GlobalGAP, so we now have a total of 81 subcontractors producing at least one of the 5 certified products. All certified subcontractors adhere to the good agricultural practice guidelines and are fully aware of their own importance in establishing a hygienically safe food chain, *from farm to table.* Having undergone a strict screening process, they were trained through a series of seminars on responsible natural resource management, maintenance of high hygienic standards in harvest time, economical use of fertilizer and pesticides, hazardous waste disposal, etc.

In 2009, as part of our efforts to position the Neretva mandarin on the international market, we launched a project to protect the geographic origin of the Neretva mandarin in cooperation with the Faculty of Food Technology and Biotechnology in Zagreb. Mandarin farming in the Republic of Croatia is of great importance because mandarin is the only fruit cultivar grown in the Republic of Croatia in amounts sufficient for the local market, while the rest of the crops are exported. The advantage of growing mandarins in Neretva valley is that their fruits mature early compared to other Mediterranean countries that supply most of the European market. Quality mandarin varieties grown in plantations in Neretva valley ripen as early as September, while such other areas do not see ripe mandarins before November.

Impact Indicators

Environmental Impact Indicators

Mandarin (Citrus reticulata) fruits of the Citrus unshiu (Satsuma) variety grown in Neretva valley are primarily appreciated for their special sweet and sour taste and a distinctive aroma. Particular micro-climatic conditions, temperature, chemical composition of soil, planting and growing methods, and a number of other factors may also result in special quality of fruits, for example, sensory properties or a high content of biologically active compounds (vitamins, phenolic compounds, carotenoids, etc.). This is why it is important to highlight the quality and geographic origin of mandarins from Neretva valley based on their basic and special characteristics, and thus make them distinctive on the market. The protection of geographic origin is necessary and potentially useful because the quantities of mandarins produced in Croatia are small compared to major producers and exporters, but products bearing protected designation of origin or protected geographical indication marks sell at higher prices and their marketing is more secure, thus contributing to sustainable development of small producers. FAO became involved in our protection project titled Determining the specific properties of the Neretva mandarin (Citrus reticulata L.) to protect its geographical indication (GI) soon after it was launched, while the Association of Mandarin Producers is the project owner.

The results obtained so far within the ongoing research showed that mandarins from Neretva valley, primarily those from early harvests, were characterized by a significantly higher content of antioxidant compounds, which resulted in higher quality of nutritive properties compared to mandarins from other Mediterranean regions. Research also confirmed the existing sensory perception of Neretva mandarins as exceptionally juicy, aromatic and having a particular sweet and sour taste.

Total material used actually represents the final product of our company because it trades in fresh fruits and vegetables. In addition, we use various types of packaging materials.

Since 2011, we have used reusable plastic packaging for our fruits and vegetables, which resulted in decreased usage of cardboard boxes by 51.6% Our use of wooden crates increased by 57.4% in 2011 as a result of increased mandarin volumes exported to the Russian market because this is the most economical way of packing where goods are shipped to such a faraway market. The increase in using cardboard octabins is a result of increased volume of cabbage and watermelon purchasing - they are delivered to purchase centers in Croatia and abroad in such packaging. The cardboard boxes and octabins we use are made entirely from recycled cardboard, while the polyethylene (plastic) packaging we use can also be recovered very efficiently.

Because of the particular nature of its business, AgroFructus uses plenty of electricity, which is supplied by HEP and is necessary for the operation of our air conditioning chambers.

Total materials used by weight or volume

	2010	2011
Fruits	52,488 t	44,514 t
Vegetables	46,477 t	58,973 t
Total	**98,965 t**	**103,487 t**
Packaging materials		
Cardboard boxes (pcs)	2,389,587	1,156,423
Wooden crates (pcs)	589,264	1,026,252
Octabins (pcs)	16,317	39,789
Reusable plastic packaging		1,035,716

Electricity	2009	2010	2011
vMWh	7,323	4,713	5,519
GJ	26,363	16,967	19,868

Impact Indicators

Environmental Impact Indicators

If we compare our electricity consumption figures for 2011 with those for 2010, we will observe an increase by approximately 15% as a result of increased business volumes i.e. the amounts of goods that passed through AgroFructus's purchase centers. However, much greater was the drop in electricity consumption compared to 2009 (2010: approx. 36%, 2011: approx. 25%) resulting from our ongoing efforts to raise the awareness of possible savings used among AgroFructus's employees. In addition, we purchase modern equipment that uses less energy. We intend to undertake further measures to reduce our average energy consumption per product unit by at least 10% annually.

Our cooling devices use environmentally friendly refrigerant (R404A), of which we used 407 kg in 2010, and only 82 kg in 2011 to refill our devices.

More and more attention has been paid to the economical use of water in processes, but also to the quality of wastewater discharged into sewerage systems. During the reporting period, AgroFructus used a total of 39,468 m^3 of water as follows: 23,401 m^3 in 2010 and 16,067 m^3 in 2011, which means we significantly reduced our water consumption compared to the preceding period. Compared to 2009 when we used 38,090 m^3 of water, we can see that great savings were accomplished as a result of our awareness raising efforts with respect to more economical use of municipal water. Following this obviously sudden decrease in water consumption, we entered a stabilization period where we expect our municipal water consumption to decrease at an annual rate of 10%.

In 2010, we disposed of 130 tons of municipal waste, 1 ton of nonhazardous waste (cardboard, paper) and 795 tons of biodegradable waste. In 2011, we disposed of 225 tons of municipal waste, 0.5 tons of nonhazardous waste and 394 tons of biodegradable waste. Our waste disposal costs amounted to HRK 348,509 in 2010 and HRK 541,667 in 2011. Hazardous waste resulting from empty pesticide packaging (bags and bottles) is collected periodically or as necessary within the CROPCA ECO model by C.I.A.K. In 2011, we disposed of approximately 3.500 kg of empty pesticide packaging, and we intend to provide constant training in the area of good agricultural practice and ensure that our subcontractors understand the necessity of using such approach and treatment of this type of waste.

One of the tasks set by AgroFructus is to decrease its share of disposable packaging in favor of reusable plastic packaging. In 2011, we introduced 1,035,716 reusable plastic units in our business, which resulted in in a lower rate of using cardboard packaging by 51.6 percent. The project was in its testing phase in 2010. Plastic (RPC) packaging is reusable and undergoes a cycle between the supplier (washing and disinfecting), AgroFructus (arranging goods) and the customer (emptying, shipping to the supplier). Around 4% of RPC packaging delivered to AgroFructus's purchase centers is not fit for further use due to damage and such packaging is temporarily stored in purchase centers and periodically returned to the supplier to be prepared or recycled.
Cardboard packaging is disposable – its useful life ends once it reaches the final customer (retail store). Up to 2% of packaging is delivered to AgroFructus's purchase centers in transport or due to a manufacturing error, which is also temporarily stored and periodically shipped to be recycled.

In the past two years, we used 390 tons of fuel (16,898.7 GJ) for all types of transport, 100% of it diesel. Our vehicles drove a total of 1,146,505 km in 2010 and used 192 tons of fuels for 22 vehicles; in 2011, our 30 vehicles drove 1,183,304 km and used 198 tons of fuel. We have downsized our fleet and chosen more economical cars with less power in order to reach a fuel consumption level of 160 tons in 2012, which represents emissions of 1,228,57 tons of CO_2 for the two-year period.

The total surface area of all our purchase centers is 68,300 m^2. It includes indoor (cooled) and outdoor storage areas. This data pertains to all our centers in the Republic of Croatia, but does not include our purchase centers in Macedonia (Strumica, Valandovo) and Bosnia and Herzegovina (Laktaši, Čapljina), which have an area of 25,000 m^2.

Impact Indicators

Environmental Impact Indicators

AgroFructus has particular interest in protecting the biodiversity of the areas it operates in because preserved environment is man's most valuable resource and a basis for growing healthy fruits and vegetables. Guided by this concept, we are implementing a project for the biological protection of our fruits trees against the Mediterranean fruit fly by implementing sterile fruit fly males, whereby we reduced the share of pesticide in mandarin production, which directly affects biodiversity and environmental protection. The project is being implemented in Neretva valley for the purpose of minimizing pesticide residue in fresh fruits and vegetables and preserving biodiversity in this biologically sensitive area.

After undertaking preparatory activities in 2009, the project was launched in 2010 when we released sterile males across an area of 1,000 ha. In 2011, the project was extended across an area of 1,250 ha and we plan to cover 4000 ha in the next two years (2012 and 2013) with such biological prevention. By using the sterile male method, the Mediterranean fruit fly population decreased by 80% in the treated areas, which resulted in complete removal of pesticides based on the active ingredient Spinosad that we used before to control that pest.

During the reporting period, we did not pay any fines for noncompliance with any environmental laws or regulations. No incident occurred in any of our purchase centers as a result of our activities during the relevant period, which may be related with the spilling of chemicals, oil or fuel or any other environmental pollution.

Our total waste disposal cost in 2010 was HRK 348,509 and HRK 541,667 in 2011, which represents a cumulative increase by 8% compared to the preceding reporting period because our waste disposal costs were HRK 409,480 in 2009.

Our prevention costs included the costs of maintaining all standards across AgroFructus. In 2009, these costs amounted to HRK 110,000, including all GlobalGAP, HACCP and ISO 9001 standards and the analyses performed for that purpose.

In 2010, we increased the number of products and manufacturers under GlobalGAP and were certified with a new TN standard, so our costs rose to HRK 179,000. These costs did not significantly change in 2011 (HRK 186,000), except for the analysis costs.

2012 and 2013 Objectives

In the next two years, we plan to increase the share of reusable packaging to directly affect the amount of municipal waste resulting from disposable packaging. We will continue to include new products in GlobalGAP (plums, certain types of cabbage) and increase the number of subcontractors by at least 10 percent.

We also intend to complete the project to protect the geographic origin of our mandarins, which is now entering a product specification phase. We will also continue to work on minimizing our energy consumption on all levels. We met all requirements for HACCP certification of our warehouse in Dugo Selo, an external audit being scheduled for April of 2012.

Impact Indicators

Environmental Impact Indicators

Solana Pag is the largest local producer of sea salt in Croatia. It has operated since 1980 as a combined solar and thermal salt plant engaging in the production and enriching of sea salt and joined the Agrokor Concern in 1995. In 2006, the salt plant implemented a safety system in its sea salt production and enriching business according to the requirements of Codex Alimentarius for the purpose of minimizing the risk of distributing an unsafe product, complying with the requirements of the Food Act (Official Gazette 46/2007) and the Salt Ordinance (Official Gazette 89/11) and satisfying customer demands. That same year, we implemented HACCP, which was recertified in 2011 and Solana Pag's certificate was renewed for another three years, subject to a supervisory audit once a year. In 2010, the salt plant was awarded the HOP (hrvatski otočni proizvod) mark – Croatian Island Product. Our Kosher certificate is renewed every year and the salt plant has been certified with ISO 14001 since 2011.

We are in the process of obtaining a national geographic indication for Pag salt, after which we will have it certified on an EU level.

The process of producing sea salt begins with densification of seawater in outdoor pools. Seawater is densified using the sun and wind. Densified seawater (brine) is transported to the factory using pumps, where it is crystallized by additional heating. Salt is then put through a centrifuge cycle, supplemented with iodine, dried and packed, or stored for later use without iodine. Our entire salt production process is supervised by our internal laboratory, the Public Health Institute and sanitary inspections. Most of the evaporation takes place in outdoor areas as a result of solar and wind action. The rest of the evaporation takes place in the plant as a result of heat and steam. Steam is produced by the combustion of medium fuel oil in a boiler.

	2009	2010	2011
Small salt produced	13,400 t	16,100 t	13,300 t
Index	100	120	99
Packed small salt	14,096 t	14,660 t	14,794 t
Packed large salt	9,094 t	10,160 t	6,914 t
Packed rock salt	450 t	524 t	551 t
Total packed salt	**23,640 t**	**25,344 t**	**22,259 t**
Index	100	107	94

Impact Indicators

Environmental Impact Indicators

Raw material (natural resource)	2009	2010	2011
Densified seawater	81,000 m³	82,500 m³	63,000 m³

Process supporting materials used			
Medium fuel oil (MFO)	2,046 t	2,165 t	1,850 t
Extra light fuel oil (ELFO)	11.000 m³	9.000 m³	5.880 m³
Butane-propane gas	6.070 t	4.420 t	5.880 t
Machine lubricant	0.324 m³	0.704 m³	0.669 m³
Machine grease	0.048 t	0.030 t	0.064 t
Edible oil (against foaming)	0.555 m³	0.445 m³	0.300 m³

Semi-processed goods or components incorporated in the product	2009	2010	2011
KIO_3 (potassium iodate)	0.725 t	0.595 t	0.675 t
Additive E 536	0.075 t	0.200 t	0.175 t
Additive E 551	0.220 t	0.300 t	0.320 t
Ca Mg	0.406 t	0.606 t	0.726 t
KCl	0.025 t	0.002 t	2.500 t
Condiments (total)	1.100 t	0.550 t	0.300 t
Colorants (total)	0.015 t	0.028 t	0.040 t
Aromas (total)	0.110 t	0.140 t	0.150 t

Packaging materials			
Cardboard packaging	129.380 t	219.958 t	201.453 t
Foil packaging	95.500 t	102.484 t	80.000 t
Plastic packaging (salt shaker)	1.922 t	12.138 t	10.948 t
Wooden pallets	234.100 t	258.625 t	313.625 t

Solana Pag does not use any materials that are recycled input materials.

Direct energy consumption by primary energy source

	2009		2010		2011	
	t	GJ	t/m³	GJ	t/m³	GJ
Medium fuel oil (MFO) in t	1,900	76,361.00	2,165	87,011.35	1,850	74,351.50
Extra light fuel oil (ELFO) – m³			9.000	340.01	5.880	222.14
Butane-propane gas (LPG) u t			4.420	194.48	5.880	258.72

Indirect energy consumption by primary source

	2009	2010	2011
Electricity	2,135.175 MWh	2,452.965 MWh	2,052.315 MWh
	7,686.630 GJ	8,830.674 GJ	7,388.334 GJ

Impact Indicators

Environmental Impact Indicators

We primarily use solar energy for salt production. Approximately 9/10 of evaporation is a result of solar energy. The remaining 1/10 takes place as a result of heating using fuel oil as energy. We therefore use ten times more solar energy than fuel oil.

Total water withdrawal by source (m³)

	2009	2010	2011
Municipal water	33,473	42,946	26,806
Seawater	670,000	825,000	630,000
Cooling seawater	1,400,000	1,500,000	1,000,000

In 2010, we used 82,500 m³ of densified seawater (DSW) obtained by evaporation as a result of solar energy. For reference, 10 m³ of seawater needs to be pumped to obtain 1 m³ of densfied seawater. This process takes place in our evaporation pools. Densified seawater is then introduced in the plant using pumps, where it further evaporates and the salt is crystallized. In 2011, we used 63,000 m³ of densified seawater.

Solana Pag d.d. is located on the island of Pag, 3 km south of the town of Pag. The entire area of Solana Paga d.d. is within the national environmental network Natura 2000, number HR 4000003. Seawater used for densification and salt production is poured across the ground (shallow fenced pools) from Pag Bay. Our business site covers 2.5 km² and is the same as that referred to in the preceding report.

According to written documents, Solana Pag has been in this location for over 1000 years, or probably even longer considering the location favorable for a salt plant. This makes the salt plant one of the few buildings with no impact on biodiversity – moreover, it enables survival of certain plant and animal species, especially the endemic toothcarp (Cyprinodon fasciatus) that lives in waters saltier than the sea, and the plover bird (Charadrius alexandrines) that nests on the sides of salt plant pools. As a result of these special characteristics, Solana Pag was included in the Natura 2000 network.

Our environmental impact is limited to the combustion of fuel in the boiler room to produce process steam. Other waste substances (paper, plastic, engine oil...) are collected in a controlled manner and transported off the island to be disposed of.

Greenhouse gas emissions

	2009	2010	2011
CO_2	6,049.320 t	6,893.046 t	5,890.132 t
NO_2	6.330 t	12.431 t	10.050 t

Significant air emission

	2009	2010	2011
CO	0.350 t	0.353 t	0.401 t
NO_X	6.330 t	12.431 t	10.050 t
SO_2	42.763 t	61.351 t	48.238 t
Particulate matter	2.787 t	3.150 t	2.477 t

Indirect greenhouse gas emissions in Solana Pag are minimal and insignificant in relation to emissions relating to transport of workforce members and emissions resulting from vehicles delivering salt to customers. Solana Pag does not have bus to transport its employees or any truck to transport salt, so no data is available for this type of emission.

Solana Pag does not use any ozone-depleting substances in its production process.

Impact Indicators

Environmental Impact Indicators

Water discharge (m³)

	2009	2010	2011
Process water	89,113	113,006	78,486
Cooling water	1,400,000	1,500,000	1,000,000

We discharge process water generated in the plant from municipal water and remaining densified seawater. Salt from densified seawater is crystallized, the evaporated part is condensed, and condensate is discharged into the sea. The rest is mother liquor that is also discharged into the sea. Such discharged water is first treated by depositing in a tank, and then discharged into the sea. Discharged water is tested for suspended substance, which is within the allowed limits according to the analyses performed by the Zadar Public Health Institute.

Solana Pag d.d. holds a Water Management License issued on 20 March 2009 by Hrvatske vode, CLASS: UP/I°-325-04/09-04/49, FILE NO.: 374-24-4-09-3/LP, which allows for wastewater to be discharged into the sea as follows: sanitary water (treated in a biological treatment plant), process water and cooling water. The Water Management License determines the frequency and types of analyses. Wastewater quality is tested by the Zadar Public Health Institute. The results of discharge water analyses are in compliance with the requirements of the Water Management License.

Hazardous waste	2010	2011
13 02 08	369 kg	330 kg
15 01 10	18 kg	14 kg
15 02 02	4 kg	16 kg
Total	**391kg**	**360 kg**

Nonhazardous waste	2010	2011
Paper and cardboard	10.24 t	12.09 t
Plastic	2.67 t	1.88 t
Iron alloys	12.14 t	0.2 t
Iron and steel	22.88 t	1.28 t
Total	**47.93 t**	**15.45 t**

Hazardous waste comprises waste under key number 13 02 08*, namely other lubricating oils for engines and gears, packaging containing residues of hazardous substances or is contaminated by hazardous substances (key number 15 01 10*), fabrics and wiping and absorbing products, and protective clothing contaminated by hazardous substances (key number 15 02 02*). Hazardous waste generated in Solana Pag is collected in a tank laid in a concrete bund wall. Waste is collected by Sirovina odlagalište d.o.o of Zadar and disposed of by Cemex Hrvatska d.d. of Kaštel Sućurac.

The total amount of hazardous waste generated in 2009 was 233 kg, the amount generated in 2010 was 68% larger, while the amount of generated in 2011 was 55% larger than that in 2009, but 2010 smaller than that generated in 2010. We did not begin to record hazardous waste before mid-2009, which is why the total amount of collected waste is not directly comparable to the amounts provided for this reporting period.

Nonhazardous waste includes paper and cardboard packaging (15 01 01), plastic packaging (15 01 02), iron alloys (19 12 02), and iron and steel (17 04 05). Nonhazardous waste produced from iron alloys is collected by Sirovina odlagalište d.o.o of Zadar. Waste produced from paper, cardboard and plastic packaging is collected in a designated container within the factory area, transported by Unijapapir d.d of Zadar, and recovered by Belišće d.d. of Belišće.

The total amount of waste disposed of by recycling was 21.5 tons in the preceding period. The amount of waste disposed of by recycling in 2010 was 123% larger than that in 2009, but the amount generated in 2011 was 68 percent smaller than that produced in 2010. In 2010, we replaced the sheet metal façade of the plant, which resulted in a large amount of metal waste.

Impact Indicators

Environmental Impact Indicators

No spills were recorded in Solana Pag during the observed period

In 2011, we started to prepare an energy study for Solana Pag that will define the possibilities of improving our energy efficiency in production and replace heavy oils as energy with cleaner options. In the next period, we intend to identify an option favorable for the salt plant in terms of cost-effectiveness and return on investment, for the purpose of maintaining our production and jobs on the island and maximizing our production and environmental protection efficiency.

Solana Pag did not use any products that are renewable after their expiration during the reporting period. Reusable packaging relates to reusable pallets that are returned by customer to a certain extent and use for packing new products.

Reused packaging	2010	2011
Wooden pallets	364.350 t	242.850 t
% of renewable pallets	58.5%	43.6%

Environmental protection expenditures and investments

	2009	2010	2011
Smoke gas emission measuring	3,660.00 kn	4,000.00 kn	5,500.00 kn
Wastewater analysis	3,930.00 kn	3,055.00 kn	3,069.80 kn
Consultancy for ISO 14001		-	40,000.00 kn
ISO 14001 certification		-	20,647.07 kn
Employee training		-	6,500.00 kn
Waste transport and disposal	41,246.40 kn	45,077.08 kn	42,002.08 kn
Total	**48,836.40 kn**	**52,132.08 kn**	**117,718.95 kn**

No fines or non-monetary sanctions were imposed on Solana Pag during the observed period for noncompliance with environmental laws or regulations.

Waste generated in Solana Pag d.d., resulting from paper and cardboard packaging, plastic packaging, iron alloys and other lubricating oils for engines and gears, is transported and disposed of free of charge. Every year we measure our smoke gas emissions resulting from fuel oil combustion in the boiler room. In 2011, we implemented and were certified with ISO 14000:2004 for our management system.

The activities we planned in 2009 were completed within the reporting period. We will highlight our ISO 14001 certification, whereby we significantly improved our waste management. We also improved our energy monitoring, primarily for water – its consumption is monitored on a daily basis so that we could respond in case of consumption exceeding the normal amounts. Our employees are trained in environmental protection and acceptable waste selection and disposal. We launched an energy analysis for Solana Pag, which will be completed in the first quarter of 2012, but its preliminary results show that there are ways to obtain heating energy in a much more environmentally friendly manner than before.

2012 and 2013 Objectives

In the next reporting period, we intend to implement one of the concepts proposed in the energy analysis, which we expect to result in less smoke gas pollution, less heating energy needed, and much lower costs of salt production. We plan to maintain and improve our ISO 14001 certified system, complete the procedure for obtaining a geographic indication for Pag sea salt, and initiate a procedure to have this indication certified across the EU.

Agrokor d.d. and Global Compact Network in the Republic of Croatia

Implementation of the United Nations Global Compact Principles in the Republic of Croatia (Communication on Progress)

The Global Compact is an international United Nations initiative launched in 2000, connecting the business sector with UN agencies, governments and the civil society in support of fundamental social values in the area of human rights, labor standards, the environment and anti-corruption. Agrokor d.d. is a signatory to this agreement based on 10 fundamental principles arising from or based on the Universal Declaration of Human Rights, the International Labor Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention against Corruption.

The companies that have joined the Global Compact and thus declared their willingness to conduct socially responsible business are required to adopt, promote and apply the fundamental values/ten principles divided into four basic groups within their spheres of influence.

Agrokor Concern is a complex organization, its activities involving companies in several business sectors and in several countries within our region. Our second sustainability report covers our activities in years 2010 and 2011.

HUMAN RIGHTS

Principle 1 Businesses should support and respect the protection of internationally proclaimed human rights; and
Principle 2 make sure that they are not complicit in human rights abuses.
GRI 3 indicators: LA4, LA8, LA9, LA13, LA14, HR5, SO5

LABOR STANDARDS

Principle 3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
Principle 4 the elimination of all forms of forced and compulsory labor;
Principle 5 the effective abolition of child labor; and
Principle 6 the elimination of discrimination in respect of employment and occupation.
GRI 3 indicators: LA2, LA4, LA13, LA14, HR5, SO5, EC7

ENVIRONMENT

Principle 7 Businesses should support a precautionary approach to environmental challenges;
Principle 8 undertake initiatives to promote greater environmental responsibility; and
Principle 9 encourage the development and diffusion of environmentally friendly technologies.
GRI 3 indicators: EC1, EC2, EC3, EC4, EC8, EC11, EC12, EC16, EC17, EC19, EC20, EC21, EC22, EC23, EC26, EC27, EC28, EC29, EC30

ANTI-CORRUPTION

Principle 10 Businesses should work against corruption in all its forms, including extortion and bribery.
GRI 3 indicators: SO5

Our activities relevant for Global Compact's ten principles in the areas of human rights, labor, the environment and anti-corruption are described in detail in this report.
Their position in the report is noted in Appendix 4.

List of major unions in Agrokor Concern

Croatia

- PPDIV
- Sindikat trgovine Hrvatske
- Hrvatski sindikat trgovine
- Sindikat Istre i Kvarnera
- Novi sindikat Hrvatske
- Hrvatska udruga sindikata HUS
- HUS radnika Belja
- HUS radnika Belja-Podružnica Vupik;
- HUS radnika Belja-Podružnica Konzum,
- HUS Sindikat radnika PIK Vrbovec
- HUS Nezavisni sindikat Demokratska zaštitna zajednica
- posloprimaca-Sindikalna podružnica PIK Vinkovci
- Nezavisni sindikat Ledo
- Sindikat novinara Hrvatske
- Sindikat novine
- Sindikat grafičke i nakladničke djelatnosti Hrvatske
- Sindikat prometa i veza
- Slavonsko-Baranjski sindikat

Serbia

- Samostalni sindikat - Sindikalna organizacija Dijamant a.d.
- Slobodni sindikat Frikom a.d.,član Unije sindikata, Sindikat nezavisnost Frikom a.d.,č lan granskog sindikata prehrane,ugostiteljstva i turizma, Samostalni sindikat Frikom a.d., član Saveza samostalnih sindikata Srbije,
- Savez samostalnih sindikata Srbije- Sindikalna organizacija Kikindski mlin
- Samostalni sindikat trgovine Srbije -Idea
- Unija slobodnih sindikata - Idea
- Asocijacija slobodnih i nezavisnih sindikata Idea
- Sindikat Nova Sloga a.d.
- Sindikalna organizacija samostalnog sindikata Dijamant Agrar

Bosnia Herzegovina

- PPDIVUT B i H
- Sindikat trgovine - Sindikalna podružnica Konzum
- PPDIVUT- Sindikalna organizacija Sarajevski Kiseljak
- Sindikat radnika trgovine BiH

List of Certified International Standards

COMPANY	CERTIFIKATES
Agrofructus d.o.o	ISO 9001:2008; HACCP; GLOBAL G.A.P., BRC, Sedex
Agrolaguna d.d	ISO 9001:2008; HACCP; ISO 14001:2004, Kosher, Halal
Belje d.d (sa Agropreradom)	ISO 9001:2008; HACCP; GLOBAL G.A.P. OHSAS 18001:2007; ISO 14001:2004
Dijamant a.d.	ISO 9001:2008; HACCP; ISO 14001:2004, HALAL; IFS, GMP
Fonyodi Asvanyviz Kft	ISO 9001:2008;
Frikom a.d.	ISO 9001:2008; HACCP; ISO 22000:2005; ISO 14001:2004; OHSAS 18001:2007; GLOBAL GAP
Idea	
Irida	ISO 9001:2008; HACCP; ISO 14001:2004
Jamnica d.d	ISO 9001:2008; HACCP; NSF; Kosher; ISO 14001:2004
Konzum d.d	HACCP; ISO 14001:2004
Konzum BiH	
Ledo d.d	ISO 9001:2008; HACCP; ISO 14001:2004; IFC IFS ?; BRC; Kosher
Ledo Kft	IFC IFS ?
Ledo Čitluk	ISO 9001:2008; HACCP; ISO 14001:2004
PIK Vinkovci d.d	ISO 9001:2008; HACCP; GLOBAL G.A.P.; ISO 14001:2004
PIK Vrbovec d.d	ISO 9001:2008; HACCP; ISO 14001:2004; OHSAS 18001:2007
Sarajevski kiseljak d.d	ISO 22000; HACCP; NSF; Kosher; ISO 14001:2004
Solana Pag d.d	HACCP; ISO 14001:2004; Kosher
Sojara d.d	ISO 9001:2008; HACCP; ISO 14001:2004; Kosher
Zvijezda d.d	ISO 9001:2008; HACCP; ISO/IEC 27001:2005; Kosher; ISO 14001:2004

List of Employees Involved in Drawing up the Report

Agrokor d.d.
Badurina Lea
Bogdanić Marta
Borčić Ivana
Greganić Mato
Krstulović Ivana
Leko Vedran
Maćešić Vanda
Jukić Lucija
Jukić Suzana
Marasović Ćurčić Mirjam
Markovac Zvonimir
Mikačić Jasna
Odrljin Gordana
Seidl Herman
Sudar Slađana
Tomljenović Ivica
Troskot Ana

Agrofructus
Crnomarković Dragan
Pirša Ankica
Tutavac Josip

Agrokor trgovina d.d.
Todorić Anela

Agrolaguna d.d.
Kušće Vodopija Luana
Latal Miroslav
Lovrić Željko
Sakić Evelina
Slade Danko
Šterpin Franko

Belje d.d.
Čavrag Patricija
Filipović Ivan
Firanj Blanka
Ileković Damir
Kovač Snježana
Lečić Nada
Ružička Igor
Stojković Aleksandar
Štimec Viktorija
Vajda Mlinaček Ljiljana

Dijamant a.d.
Ludiški Tatjana
Nenin Predrag
Veliki Olivera

Frikom a.d.
Jakić Bojana
Jevtić Ivana
Miličević Jelena
Miletić Radimir
Mirić Zoranka
Vižlina Dalibor
Vlahović Jovičić Radica

Idea a.d.
Babić Srđan
Brajdić Jasmina
Erić Nevenka

Jamnica d.d., Fonyodi
Jakimovski Lidija
Krnjević Ivana
Petričević Ivana
Petrov Daminani Sanja

Konzum d.d.
Bedeniković Vlado
Butigan Ivana
Deković Marijana
Mitrović Ana
Validžić Kristina
Zrinski Ivona

Konzum BIH
Bukvarević Drežnjak Andrijana
Ćeman Nina
Halilović M. Selma
Henda Azra
Mutapčić Edita
Švarc Katarina

Ledo d.d., Irida d.d., Ledo Kft.
Arapović Mirna
Bezjak Muselinović Maja
Bocak Gojun Kristina
Jakšić Vesna
Jogun Goran
Kambič Alenka
Krmpotić Kristijan
Lukić Jelena
Tomazin Željka
Velin Andrea

Ledo Čitluk
Sudar Ana
Pehar Ante

Mladina d.d.
Adam Ana Marija

Nova Sloga a.d.
Mrmošanin Bogdana
Puzović Dragana

PIK Vinkovci d.d.
Hrehor Branka
Kloss Marija
Novak Renata

PIK Vrbovec d.d.
Brebrek Josip
Findri-Šestanović Višnja
Kajfeš Hrgovan Tamara
Pavić Martina
Pleše Željka
Puhača Anita
Stjepanović Ivica

Sarajevski kiseljak d.d.
Anić Milka
Josipović Darko
Katana Milka

Sojara d.d.
Rančić Zoran
Sakić Ksenija

Solana Pag d.d.
Fabijanić Rosana
Franušić-Bajlo Nikolina
Pernar Marija
Želehovski Bogdan

Tisak d.d.
Bertović Snježana
Gregurić Iva
Juraga Brigita
Krajnik Krešimir
Peharec Danijel
Šimunović Nikolina
Sušec Iva
Vuković Sanda

Vupik d.d.
Ćuso Tatjana
Mandić Zlatica
Posavac Mario
Uremović Katica

Zvijezda d.d.
Matić Zorica
Sertić Srebrenka
Tišlerić Nina
Vidović Bljaić Ivana

GRI Indicators

PROFIL

1. Strategy and Analysis

1.1. Statement from the most senior decision-maker of the organization about the relevance of sustainability to the organization and its strategy. ..... str. 5

2. Organizational Profile ..... str. 8-16

2.1. Name of the organization.
2.2. Primary brands, products, and/or services.
2.3. Operational structure of the organization.
2.4. Location of organization's headquarters.
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.
2.6. Nature of ownership and legal form.
2.7. Markets served.
2.8. Scale of the reporting organization.
2.10. Awards received in the reporting period

3. Report Parameters

Report Profile

3.1. Reporting period ..... str. 18
3.2. Date of most recent previous report ..... str. 18
3.3. Reporting cycle ..... str. 18
3.4. Contact point for questions regarding the report or its contents ..... str. 18

Report Scope and Boundary

3.5. Process for defining report content ..... str. 18
3.6. Report boundaries ..... str. 18

GRI Content Index ..... str. 228

3.12. Table identifying the location of the Standard Disclosures in the report

Assurance

3.13. Policy and current practice with regard to seeking external assurance for the report ..... str. 6

4, Governance, Commitment and Engagement

Governance ..... str. 20-26

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.
4.2. Indicate whether the Chair of the highest governance body is also an executive officer (and, if so, their function within the organization's management and the reasons for this arrangement).
4.3. For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or nonexecutive members.
4.4. Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.
4.8. Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation

GRI pokazatelji

Commitments to External Initiatives

4.12. Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.

4.13. Memberships in associations (such as industry associations) and/or national/international advocacy organizations

Stakeholder Engagement

4.14. List of stakeholder groups engaged by the organization.

4.15. Basis for identification and selection of stakeholders with whom to engage.

ECONOMIC PERFORMANCE INDICATORS ..... str. 28-31

EC1 – Economic value generated and distributed,

EC2 – Financial implications and other risks and opportunities for the organization's activities due to climate change.

EC3 – Coverage of the organization's defined benefit plan obligations.

EC4 – financial assistance received from public sources

EC6 – Policy, practices and proportion of spending on locally based suppliers at locations of significant operation

EC7 – Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation

ENVIRONMENTAL PERFORMANCE INDICATORS ..... str. 57-225

ASPECT: MATERIALS

EN1 – upotrijebljeni materijali prema težini ili obujmu

EN2 – postotak upotrijebljenog materijala koji je reciklirani ulazni materijal

ASPECT: ENERGY

EN3 – direct energy consumption by primary energy source

EN4 – direct energy consumption by primary energy source

ASPECT: WATER

EN8 – total water withdrawal by source

ASPECT: BIODIVERSITY

EN11 – Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.

EN12 – Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.

ASPECT: EMISSIONS, EFFLUENTS AND WASTE

EN16 – Total direct and indirect greenhouse gas emissions by weight.

EN17 – Other relevant indirect greenhouse gas emissions by weight.

EN19 – Emissions of ozone-depleting substances by weight.

EN20 – NO_2, SO_2, and other significant air emissions by type and weight.

EN21 – Total water discharge by quality and destination.

EN22 – Total weight of waste by type and disposal method.

EN23 – Total number and volume of significant spills.

GRI pokazatelji

ASPECT: PRODUCTS AND SERVICES
EN26 – Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.
EN27 – Percentage of products sold and their packaging materials that are reclaimed by category.

ASPECT: COMPLIANCE
EN28 – Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations.

ASPECT: TRANSPORT
EN29 – Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce

ASPECT: OVERALL
EN30 – Total environmental protection expenditures and investments by type

SOCIAL PERFORMANCE INDICATORS ..... str. 32-50

LABOR PRACTICES AND DECENT WORK
LABOR PRACTICES AND DECENT WORK
LA1 – Total workforce by employment type, employment contract, and region
LA2 – Total number and rate of employee turnover by age group, gender, and region.
LA3 – Benefits provided to full-time employees that are not provided to temporary or parttime employees, by significant locations of operation

LABOR/MANAGEMENT RELATIONS
LA4 – Percentage of employees covered by collective bargaining agreements.
LA7 – Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender.
LA8 – Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.
LA9 – Health and safety topics covered in formal agreements with trade unions

ASPECT: TRAINING AND EDUCATION
LA10 – Average hours of training per year per employee by employee category

ASPEKT: DIVERSITY AND EQUAL OPPORTUNITY
LA13 – Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity

ASPECT: EQUAL REMUNERATION FOR WOMEN AND MEN
LA14 – Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation

HUMAN RIGHTS PERFORMANCE INDICATORS
Freedom of Association and Collective Bargaining
HR5 – Total number of incidents of discrimination and actions taken

GRI pokazatelji

ASPECT: PUBLIC POLICY
SO5 – Public policy positions and participation in public policy development and lobbying

ASPECT:COMPLIANCE
SO8 – Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations

FOOD PROCESSING SECTOR ..... str. 51-54

HEALTHY AND AFFORDABLE FOOD
FP4 – Nature, scope and effectiveness of any programs and practices (in-kind contributions, volunteer initiatives, knowledge transfer, partnerships and product development) that promote access to healthy lifestyles; the prevention of chronic disease; access to healthy, nutritious and affordable food; and improved welfare for communities in need

PRODUCT RESPONSIBILITY PERFORMANCE INDICATORS
Customer Health and Safety
PR1 - Life cycle stages in which health and safety impacts of products and services are assessed
PR2 – Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.

Product and Service Labeling
PR3 – Type of product and service information required by procedures and percentage of significant products and services subject to such information requirements
PR4 – Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.
PR5 – Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.

Marketing Communications ..... str. 54-56
PR6 – Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship
PR7 – Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.