

ESG Business Transformation: Investments in renewable energy sources are also secured through financing from so-called "green sources."



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In this edition of ESG Chat, we delve into the innovative approach and the establishment of standards in humanitarian efforts within the scope of corporate responsibility. Additionally, we discuss the significance of new projects undertaken by the Foundation and the integration of ESG principles in the decision-making process of business operations.

How does Delta Holding integrate ESG principles into its business strategy? To what extent are ESG standards significant in business decision-making?

The sustainable development strategy is an integral part of the business strategy for all enterprises. Sustainability standards are critically important because we recognize that companies today cannot survive in the market without adhering to them.

Companies that do not operate in accordance with sustainability principles risk losing high-quality personnel, long-term business partners, customers, and investors. Additionally, they are likely to face higher operating costs due to energy inefficiency, additional taxes for environmental pollution, emissions of harmful gases, and similar issues.

For example, investments in renewable energy sources aimed at reducing the impact on climate change not only contribute to lowering greenhouse gas emissions and reducing energy consumption from conventional sources but also decrease dependency on energy suppliers and reduce energy costs. Moreover, they secure financing from so-called "green sources."

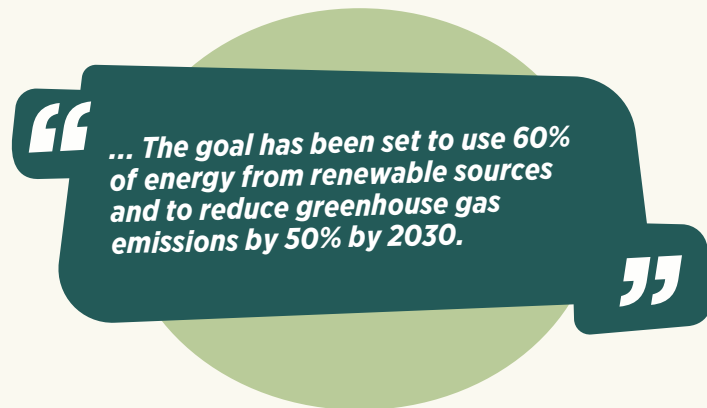
What sustainable practices/initiatives do you implement across various parts of the system, and how do they contribute to the overall sustainability goals of Delta Holding?

Through defined environmental, social, and corporate governance (ESG) plans, ambitious yet realistic goals have been set to ensure the company achieves a positive impact on nature and society, as well as improving the economic environment in the markets where it operates.

In terms of environmental protection, the company has set a goal to use 60% of energy from renewable sources and reduce greenhouse gas emissions by 50% by 2030. We are achieving this goal by installing solar power plants at all locations.

Currently, we have 16 solar power plants with a total capacity of about 5 MW. Additionally, each subsidiary contributes through measures specific to their line of business.

Delta Agrar invests in biomass boilers and precision agriculture, while Delta Real Estate focuses on green building and improving energy efficiency during renovations.



Knowledge is the foundation of our business, which is why we continue to invest in training and education. In 2023, employees spent 30,000 hours in training sessions. We also cultivate a corporate culture that promotes equality and respect for diversity. We are proud of our gender equality.

Our Board of Directors and Executive Board comprise 4 women and 3 men, and our total workforce is 44% women and 56% men. Equal opportunities are evident through the significant number of young leaders in managerial positions.

In 2024, we welcomed the 12th generation of young leaders. Currently, 68 persons with disabilities are employed within the system, and we support their development in the community through the Forum of Young People with Disabilities and their career center.

In which corporate social responsibility initiatives does Delta Holding participate, and how do these initiatives impact the communities in which you operate?

To support the development of agriculture in Serbia, we have developed the projects "Our Village" and "Digital Village." The "Our Village" project, which aims to modernize agricultural production in rural households, includes four villages.

In collaboration with our partners Bio Sense Institute and Mokrin House, we actively worked on the "Digital Village" project, developing a digital application for rural producers and conducting research on the impact of primary production on improving the food system through the FOSTER project of the European Commission.

These projects have involved 150 agricultural households, with the primary goal of improving the quality of life in rural areas and encouraging young people to return to the countryside.

We are also proud of the "Third Parent" project, in which our employees support families at risk of separation. The aim of this project is to preserve biological families and prevent children from entering social care institutions.

To date, 79 children have participated in the project, and 48 families have been fully empowered.

How does ESG regulation (domestic/EU) impact your operations across different sectors?

We adhere to EU regulations as they are more demanding than domestic ones regarding compliance with ESG criteria, and we implement all standards applicable to large companies.

This is crucial for the sustainable development of our business and for maintaining responsible relationships with our stakeholders, including multinational companies, banks, and other investors.

We believe that in this way, we significantly contribute to improving the quality of life in our community.

To what extent do you consider the ESG performance of other actors you collaborate with (suppliers, customers, partners, subcontractors)?

Collaboration with suppliers and partners, defined in accordance with adopted international standards, is of paramount importance for maintaining a responsible approach to products and services.

The selection of suppliers is subject to strict procedures and assessments based on criteria that include adherence to ESG principles.

Suppliers and partners are required to align their activities with the prescribed standards in environmental protection and social responsibility, in addition to complying with all applicable legal regulations.

These obligations are stipulated in the Business and Technical Cooperation Agreement, ensuring their fulfillment.

To what extent do you believe that your ESG performance determines the relationship clients and business partners have with Delta Holding? Do you have the impression that their expectations or needs are changing in this regard?

Our company's ESG performance is highly valued by our business partners, particularly international companies and banks. Expectations are increasing year by year, but we are well-prepared because we have been following global trends and investing in sustainable business practices for many years.



What are the main challenges in implementing ESG criteria in our company? What are the specificities of the different sectors in which you operate in this regard?

The biggest challenge is transitioning completely to renewable energy sources.

This is partly due to our regulations and partly due to the high investment costs and existing technological solutions.

Regulatory improvements are needed, particularly in the proper disposal of waste. Better cross-sector collaboration between the government and the private sector is also essential, as well as improved coordination between different ministries that address environmental protection from various perspectives., particularly international companies and banks.

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How do you measure/track the success of ESG initiatives? What frameworks or standards does Delta Holding use for ESG reporting, and how do you ensure transparency and accountability in your reports?

For the past 15 years, we have been publishing annual Non-Financial Business Reports.

Since 2010, we have been using the GRI (Global Reporting Initiative) methodology.

This helps us track business progress and compare our performance with that of our competitors and other companies operating in the international market. All our reports are audited by auditing firms. To monitor the success of our ESG strategies, we also use scientifically recognized methodologies to calculate our carbon footprint and energy consumption from direct and indirect sources.

What are Delta Holding's future ESG goals, and what innovative approaches are you considering to achieve these goals in the coming years? In your opinion, what are the main trends and challenges/opportunities in the ESG field within the sectors in which you operate?

Precision agriculture, green building, sustainable transport, and renewable energy sources remain our priorities. We have also recognized the importance of applying artificial intelligence.

We have established the AI Champions team, whose task is to contribute to the development of innovations and business efficiency through the application of artificial intelligence in various business areas and to educate employees on modern methods of performing daily tasks.

In 2023, we began optimizing work processes in different business areas through six artificial intelligence initiatives. Additionally, through the D Incubator program, we provide employees with the opportunity to propose their innovative ideas and develop them in collaboration with expert colleagues and external advisors.

Furthermore, investing in a healthy work environment and employee well-being remains one of our main focuses.

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How do you see the relationship between achieving business (financial) goals and ESG goals? What would you say to a small business owner or startup who asked you this question?

Financial and ESG goals are correlated. Financial performance will be significantly better if a company integrates ESG goals into its business strategies.

It is important for small and medium-sized enterprises to analyze their operations, define their stakeholders, and understand their impacts on the environment and society.

Based on this analysis, they should create business strategies that contribute to the sustainable development of the enterprise, its stakeholders, and the community in which it operates.

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About our guest

Tijana Koprivica is Director of Sustainable Business at Delta Holding and Manager of the Delta Foundation, graduated from the Faculty of Economics, University of Belgrade.

She has been employed at Delta Holding since 2006 and is responsible for defining and implementing the strategy for all aspects of the company's sustainable development.

She introduced annual non-financial reporting according to the internationally recognized Global Reporting Initiative methodology. She is also responsible for involving employees in CSR activities.

Tijana has led expert seminars and participated in numerous conferences on sustainable development both domestically and internationally.

Delta Holding has received numerous prestigious awards and recognitions for its activities in the field of sustainable development.

She speaks English, is married, and has two children.



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