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Central Europe 2015 TOP 500

Seeds for Growth

500 companies and 18 countries

Building a sustainable future

Once again, I am delighted to welcome you to the Deloitte CE Top 500 ranking and report, an annual publication that over the nine years of its lifespan has become something of a landmark in the business landscape of our region's economies.

This time last year, I wrote about the stagnation that appeared to have the region in its grips. This year, we see a much more optimistic picture, with over 52 per cent of companies in the ranking recording a rise in revenue (up from 49.8 percent the previous year).The revenue story is not altogether a cause for celebration, however. Falling prices saw nearly 60 per cent of the featured energy companies experience a fall in revenues. This was at least partially responsible for a 1.8 per cent year-on-year decline in the total combined revenues of all 500 companies in the ranking, to EUR 682 bn.

Nonetheless, there is a strong sense that the region's four Visegrad economies, Poland, the Czech Republic, Slovakia and Hungary, are in a much more stable and sustainable position than we were commenting upon 12 months ago. Most of the region's other economies are only lagging these leaders by some 12 to 18 months.

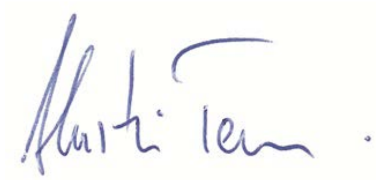
This year we have included many interviews with CEOs, CFOs and other senior business figures from the companies in the ranking about what sustainability and sustainable growth really mean to them and their organisations.

Their opinion was that in today's business environment it is impossible for companies to grow without social approval for their efforts and activities. In this sense, companies are increasingly recognising that spending money on sustainability initiatives is a form of investment in their own future. A common challenge that many share, however, is how to justify diverting resources away from initiatives that show a more immediate and measurable return.

This is why so many of our interviewees are calling upon governments to do more to incentivise sustainability initiatives, through tax breaks, new rules for bidding for public sector contracts and more.

As our region moves towards sustainable growth, despite the slowdown in China, recession in Russia, continuing conflict in Ukraine and the other vast challenges that companies and economies face, the need for social approval has never been greater.

The acknowledgement of the importance of sustainability and the responsibility to contribute to society is a clear sign of the increasing maturity and sophistication of the region's largest companies. Sustainable growth is a key component to ensure their success, not just over the next one to five years but for the long-term future.



Alastair Teare,
Chief Executive Officer, Deloitte Central Europe

Contents

The results of the 2014 ranking of the 500 largest companies in Central Europe illustrate a slightly improving overall situation in the region. Except for the unstable geopolitical situation in the Ukraine, the largest CE companies show signs of economic recovery.

In the CE Top 500 Ranking there were more companies that recorded growth than those showing a decline in revenues. In this edition, for the first time in four years, there has been an increase in the number of companies in this ranking seeing revenue growth (52% vs. 49.8% in 2013).

The revenue level of the largest companies in the region was stable. The average revenue increased by 0.3%, as compared to a 0.0% average change in 2013. However, the total revenues of all the companies in the Ranking went down by 1.8% (vs. a decline of 0.4% last year) to EUR 682 billion.

Additionally, available financial results from Q1 2015 suggest economic recovery, with a 1.7% total increase by in EUR and 3.6% in local currencies, which shows the negative influence of the foreign exchange market.

The results of the 2014 ranking of the 500 largest companies in Central Europe illustrate a slightly improving overall situation in the region.

Tomasz Ochrymowicz

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Partner, Financial Advisory, Deloitte Central Europe

Key figures

8.9%
(8.0% in 2013)
Median **ROE** for the region's top 50 **banks**

4.2%
(1.3% in 2013)
Median **asset growth** for t he region's top 50 **banks**

14.7%
(11.3% in 2013)
Median **ROE** for the region's top 50 **insurance companies**

260
Companies moving up

0.3%
Median revenue growth

36%
Top country by revenue generated
Poland

EUR 269 billion
Top industry by revenue generated:
Energy & Resources

218
Companies moving down

1.7%
Median **decrease in the gross written premiums (GWP) for the region's top 50 insurance companies**

174
Top industry by numbers of companies: **Consumer Business & Transportation**

-4.5%
Industry with the most significant decline in revenues: **Public Sector**


EUR 682 billion
Consolidated revenue
Poland
Top country by number of companies
170
EUR 459 million
The minimum revenue for a company to qualify for the CE Top 500 Ranking

Ranking overview

Growth in private consumption drives GDP

In 2014, the majority of CE countries saw an increase in the rate of their economic growth. However, this did not translate directly into an increase in the average revenues of the region's 500 largest businesses. The 2015 CE Top 500 ranking shows that the trends of last year have continued: a minimal growth in median revenues of 0.3 per cent when denominated in euros (a far cry from the 10 to 11 per cent revenue growth levels that the markets were seeing three or four years ago) and widely diverging growth rates depending on country and industry. While some industries and countries continued to grow, the companies from energy and resources sectors recorded dramatic revenue decline.

The CE Top 500 ranking of the region's largest enterprises does not reflect the economic growth seen in the region (with a median increase in revenues in euro of 0.3 per cent). However, because of a depreciation of the local currencies in the region a year-on-year growth of revenues denominated in local currencies grew at a similar level to the GDP growth.

These revenue growth rates are low considering the macroeconomic situation of the region. 2014 was a moderately successful year in terms of CE's economic growth, as seen in the GDP of Hungary (up by 3.6 per cent), Poland (3.4 per cent) and Romania (2.8 per cent). The Czech Republic and Slovakia posted GDP increases of 2.0 per cent (up from a negative value in 2013) and 2.4 per cent respectively.

Changes in GDP were, to a great extent, a result of an increase in exports to Western Europe. The 2014 data further shows that increasing demand, mainly for consumer goods, on the domestic market (up by 4.9 per cent in Poland, for example) played an equally important role in improving in the region's overall economic situation. This is due to rising nominal salaries and falling prices of consumer goods in the biggest CE countries and, as a consequence, an increase in the purchasing power of money. Growth in individual consumption could be seen in all countries in the region except Croatia and conflict-ridden Ukraine (a decrease in GDP of 0.4 and estimated 6.8 per cent respectively).

Stronger euro encourages CE exports

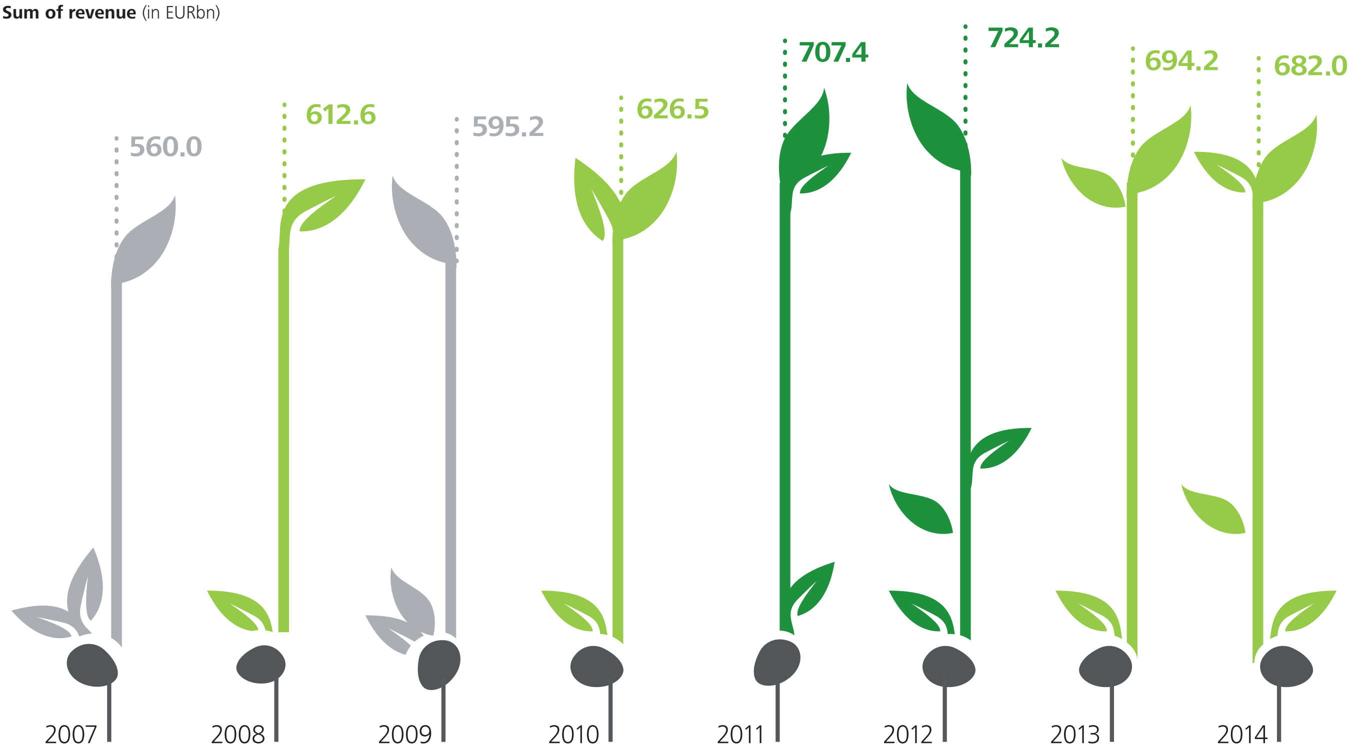
According to this year's ranking, significant factors impacting the region's position were the fluctuating exchange rates of the CE countries' national currencies against the euro. In the Czech Republic, the sharp 8.8 per cent increase in exports (0.2 per cent in 2013) was an effect of the weakening of the Czech koruna by the Czech National Bank, which lost over 5 per cent in Q4 2013. In addition, the depreciation of the Polish currency in 2014 had a positive effect on the profitability of country's exports (up 5.2 per cent in 2014). The Hungarian currency also fell against the euro (by over 6 per cent).

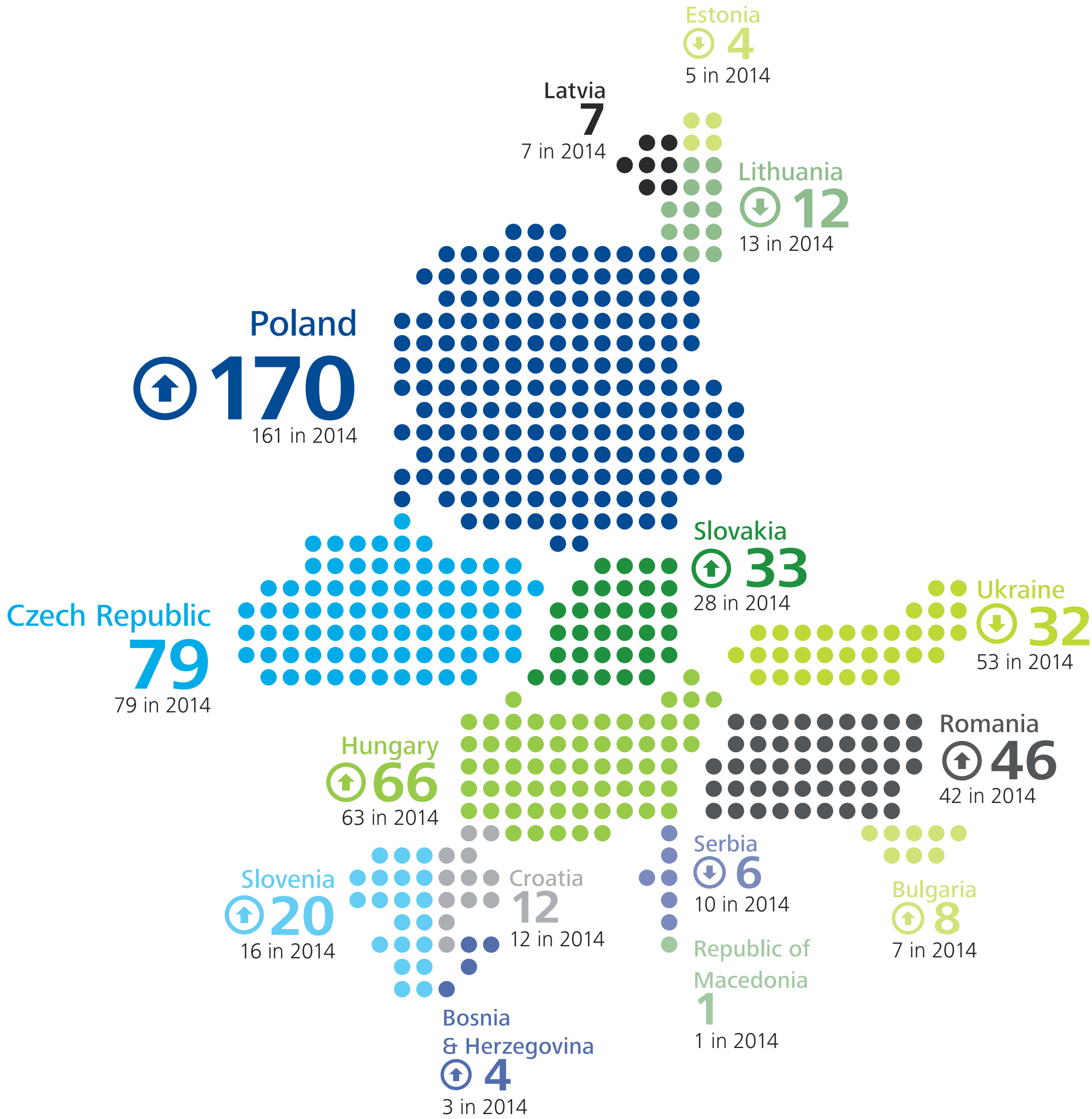
Appetite for risk on the rise again

Despite the moderate growth of the largest companies in the region, the outlook remains somewhat positive. According to the Deloitte CFO Survey in Poland (conducted in May and June 2015), 2015 is showing an improvement in business sentiments and a stronger appetite for risk. Forecast GDP is more optimistic too, with CFOs expecting it to rise by over 3 per cent compared to 2014. It is worth pointing out that the German ZEW Indicator (showing the sentiments of analysts and institutional investors) has been falling since March 2015. Nevertheless, the index has managed to stay above zero which is particularly significant for Poland, for whom Germany is the key trade partner. The Polish Statistical Office has announced that the sales of the Polish manufacturing industry in July 2015 were weaker than expected, although still relatively strong (up by 3.8 per cent year-on-year compared to the forecast 4.2 per cent rise). Some economists are concerned that economic growth will not meet expectations.

The revenue posted by all the companies in the ranking totalled EUR 682bn, a 1.8 per cent year-on-year decrease. The minimum revenue for a company to qualify for the CE Top 500 Ranking (EUR 459 million) was 3.7 per cent lower than in the previous ranking (EUR 477 million).

Sum of revenue (in EURbn)





Geographical structure of companies

Stabilisation of economic trends

The CE Top 500 ranking of the region's largest enterprises does not reflect the economic growth seen in the region (with a median increase in revenues in euro of 0.3 per cent). However, because of a depreciation of the local currencies in the region a year-on-year growth of revenues denominated in local currencies grew at a similar level to the GDP growth. A fall in the prices of energy and resources had a more powerful effect on the change in revenues. Traditionally, companies from this sector have been strongly represented in various rankings, including the CE Top 500; the 3.3 per cent decline in the industry's revenues was only partly offset by the relatively good performance of the industrial goods, consumer goods and pharmaceutical sectors. Further analysis also indicates the following:

- An improvement in Q1 2015 compared to Q1 2014: 55.2 per cent of the ranked businesses saw an increase in revenue (up from 40.3 per cent in the previous year);
- Two new representatives in the consumer goods and transport sector joined the ranking, mainly thanks to Polish companies. (At 174 companies, this is the largest group in the ranking);
- Median revenue growth of the industrial goods sector amounted to 3.1 per cent in euros (5.6 per cent in local currencies). The sector's growth was mainly due to the good performance of automotive companies, which posted a 6.5 per cent revenue increase in euros (8.5 per cent in local currencies);
- Decrease of revenues of energy sector (59 per cent recorded lower revenues) was driven by a decline in the prices of energy resources; the sector's median revenue in euros fell by 3.3 per cent;

- An improvement in the banking sector: in 2014, 33 of 50 banks included in the ranking recorded an increase in assets in euro terms, with a median asset growth of 4.2 per cent (compared to 1.3 per cent in the previous year); the median return on equity (ROE) increased to 8.9 per cent in 2014 (from 8.0 per cent in 2013).
- The 50 largest insurers in the region continued to record decrease in their gross written premiums (GWP). In 2014, GWP decreased on average by 1.7 per cent following a 0.8 per cent decrease the previous year; the insurers' median ROE grew to 14.7 per cent in 2014 (up from 11.3 per cent in 2013).

The revenue posted by all the companies in the ranking totalled EUR 682bn, a 1.8 per cent year-on-year decrease. The minimum revenue for a company to qualify for the CE Top 500 Ranking (EUR 459 million) was 3.7 per cent lower than in the previous ranking (EUR 477 million).

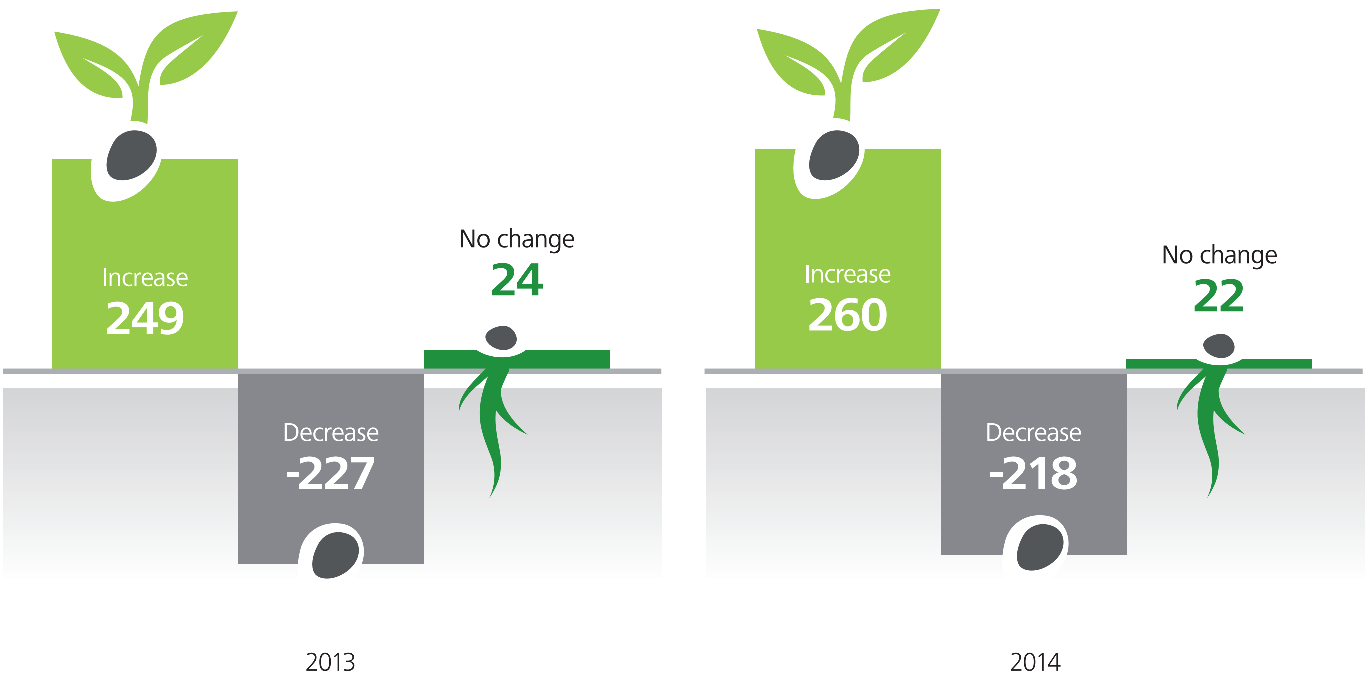
Revenue growth

In 2014, the revenue measured in euros hardly changed – the median change in revenue of the largest CE companies was just 0.3 per cent, compared to a zero change in the previous year. However, the median revenue change denominated in local currencies was 3.1 per cent. The results for Q1 2015 show a small average growth in revenue denominated in euros: 1.7 per cent (compared to -3.1 per cent in Q1 2014).

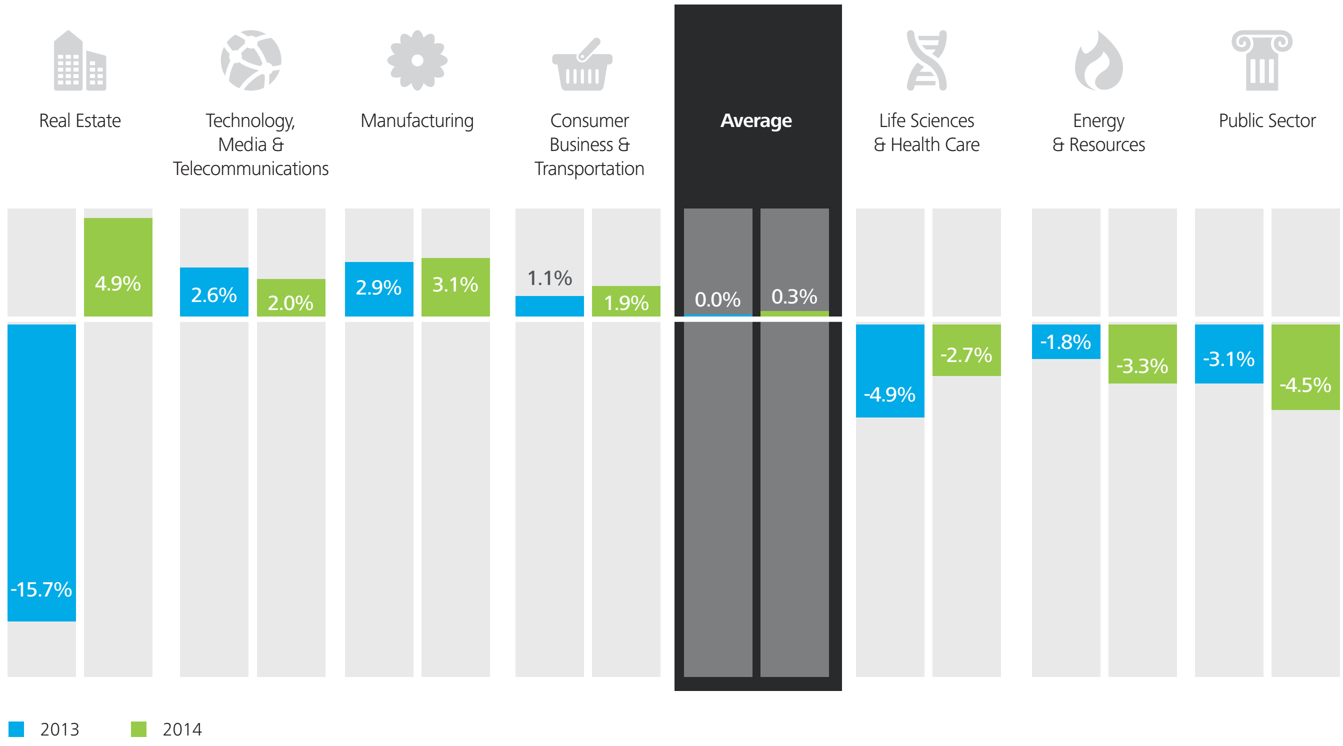
The key sectors represented by the largest companies in the region (consumer goods, transport, energy and resources and manufacturing) continue to account for over 90 per cent of the revenue generated.

Revenues in the energy and resources sector fell by 3.3. per cent, while other major sectors saw growth. This fall was mainly the result of the declining oil prices on the global markets in the second half of the year (from USD 111 per barrel as of June 2014 to USD 55

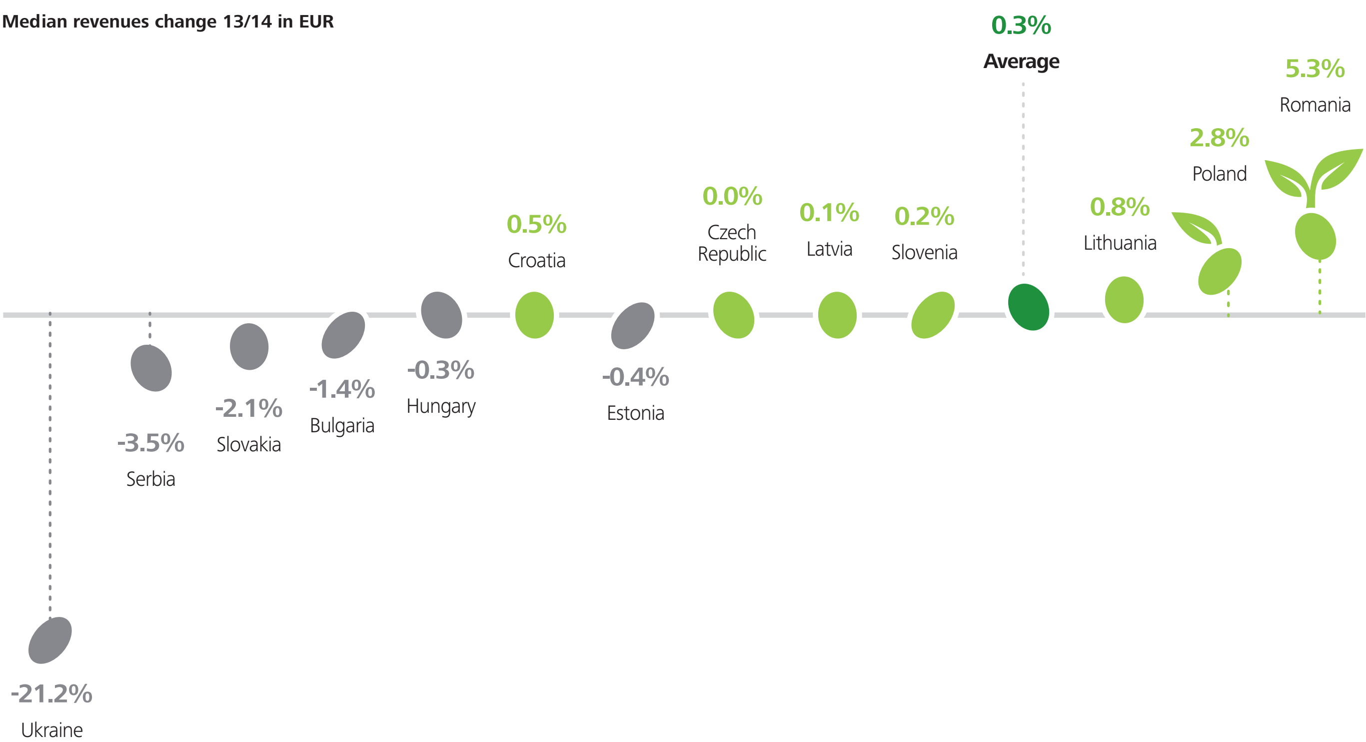
Number of companies - revenue increase vs. decrease in 2013 and 2014



Median revenue change by industry



Median revenues change 13/14 in EUR



per barrel[1] as of the end of 2014). Also, the electrical energy and gas markets saw visibly lower sales as a consequence of the high average temperatures throughout 2014.[2] In addition, the annual output of the hard coal sector (five out of 9 ranked mining companies are from Poland) fell from 76.5 to 72.5 million tonnes of coal per year.[3] Furthermore, the 2013 price of coal (PLN 292.78) fell to PLN 278.74 in 2014.

Compared to the energy and resources sector, the industrial goods sector recorded a 3.1 per cent growth (76 companies i.e. 61.3 per cent of those in the sector reported a revenue growth). The increase in the sector can be mainly attributed to fast growth in the automotive sector, which saw a median revenue growth in euros of 6.5 per cent. This is also clearly reflected in the top 10 of the ranking, which includes Škoda Auto and Audi Hungarian Motor (third and seventh positions, respectively). Most of the manufacturing plants of the automotive companies in the CE region grew their revenues in 2014 (Toyota: 17 per cent, Volkswagen: 13 per cent, Renault: 7 per cent, Fiat: 1.6 per cent). The Polish Statistical Office has confirmed the positive outlook for the automotive industry in Poland: July 2015, with over 13 per cent year-on-year growth in new car registrations, saw the greatest number of new cars registered in 15 years.

The consumer goods and transportation sector also benefitted from a stable revenue growth, with average revenues up by 1.9 per cent). This sector was represented by 174 businesses in the ranking. The average increase in revenues of the largest Polish companies in the industry (5.3 per cent) corresponds to the increasing demand from the Polish domestic market (up by 4.9 per cent year-on-year). Out of all the companies in the ranking, those from Romania showed a fast growth (5.9 per cent) followed by businesses from Hungary and Slovakia (5.1 per cent and 2.3 per cent respectively). There was no change in revenues from the Czech companies. The wholesale sub-sector (represented by 26 companies), with a median growth of 4.8. per cent (10.6 per cent in the local currencies), showed the fastest growth in the whole sector. Some retail companies saw substantial revenue increases, too. Good examples are Jeronimo Martins, which added 194 new locations to its Biedronka chain of supermarket in 2014 to total 2 587 shops at the end of year and Romanian Auchan, with a 63 per cent increase in revenue following the takeover of 20 hypermarkets from Real; this increased the company's total number of locations in Romania to 31.

The domestic appliances sector also had a significant impact on the consumer goods industry as a whole. According to a report by CECED Polska (the Association of Manufacturers of Domestic Equipment in Poland), production for global domestic appliances companies grew by 13 per cent. The National Bank of Poland believes this figure marks the industry's record production level (over PLN 15 billion), which was partly a consequence of growing exports to Western European countries (representing over 85 per cent of the total output).

The geopolitical situation in Ukraine triggered the depreciation of the hryvnia against the euro. Consequently, 84 per cent of the Ukrainian companies in the CE Top 500 ranking reported decreases in their euro-denominated revenues. This is also reflected by a steep (21.2 per cent) fall in the euro-denominated revenues of the Ukrainian companies covered by the survey (compared to an 18.6 per cent increase in the local currency).

Revenues grew in the construction industry by a median 4.9 per cent (11 per cent in local currencies). Life sciences and healthcare likewise saw an increase in revenue, with a 2.0 per cent median growth in 2014. The growth reported by companies from Poland was the strongest in the sector (12 per cent). Companies from Poland represent 24 per cent of all companies of the sector (four out of 17).

1 Source: U.S. Energy Information Administration
2 Source: EURO4M Analysis, European Reanalysis and Observations for Monitoring
3 Source: report Coalmining in Poland in 2014

No changes at the top

The top three places in the ranking remained unchanged from last year. Despite a 5.5 per cent fall in revenues in euro terms (down 5.9 per cent in PLN), PKN Orlen has retained its leadership position, followed by MOL from Hungary and Skoda Auto from the Czech Republic. Jeronimo Martins Polska has risen strongly up the ranking from eighth to fourth place. This success was based upon a 9.8 per cent increase in revenues in euros, the expansion of its supermarket chain being one of the contributing factors. Among the TOP 10 in Central Europe, there are four Polish companies from the energy and natural resources sector. The fifth place went to PGNiG, which demonstrated a solid revenue growth of 7.6 per cent. The most important factor was the company's 9 per cent increase in its sale of natural gas. At the same time, the company recorded a 29 per cent increase in its net margin due to lower prices of natural gas and good performance of the distribution segment. The Lotos Group also rose up the ranking despite stable revenues, which was mainly resulted from the poor overall performance of Ukrainian companies relative to the rest of the region. Audi Hungarian Motor soared in the ranking (from sixteenth to seventh place) following the opening of a new plant where the new Audi A3 Sedan is manufactured. In 2014, the number of vehicles manufactured by the company rose by more than three times, to 135 000 cars. PGE secured tenth place.

Stabilisation in financial institutions

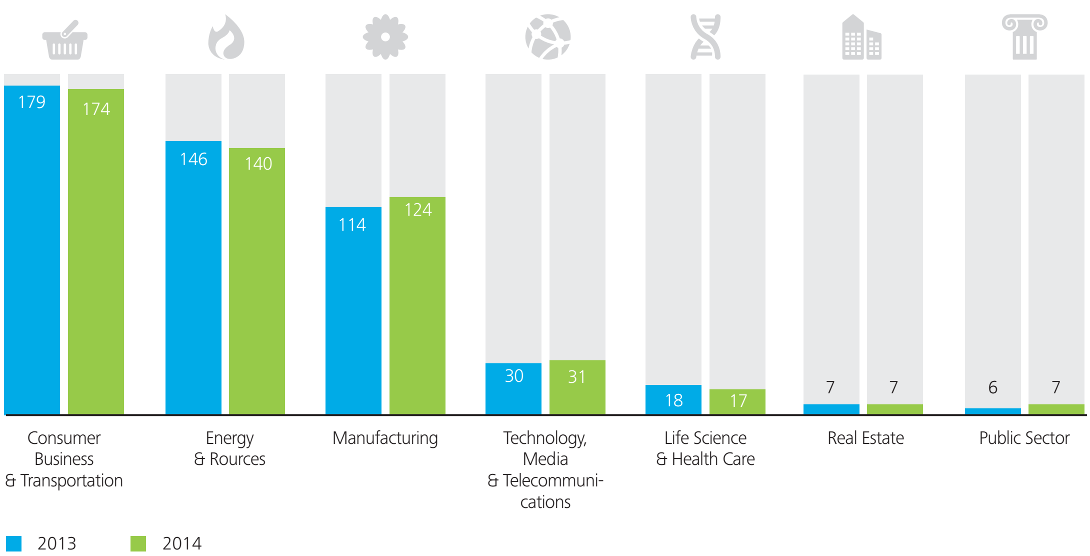
In 2014, banks remained on the stable growth path, resulting, in a 2.3 per cent increase in the total assets of the region's top 50 banks.

Yet again, Polish banks were ranked highly. A half of the top 10 banks serve the Polish market. Again, PKO Bank Polski came first, followed by Bank Pekao. In 2014, PKO Bank Polski recorded a 21.5 per cent increase in its assets, due to activities including the take-overs of Nordea Bank Polska, Nordea Polska TUnŻ and Nordea Finance Polska. Hungary's OTP Bank rose into the top three from fifth position. Ukrainian banks sustained a clear decline (following the depreciation of the Ukrainian hryvnia): Privatbank slid from 10th to 19th place and Oschadbank fell from 24th to 41st.

In 2014, 33 of 50 banks included in the ranking recorded an increase in assets in euro terms, with a median asset growth of 4.2 per cent. Poland is represented by 15 banks in the ranking, the Czech Republic and Hungary by seven banks each.

PKO Bank Polski reported the highest income of the region's financial institutions (EUR 811m) coming only slightly ahead of Komerční banka (EUR 786m) and Bank Pekao (EUR 767m). Since the previous year, 28 banks saw an increase in their income in euros. Their profitability also rose slightly year-on-year. The median return on equity (ROE) rose to 8.9 per cent

Sector structures of companies (2014)



in 2014 (up from 8.0 per cent in 2013). However, there are significant profitability gaps between countries. The average ROE of Polish banks was 10.9 per cent compared to 13.2 per cent for Czech banks, and as little as 3.0 per cent for Romanian banks. ROE stood at -57.3 per cent for Hungarian banks. The Polish banking sector delivered record profits (a total of PLN 16.2 bn, i.e. an increase of 6.9 per cent), mainly benefiting from low interest rates (i.e. lower cost of interest). The losses sustained by Hungarian banks were mainly due to the requirement to cancel loans denominated in foreign currencies.

2014 was yet another year in which insurance companies saw their gross written premiums (GWP) decline. The index of the top 50 insurance companies fell by 1.7 per cent (compared to 0.8 per cent in the previous year). The total GWP of all the insurers in the region went up 1.2 per cent, compared to a 3 per cent decrease in the previous year.

The Polish PZU Group retained the position of leader in the ranking, consolidating its first place following several acquisitions in the sector (including that of Lietuvos Draudimas, a leader on the Lithuanian market, as well as AAS Balta from Latvia). Positions two also went to Poland-based insurance companies – Ergo Hestia (up from fifth to second). Česká pojišťovna fell from second into third position. The impressive improvement in Ergo Hestia's ranking was mainly the result of an increase in premiums written by a life insurance company and the consolidation with MTU.

30 of the region's 50 biggest insurers saw a decline in GWP. The insurers ranking was dominated by Polish (16) and Czech (11) insurers companies. Their profitability grew; in 2014 median ROE rose to 14.7 per cent (11.3 per cent in 2013).

Summary

The ranking does not show any major changes in the trends we saw in the previous year but rather mixed trends depending on the sector or country. Median revenues in euro terms remained at a similar level (growing by 0.3 per cent). Besides the fall in value of local currencies in the region, the key factor affecting the results of the ranking was the falling prices of energy resources (including crude oil and coal). This had an adverse effect on the revenue of many companies in the energy and resources sector (represented in the ranking by 140 companies) which suffered a median decrease in revenues of 3.3 per cent.

The first growth for four years in the number of companies reporting increased revenues (from 249 to 260 y/y) marks a positive change. This is one of a few signs of an improving economic situation, which is also confirmed by GDP statistical data from individual countries across the region. Furthermore, the median revenue for Q1 2015 indicates an accelerating increase in revenues expressed in euros of 1.7 per cent (compared to decrease of 3.1 per cent in Q1 2014). The results of the last Deloitte CFO Survey also demonstrate the return of positive sentiments and a greater appetite for risk among Polish CFOs.

Consequently, we may be cautiously optimistic about expectations for further development of the economies in our region in the months to come. On the other hand, the German ZEW Index has been sliding since March 2015, placing a question mark over the growth of this key export market. Furthermore, the sales of the Polish industrial manufacturing sector in July 2015 were up 3.8 per cent, lower than the expected 4.2 per cent increase. Finally, we should be mindful of the key risks facing the region, namely the political situation in the Ukraine and the financial position of Greece.

Little movement in the top 10

The first three places in the Ranking remained unchanged. As in the previous year, first place was taken by PKN Orlen (despite a 5.5% decrease in EUR revenues), followed by Hungary's MOL and then Škoda Auto.

The Hungarian automotive sector company AUDI Hungaria Motor moved from 16th up to 7th place. Its revenue grew by 26.7% as a result of a threefold increase in sales volume up to 135 000 (mainly due to the production of the Audi A3 Limousine and Audi TT, which started in 2014). It was most notably reflected in export sales, generating the vast majority of revenues.

The second largest Polish company in the top ten was Jeronimo Martins Polska, which took fourth place, increasing its euro denominated revenues denominated by 9.8% and jumping four positions in the Ranking mainly thanks to an effective expansion strategy. Jeronimo Martins increased the number of branches of Biedronka - a discount store chain and the main business of Jeronimo Martins in Poland - by 194 in 2014.

Two significant advances were recorded for Polish companies from the energy sector. Both PGNiG and Lotos moved up by four positions and took 5th and 9th place, respectively. One reason is that they were affected by a reshuffle at the top of the ranking, caused by a downturn among Ukrainian entities. Nevertheless, their sound performance cannot be neglected, especially when the difficult situation in the oil market is concerned. The revenues of PGNiG went up by 7.6% in 2014 (from EUR 7 806m up to EUR 8 189m y/y). The most important factor was the company's 9 per cent increase in its sale of natural gas. The Lotos Group also rose up the ranking despite stable revenues, which mainly resulted from the poor overall performance of Ukrainian companies relative to the rest of the region.

The top three places in the ranking remained unchanged from last year. Despite a 5.5 per cent fall in revenues in euro terms (down 5.9 per cent in PLN), PKN Orlen has retained its leadership position, followed by MOL from Hungary and Skoda Auto from the Czech Republic. Jeronimo Martins Polska has risen strongly up the ranking from eighth to fourth place.

Value by capitalization

The list of ten largest companies by market capitalization was dominated by financial institutions. Similar to last year, CEZ had the highest market capitalization at the end of 2014. We noticed a significant drop in the position of PKO Bank Polski (from second to fifth position). Seven out of the 10 largest companies were from Poland and they were listed on the Warsaw Stock Exchange as well as CEZ. The capitalization of PKN Orlen increased from January to July 2015 up by 60%, on the other hand capitalization of PKO Bank Polski fell 15,7%.

Top companies by market capitlisation (in EUR million)

Rank	Company	Country	31.12.2013	31.12.2014	31.07.2015	31.12.2014 / 31.12.2013 (EUR)	31.07.2015 / 31.12.2014 (EUR)	31.07.2015 / 31.12.2013 (EUR)
1	ČEZ	Czech Republic	10 174.66	11 468.06	11 870.32	12.7%	3.5%	16.7%
2	Bank Pekao	Poland	11 360.28	11 004.25	10 109.83	-3.1%	-8.1%	-11.0%
3	PZU	Poland	9 347.96	9 846.14	9 019.09	5.3%	-8.4%	-3.5%
4	PGNiG	Poland	7 326.63	6 159.82	8 981.73	-15.9%	45.8%	22.6%
5	PKO Bank Polski	Poland	11 881.51	10 487.30	8 839.91	-11.7%	-15.7%	-25.6%
6	PGE	Poland	7 339.82	8 286.55	8 018.76	12.9%	-3.2%	9.3%
7	PKN Orlen	Poland	4 228.41	4 908.98	7 881.68	16.1%	60.6%	86.4%
8	Komerční banka	Czech Republic	6 147.13	6 498.35	7 747.39	5.7%	19.2%	26.0%
9	BZ WBK	Poland	8 742.78	8 730.72	7 230.35	-0.1%	-17.2%	-17.3%
10	OTP Bank	Hungary	3 866.49	3 388.74	5 208.64	-12.4%	53.7%	34.7%
11	OMV Petrom	Romania	5 933.82	5 156.24	5 037.56	-13.1%	-2.3%	-15.1%
12	MOL	Hungary	5 095.53	3 832.04	4 995.26	-24.8%	30.4%	-2.0%
13	INA	Croatia	4 648.03	4 764.10	4 656.41	2.5%	-2.3%	0.2%
14	KGHM	Poland	5 690.59	5 107.57	4 598.45	-10.2%	-10.0%	-19.2%
15	ING Bank Śląski	Poland	3 555.85	4 270.23	3 951.65	20.1%	-7.5%	11.1%
16	mBank	Poland	5 084.64	4 931.75	3 863.31	-3.0%	-21.7%	-24.0%
17	Cyfrowy Polsat	Poland	1 663.14	4 871.02	3 575.54	192.9%	-26.6%	115.0%
18	LPP	Poland	3 973.79	3 108.05	3 412.45	-21.8%	9.8%	-14.1%
19	RomGaz	Romania	2 938.34	3 040.66	3 003.60	3.5%	-1.2%	2.2%
20	Citi Handlowy	Poland	3 308.08	3 278.52	2 928.58	-0.9%	-10.7%	-11.5%
21	Richter Gedeon	Hungary	2 761.32	2 092.27	2 713.25	-24.2%	29.7%	-1.7%
22	Krka Group	Slovenia	2 125.57	1 954.49	2 156.17	-8.0%	10.3%	1.4%
23	Energa	Poland	1 590.49	2 237.28	2 041.36	40.7%	-8.8%	28.3%
24	Grupa Azoty	Poland	1 494.92	1 473.17	2 038.25	-1.5%	38.4%	36.3%
25	Bank Millennium	Poland	2 106.11	2 362.31	1 805.66	12.2%	-23.6%	-14.3%

Breakdown of ownership by industry

Status 2014	External parties	CE parties	State owned	Total
Consumer Business and Transportation	102	59	13	174
Energy and Resources	52	28	60	140
Life Sciences and Health Care	11	6	-	17
Manufacturing	95	24	5	124
Public Sector	-	-	7	7
Real Estate	5	2	-	7
Technology, Media and Telecommunications	23	6	2	31
Total	**288**	**125**	**87**	**500**

Status 2014	External parties	CE parties	State owned	Total
Bosnia and Herzegovina	1	2	1	4
Bulgaria	3	3	2	8
Croatia	1	7	4	12
Czech Republic	55	17	7	79
Estonia	1	2	1	4
Hungary	54	4	8	66
Latvia	5	1	1	7
Lithuania	3	6	3	12
Poland	90	45	35	170
Republic of Macedonia	1	-	-	1
Romania	36	4	6	46
Serbia	2	1	3	6
Slovakia	25	2	6	33
Slovenia	4	13	3	20
Ukraine	7	18	7	32
Total	**288**	**125**	**87**	**500**

Company ownership

The number of state controlled companies is declining. At the same time, those controlled by external parties increased by 7 to 288 in 2014, mainly driven by companies from the Manufacturing and Energy and Resources sectors.

In total there are fewer companies in the Top 500 that are under capital control of CE entities. The increase applied only to the Consumer Business and Transportation sector (by five companies).

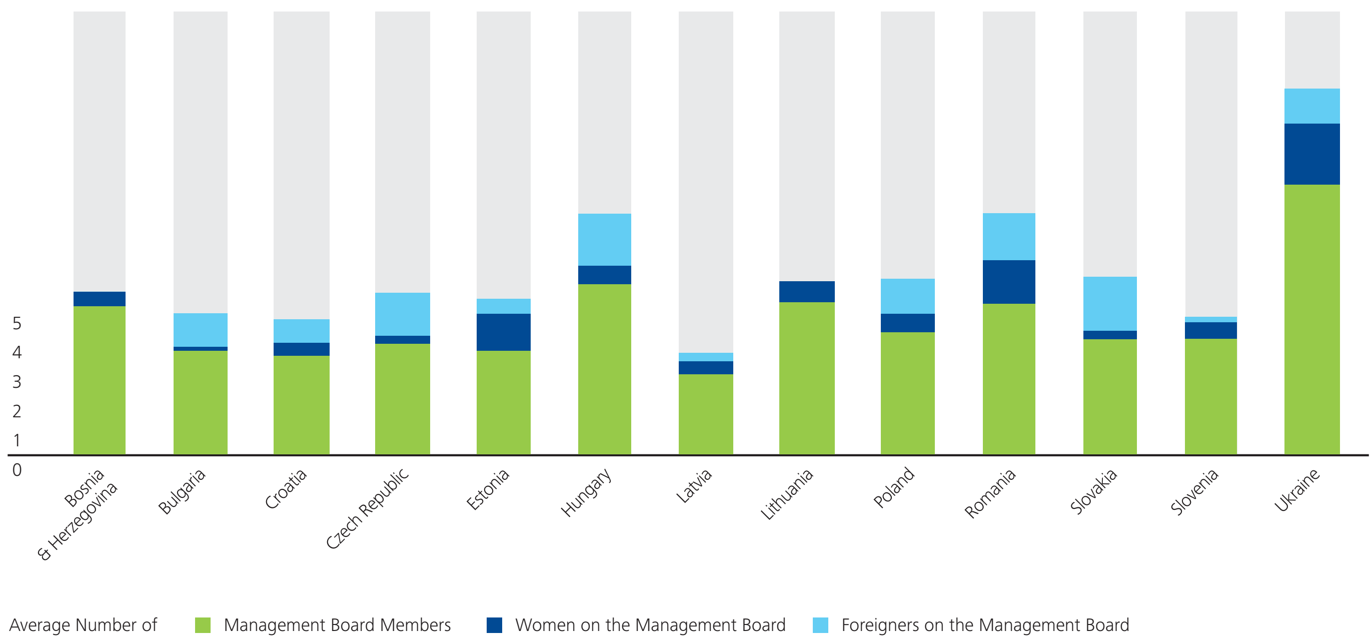
The decline in CE-owned companies was most noticeable in the Czech Republic and Hungary, leading to a decrease in those under external control. This indicates an opposite trend, compared to the one observed the previous year.

Management and supervisory boards

This is the third time that we have examined the composition of management and supervisory boards in companies in Central Europe, analysing the number of women and foreigners represented. In CE's 500 largest enterprises, the average number of management board members is 4.5, of which 14.1% are women (down from 17.0% in 2013) and 28.7% are foreigners (compared to 33.5% in 2013). There are more members of the supervisory board on average (5.1 people) but they are characterised by similar proportions of women as on management boards – 14.8% are female (down from 16.4% last year). However, a 9 p.p. decrease in the proportion of foreigners was observed (29.9% compared to 38.8% in 2013).

The highest proportion of women on management boards in Central European countries was among Estonian companies (35.7%) and the lowest was in Bulgaria (3.6%).

Average of Management Board Members by Country (2014)



Banking

By **András Fülöp**
Deloitte Partner
CE Financial Services Leader

The world of finance is an important part of everyone's life. Developing people-friendly technologies, giving people easier access to their money, making payments and offering products that can improve standards of living are values of intrinsic importance. Other important elements are social communication, presence on the market in the broad sense and cooperation among stakeholders.

Zbigniew Jagiełło
CEO, PKO Bank Polski, Poland

Ranking

The ranking of the 50 largest Central European banks, similarly to last year, is led mainly by financial institutions from Poland and the Czech Republic. The top 10 includes five banks originating from Poland, four Czech banks and one Hungarian bank. The largest bank, PKO BP, was also one of the fastest growing, widening its lead thanks to its acquisition of Nordea Bank Polska. BZ WBK (up to sixth from seventh last year) was the only bank that grew at a faster pace than PKO BP, also gaining from its acquisition of Santander Consumer Bank Group in Poland.

While eight out of the top ten banks registered an improvement in net profit in 2014, there was a notable exception in the case of Hungary's OTP (up to third place from fifth last year), which reported a substantial loss. This was mainly due to the one-off impact of regulatory changes relating to consumer contracts (foreign exchange debt relief for customers) in Hungary, although there were also losses in Ukraine and Russia. On an adjusted basis, without this one-off loss, OTP reported an improved profit for its core Hungarian operations.

Top 50 banks in Central Europe - Based on 2014 total assets (All revenue and net income figures are in EUR million)

Rank		Bank name	Country	Assets	Assets change (%)	Net income	Net income change (%)	LY Rank
				2014	2014-2013	2014	2014-2013	
1		PKO Bank Polski	Poland	58 348.9	21.5%	811.3	0.3%	1
2		Bank Pekao	Poland	39 327.4	2.9%	767.6	-1.6%	2
3	↑	OTP Bank	Hungary	34 840.9	-0.4%	-330.2	N/A	5
4	↑	Komerční banka	Czech Republic	34 382.7	8.8%	786.7	-3.7%	6
5	↓	Česká spořitelna	Czech Republic	32 555.1	-8.1%	591.7	-9.2%	4
6	↑	BZ WBK	Poland	31 556.2	23.4%	488.7	5.5%	7
7	↓	ČSOB	Czech Republic	31 222.3	-11.4%	494.4	-3.8%	3
8		mBank	Poland	27 681.3	10.1%	363.0	9.5%	8
9		ING Bank Śląski	Poland	23 428.8	12.0%	572.5	13.5%	9
10	↑	UniCredit Bank Czech Republic and Slovakia	Czech Republic	18 345.0	7.9%	277.1	44.1%	11
11	↑	Getin Noble Bank	Poland	16 148.7	5.3%	79.3	-18.6%	13
12		ZABA	Croatia	15 677.8	-3.2%	153.9	60.6%	12
13	↑	Bank Millennium	Poland	14 250.6	3.7%	159.7	23.8%	15
14	↑	Raiffeisen Polbank	Poland	13 759.8	6.9%	80.4	86.5%	16
15	↓	BCR	Romania	13 749.0	-7.6%	-629.6	N/A	14
16	↑	Slovenská sporiteľňa	Slovakia	12 968.7	10.9%	208.0	0.1%	18
17	↑	BGK	Poland	12 019.6	13.7%	103.7	-43.6%	22
18	↓	NLB Group	Slovenia	11 909.5	-4.6%	98.5	105.1%	17
19	↓	PrivatBank	Ukraine	11 908.5	-33.4%	15.4	-93.4%	10
20	↓	VÚB	Slovakia	11 699.0	1.2%	133.0	5.5%	19
21	↓	Citi Handlowy	Poland	11 694.1	6.8%	247.8	-3.6%	20
22	↓	BRD	Romania	10 286.9	-3.9%	15.3	112.4%	21
23		Tatra banka	Slovakia	9 681.2	2.2%	115.1	18.6%	23
24	↑	BGŻ	Poland	9 501.2	10.1%	32.9	-11.4%	29
25		PBZ	Croatia	9 490.0	3.4%	123.5	9.3%	25
26		Swedbank Estonia	Estonia	9 319.0	4.3%	188.0	-5.4%	26
27		Erste Croatia	Croatia	9 105.4	2.5%	62.6	90.2%	27
28	↑	DB Polska	Poland	8 513.9	7.3%	66.2	8.1%	31
29	↑	Raiffeisenbank	Czech Republic	8 348.7	15.8%	73.8	113.9%	35
30	↑	Unicredit Bulbank	Bulgaria	8 172.5	18.2%	145.7	61.7%	37
31	↑	Hypoteční banka	Czech Republic	8 019.9	2.5%	111.0	1.5%	33
32	↑	Banca Transilvania	Romania	7 986.4	11.1%	99.7	7.0%	36
33	↓	K&H Bank	Hungary	7 757.7	-6.3%	-91.3	N/A	28
34	↓	Bank BPH	Poland	7 415.5	-6.8%	26.7	-34.8%	32
35	↑	UniCredit Romania	Romania	7 220.7	13.6%	32.4	N/A	40
36	↑	UniCredit Hungary	Hungary	7 100.1	19.3%	51.8	131.5%	48
37	↑	Alior Bank	Poland	7 077.9	14.9%	76.9	40.0%	44
38	↑	ČSOB Slovakia	Slovakia	6 799.5	8.2%	66.2	2.3%	41
39	↓	SEB bankas	Lithuania	6 749.2	-1.2%	72.4	33.4%	38
40	↑	Raiffeisen Bank	Hungary	6 629.4	6.3%	-380.0	-184.4%	42
41	↓	Oschadbank	Ukraine	6 463.6	-29.8%	-625.2	N/A	24
42	↑	Raiffeisen Bank Romania	Romania	6 423.1	8.5%	115.4	20.4%	46
43	↓	Ukreximbank	Ukraine	6 422.9	-24.0%	-702.2	N/A	30
44	↑	Swedbank Lithuania	Lithuania	6 290.5	11.1%	108.0	-6.0%	49
45	↑	CEC Bank	Romania	6 242.7	4.1%	1.7	-73.6%	47
46	↓	MKB	Hungary	6 175.4	-6.6%	-478.2	-57.7%	39
47	↓	Erste Bank Hungary	Hungary	5 993.1	-21.5%	-327.4	N/A	34
48	↓	Českomoravská stavební spořitelna	Czech Republic	5 951.8	-1.7%	46.6	-22.1%	45
49		CA Bank Polska	Poland	5 937.6	13.1%	63.3	16.1%	N/A
50	↓	CIB Bank	Hungary	5 505.5	-11.6%	-336.3	23.8%	43

ROE in 2014 vs 2013
(Source: Central banks)

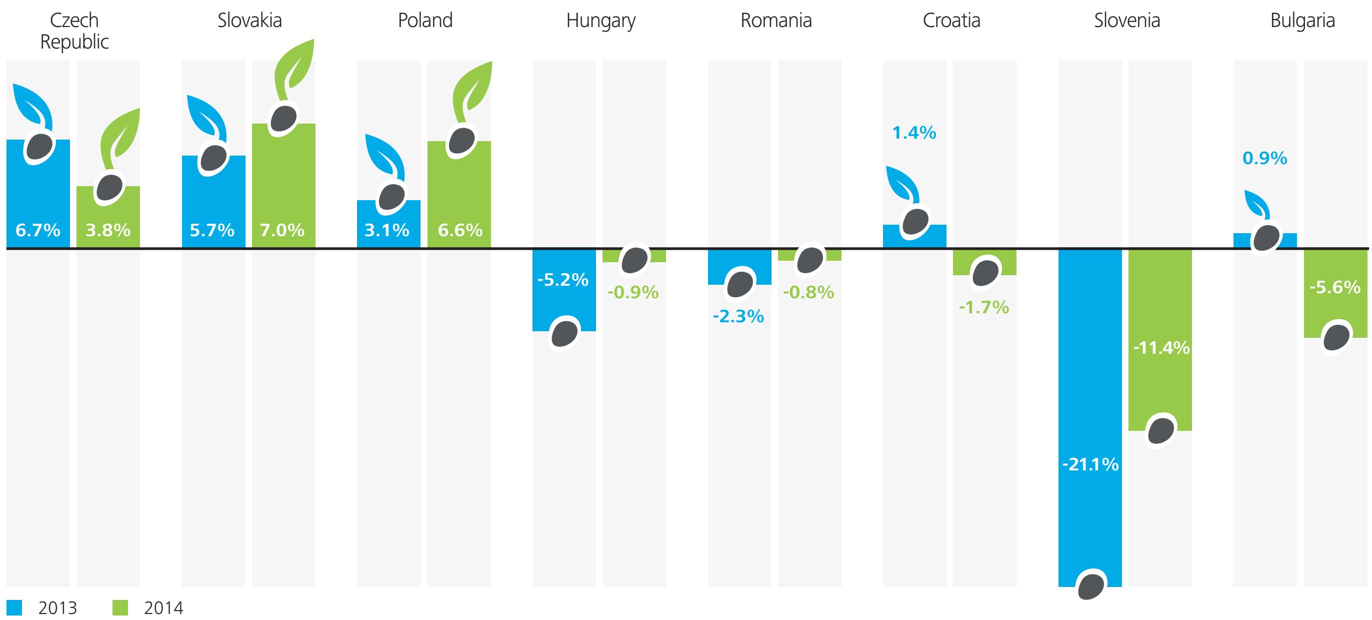
Profitability

The divide in the profitability of the CE banking sector between the north (Poland, the Czech Republic and Slovakia) and the south (Hungary, Romania, Bulgaria, Croatia and Slovenia) of the region narrowed in 2014, but a wide gap remains. The average return on equity (ROE) in the north remained high and stable at 10.7 per cent in 2014 (versus 10.8 per cent in 2013), well above the 5 per cent median across all European banks.[1]

In the south, meanwhile, there was a reduction in negative ROE to -6.2 per cent (versus -8.5 per cent in 2013). This improvement in the south was driven by a recovery in Slovenia, where the industry's net losses fell from EUR 3.6bn in 2013 to EUR 0.1bn in 2014, underpinned by reduced provision requirements (following the transfer of bad asset to BAMC). The improvements in Croatia and Bulgaria[2] were comparatively modest. However, there was a significant worsening of ROE in Romania (-12 per cent), on the back of an accelerated clean-up of non-performing loans (NPLs) and in Hungary (-17 per cent), due to the burden of providing FX debt relief to customers.

In the north, there was slight erosion of ROE in the Czech Republic and Slovakia, as sluggish earnings growth did not keep pace with equity. Poland's ROE remained stable thanks to a resilient net interest margin and accelerating loan growth.

Loan growth in 2014 vs 2013
(Source: Central banks)



Loan growth

While faster economic growth has helped drive accelerated lending in the north, the economic upturn in the south came despite further deleveraging in 2014. The fastest loan growth in the region was in Slovakia (up by 7.0 per cent year on year), where the retail segment (up by 12.0 per cent) and consumer lending (up by 20.0 per cent) have been booming.

In contrast, Poland's loan growth (up 6.6 per cent year on year) was more balanced and led by its corporate segment (up 8.3 per cent). Lending growth in the Czech Republic slowed due to stagnation in corporate lending last year, but subsequently picked up in the first half of 2015.

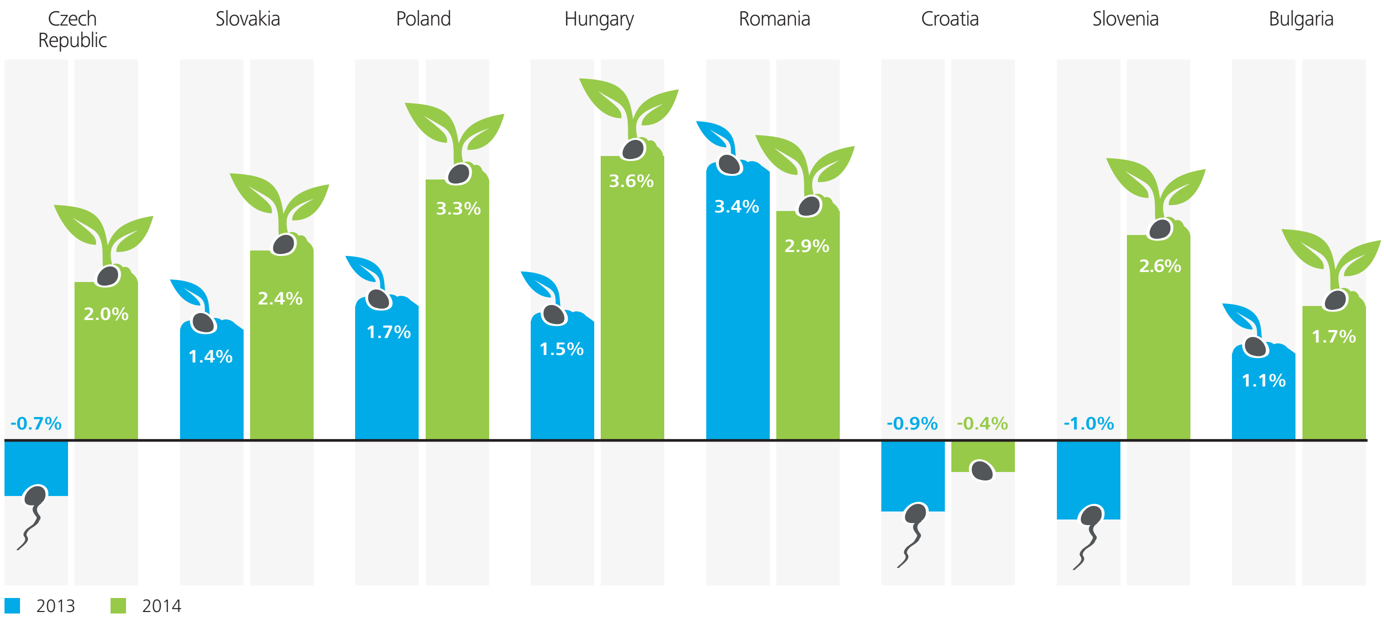
Loan growth was negative in all southern markets in 2014, led mainly by the corporate segment and influenced by asset sales/transfers. The steepest declines came in Slovenia (-11.4 per cent year on year), where there was a further transfer of assets to the BAMC, and Bulgaria (-5.6 per cent), where CCB had its banking license revoked. Hungary (-0.9 per cent) stands out thanks to a decline that was led by its retail segment (-1.7 per cent). We expect that this will only accelerate in 2015 (to around -10 per cent year on year[3]) due to settlements for FX debt relief. As the economic recovery becomes more entrenched in most southern markets, however, loan growth should be near a turning point.

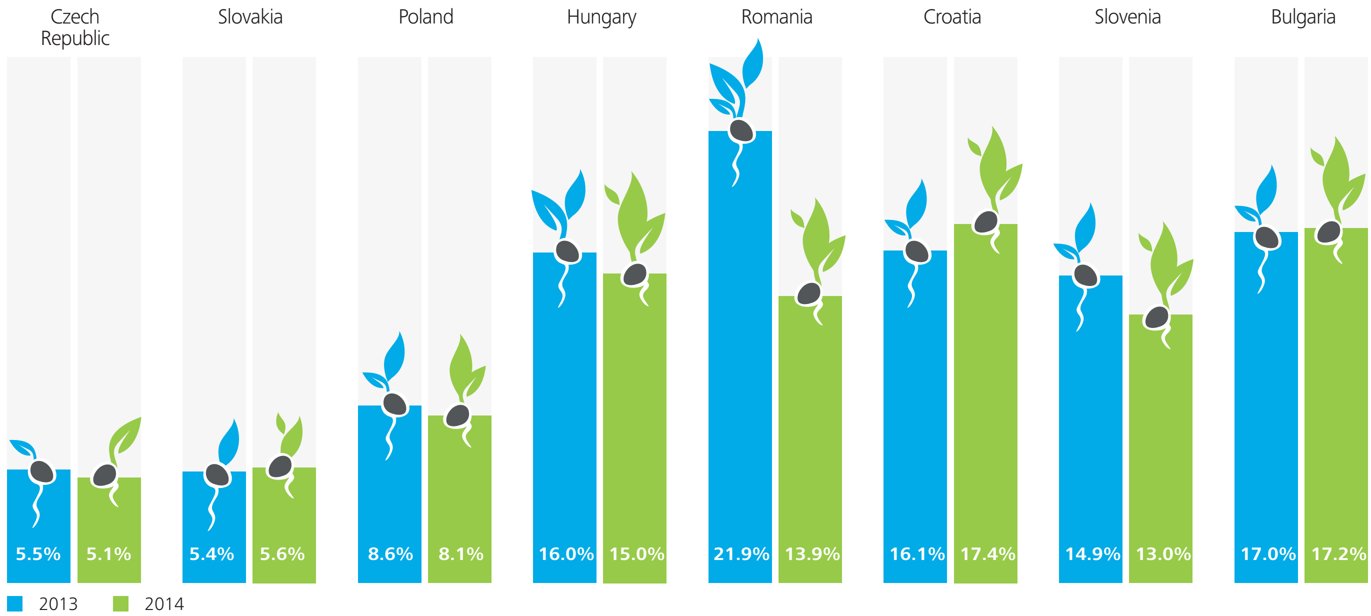
Asset quality

Asset quality improved in the majority of CE markets. While NPL ratios are still very high in the south, efforts to clean balance sheets have continued. In Romania, NPL sales and write-offs helped lower the NPL ratio by a massive 8 percentage points[4] to 13.9 per cent. Transfers[5] of corporate-sector NPLs contributed to the decline of NPL ratios in Slovenia (-1.9 percentage points to 13.0 per cent) and Hungary (-1.0 percentage point to 15.0 per cent). Bulgaria's NPL ratio was relatively stable, while

1 Based on an average of the ECB's reported median for domestic banking groups and stand-alone banks (56 large banks), which was 7.1% in 1Q14, 5.5% in 2Q14, 5.3% in 3Q14 and 3.3% for 4Q14
2 ROE of Bulgaria excludes the results of CCB, which had its banking license revoked in November
3 The expectation of the MNB is a decline of -9.6% y/y in 2015, -2% y/y adjusted for the effect of FX debt relief

GDP growth in 2014 vs 2013
(Source: Central banks)





NLP rato in 2014 vs 2013
(Source: Central banks)

last year's recession in Croatia kept its NPL ratio (up by 1.3 percentage points to 17.4 per cent) on an upward path. The comparatively low NPL ratios in the north have benefited from a base effect (new loan growth). This contributed to a further decline of the NPL ratio in Poland (-0.5 percentage points to 8.1 per cent) and the Czech Republic (-0.4 percentage points to 5.1 per cent), along with NPL sales, which soared to a new high in Poland of PLN 15.4bn. Slovakia's NPL ratio rose slightly (up by 0.2 percentage points to 5.6 per cent) but remained one of the best in the region.

Outlook and challenges

The outlook for the CE banking sector is for an overall improvement in profitability, while the north/south divide should once again narrow substantially in 2015. In countries in the south that have made a substantial effort to clean their balance sheets (such as Romania, Hungary and Slovenia), lower risk costs should enable a return to profitability going forward. However, the stockpile of NPLs remains excessive and should be managed down via further restructuring, work-outs, and debt sales. Stabilising asset quality and recovering profitability should lower the barriers to M&A activity and encourage consolidation, particularly in the south. We believe that regional players will also focus more on their core activities and look to exit less profitable areas. In northern markets, as banks seek to defend profitability in the face of pressure on their margins, we expect to see emphasis on volume-driven revenue growth, particularly in higher-margin products, customer acquisition and cross-selling.

Poland

Polish banks are facing a sharp deterioration in profitability in 2015. The sector's net profit was down by 8 per cent year on year in the first half. Headwinds are restricting revenue, with lower interest rates squeezing margins and lower interchange rates reducing fee income. At the same time, costs have risen due to increased Banking Guarantee Fund charges attributable to difficulties in the credit unions segment. The outlook for banks in 2016 may be even more difficult, with the possibility (depending on the outcome of legislative proposals) of steep costs from providing FX-debt relief to customers and a new bank tax. While there has been a further acceleration of lending, with banks chasing higher volumes, the weaker outlook may drive more foreign owners to re-evaluate their Polish operations. The M&A landscape in the sector is already active. In the past year, Alior bought Meritum and PZU agreed to buy a stake in Alior, while General Electric is selling Bank BPH and RBI its Polish operations.

4 This includes also the effect of the NBR's change in NPL methodology, to include not only banks that use a standardised approach but also those using internal ratings. This lowered the NPL ratio by 1.9pp in March

5 Transfers from Abanka and Banka Celje to the BAMC in Slovenia and from a bank to its parent in Hungary

Consumer Goods & Transportation

By ***Dariusz Kraszewski***
Deloitte Partner
Strategy & Operations

Cooperation: *Piotr Wilczyński, Senior Consultant, Deloitte Poland*

The CE consumer goods industry continues its transition as we witness the shift from a producer-centric to a consumer-centric culture. Today, it is the consumer who dictates the pace, and retailers and consumer-packaged goods (CPG) companies alike are having to adapt to this new reality.

Company performance

Retailers are still among the strongest market players in the consumer space, setting the pace for the whole industry. This is apparent in the CE TOP 500 ranking results, where 12 retailers and two wholesalers and distributors feature among the top 20 companies. These include Jeronimo Martins, up by four positions to fourth since the 2014 ranking, still the only consumer goods & transport (CG&T) company in the ranking's top 10.

Jeronimo Martins' Biedronka chain managed to stay on the growth track, even though its like-for-like results were received as 'disappointing' by most commenters. Additionally, Biedronka continued to move up-market, with significant additions to the product range and the long-expected introduction of card payments.

It is also worth noting that Metro Group has lost the top-10 position among the region's CG&T companies that it held in the 2014 ranking. This follows the acquisition by Auchan Groupe of Real's business in Poland, Russia, Romania and Ukraine .

Local players are growing

CE's retailers are managing to take advantage of their strengthening position. In general, retail sales in CE countries grew compared to 2013 (by around 2 per cent in Poland, 4 per cent in the Czech Republic and by as much as 6 per cent in Hungary and 8 per cent in Romania). On the other hand, larger, global consumer business companies are experiencing the continuation of slow or negative growth in the CE region. Smaller local players have been more flexible in exploiting new opportunities and are more willing to take risks to adapt their offering to meet changing consumer needs.

The market trends

The trend towards the 'smart shopper' is growing stronger. Consumers know and remember the prices of the products they buy most often, and continue to look for discounts and promotions without sacrificing product quality. This quest for value has resulted in a growing split in the market as we identify a squeeze on mainstream products, while both economy and premium products are gaining importance, often driven by private labels. These trends are forcing mainstream producers to keep on lowering prices and live with the resultant slimmer margins.

As differentiation becomes increasingly key to survival for producers, we expect to see an increasing focus on innovation in 2015. However, innovation does not necessarily mean launching new, disruptive product concepts or entering new categories. Consumers are more aware of health issues and more concerned about ingredients. Changing consumer preferences – away from salty, fatty and sugary products – are visible both in Central Europe as well as the mature markets of America and Western Europe. This is posing a very serious long-term challenge to most companies in the food and beverage sectors. One answer for producers is to expand into the healthy food and lifestyle trend by shifting their attention to healthy, organic recipes and reducing the salt and sugar content of their existing products.

This trend is directly linked with sustainability issues, as leading companies seek new ways to engage with consumers and communities. Market share and profits are no longer the sole measures of success. Instead, Corporate Social Responsibility requires companies to focus simultaneously on business results, consumers and employees, business partners, society and the environment. The year 2020 will be an important

Top 50 in Consumer Business & Transportation within Central Europe - Based on 2014 total assets (All revenue and net income figures are in EUR million)

Rank	T500	T500 LY	Company name	Country	Revenue from sales 2014	Revenue chang % 2014-2013	Revenue from sales Q1 2015	Revenue change % Q1'15-Q1'14	Net income 2014	Net income change % 2014-2013
1	**4** ↑	8	Jeronimo Martins Polska	Poland	8 567.6	9.8%	2 227.8	13.3%	N/A	N/A
2	**22** ↑	27	Agrokor	Croatia	4 580.4	15.1%	1 391.0	73.4%	-37.7	N/A
3	**27** ↑	29	Eurocash	Poland	4 049.4	3.1%	1 110.1	25.0%	41.4	-21.1%
4	**33**	NM	Ukrzaliznytsia	Ukraine	3 696.5	-38.4%	635.9	3055.7%	N/A	N/A
5	**42** ↑	45	VP	Lithuania	3 057.0	2.9%	N/A	N/A	83.0	3.8%
6	**43** ↓	39	Samsung Electronics Slovakia	Slovakia	3 047.5	-3.1%	N/A	N/A	102.3	5.3%
7	**45** ↓	41	Chimimport	Bulgaria	3 004.7	-2.8%	1 482.5	82.8%	37.5	13.8%
8	**48** ↑	58	Lidl Polska	Poland	2 745.1	10.1%	N/A	N/A	N/A	N/A
9	**49** ↓	44	Tesco Polska	Poland	2 673.5	-12.4%	N/A	N/A	N/A	N/A
10	**50** ↑	51	Mercator Group	Slovenia	2 653.7	-4.1%	628.7	0.6%	-92.6	N/A
11	**54** ↑	59	PKP	Poland	2 507.6	3.6%	N/A	N/A	109.8	N/A
12	**61** ↑	64	Samsung Electronics Hungary	Hungary	2 275.1	-0.6%	N/A	N/A	77.3	9.1%
13	**65** ↑	98	Carrefour Polska	Poland	2 121.1	27.1%	N/A	N/A	N/A	N/A
14	**68** ↓	54	ATB Market	Ukraine	2 025.8	-23.4%	335.0	-44.2%	-17.8	-180.8%
15	**72** ↓	53	Megapolis Ukraine	Ukraine	1 997.5	-26.0%	302.2	-38.5%	72.1	-14.6%
16	**73** ↓	60	Fozzy Group	Ukraine	1 995.0	-22.0%	382.2	-32.0%	-81.0	N/A
17	**74** ↑	116	Kaufland Polska	Poland	1 979.2	17.7%	N/A	N/A	11.5	N/A
18	**75** ↑	86	Kaufland Česká republika	Czech Republic	1 975.6	0.0%	N/A	N/A	N/A	N/A
19	**76** ↑	77	TESCO-GLOBAL Áruházak	Hungary	1 939.8	-5.0%	N/A	N/A	-139.2	N/A
20	**78** ↑	111	Auchan Polska	Poland	1 838.0	17.4%	N/A	N/A	N/A	N/A
21	**81** ↑	101	Kaufland Romania	Romania	1 802.3	9.6%	N/A	N/A	92.3	23.2%
22	**86** ↑	118	PPHU Specjał	Poland	1 729.7	18.7%	434.3	2.3%	1.9	34.0%
23	**89** ↓	73	Kernel	Ukraine	1 720.9	-20.4%	432.1	39.8%	-73.2	-182.5%
24	**90**	90	Makro Cash and Carry Polska	Poland	1 708.7	0.0%	N/A	N/A	N/A	N/A
25	**94** ↑	97	Tesco Stores ČR	Czech Republic	1 631.1	0.0%	N/A	N/A	N/A	N/A
26	**98** ↑	105	Konzum	Croatia	1 598.8	-0.6%	N/A	N/A	15.9	-29.0%
27	**99** ↓	35	Metro Group	Poland	1 594.6	-55.9%	N/A	N/A	N/A	N/A
28	**103** ↑	110	BAT (Romania)	Romania	1 557.8	-0.6%	N/A	N/A	80.3	-10.6%
29	**108**	N/A	Maxima LT	Lithuania	1 494.6	2.4%	N/A	N/A	N/A	N/A
30	**114** ↑	117	PS Mercator	Slovenia	1 455.2	-0.6%	343.8	-0.9%	-138.6	-193.4%
31	**119**	119	Ahold Czech Republic	Czech Republic	1 401.5	-3.6%	517.6	N/A	12.1	8.3%
32	**122** ↓	108	Samsung Electronics Polska	Poland	1 387.4	-11.9%	N/A	N/A	30.7	N/A
33	**123** ↑	136	AB	Poland	1 374.5	6.6%	360.2	20.2%	10.3	15.6%
34	**124** ↓	113	Epicentr K	Ukraine	1 374.3	-23.1%	N/A	N/A	N/A	N/A
35	**126** ↑	130	Tesco Stores SR	Slovakia	1 371.6	-1.9%	N/A	N/A	16.8	-50.9%
36	**131** ↑	158	ABC Data	Poland	1 330.3	16.2%	324.4	16.3%	6.5	-51.7%
37	**134**	134	Castorama Polska	Poland	1 307.9	0.1%	N/A	N/A	N/A	N/A
38	**138** ↑	154	Grupa Muszkieterów	Poland	1 296.2	11.6%	306.1	8.7%	N/A	N/A
39	**139** ↑	161	Rossmann	Poland	1 295.1	13.8%	N/A	N/A	N/A	N/A
40	**140** ↓	135	SPAR Magyarország	Hungary	1 293.9	0.3%	N/A	N/A	-59.7	-51.0%
41	**143** ↓	240	WIZZ Air Hungary	Hungary	1 273.0	25.3%	N/A	N/A	191.5	80.6%
42	**144** ↑	199	Żabka Polska	Poland	1 256.8	28.6%	308.5	15.7%	N/A	N/A
43	**146** ↓	142	Gorenje Group	Slovenia	1 245.6	0.4%	266.4	-8.4%	-10.0	71.6%
44	**150** ↑	176	PKP PLK	Poland	1 201.4	11.8%	N/A	N/A	-27.5	72.3%
45	**151** ↓	139	České dráhy	Czech Republic	1 199.1	-5.0%	N/A	N/A	5.7	107.6%
46	**156**	N/A	Ukrlandfarming	Ukraine	1 157.5	-25.6%	289.0	-32.2%	-194.6	-134.4%
47	**159** ↓	148	LG Electronics Wrocław	Poland	1 145.4	-3.6%	N/A	N/A	N/A	N/A
48	**160** ↑	227	LG Electronics Mława	Poland	1 144.6	27.1%	N/A	N/A	15.0	54.5%
49	**165** ↑	198	LPP	Poland	1 138.5	16.5%	241.7	7.1%	115.0	11.9%
50	**167** ↓	147	Penny Market ČR	Czech Republic	1 136.6	-2.7%	N/A	N/A	19.0	68.2%

milestone for many consumer business organisations as they aim to reduce their carbon footprint (such as Reckitt Benckiser by -20 per cent), reduce environmental impact (like Unilever's goal of halving the footprint involved in making and using its products) or to introduce water savings (such as Nestlé).

Retailers will increasingly look to technology solutions to increase sales and profits. They will also be increasingly willing to invest more in big data solutions to give them a competitive edge, such as shopper-path tracking solutions, or pricing, promotion and assortment optimisation software.

The internet and smartphone era will continue to impact how consumers reach their buying decisions. Researching a product online prior to purchase is growing in popularity (known as the ROPO effect – research online, purchase offline). The foreign trend of 'showrooming' is also gaining popularity – looking for reviews and lower prices on a smartphone while shopping in a physical store.

We are observing an intensification of several trends in the consumer space, including smart shopping, healthy eating, sustainability and technology. This confluence of trends, often pulling in different directions, has created an extremely interesting consumer-business space for observers to follow over the years to come.

One of the main obstacles to implementing the concept of corporate social responsibility is the misunderstanding of the essence of CSR and a failure to identify and understand the benefits of implementing the principles of sustainable development. In this field, one cannot expect immediate results and positive effects on the bottom line. Over the longer perspective, however, running a business in a socially responsible way is always a good decision and a profitable investment.

Pedro Pereira da Silva
Chief Operations Officer of Jernonimo Martins
& Country Manager, Poland

Energy & Resources

By ***Farrukh Khan***
Deloitte Partner
CE Energy & Resources Leader

This year, there are 140 entities from the Energy & Resources (E&R) sector in the TOP 500 ranking, down from 146 in 2014. The total revenues recorded by the region's energy companies represent 39 per cent of the total revenues recorded by the CE region's 500 largest companies this year.

The CE energy landscape remains complex: different countries are at different levels of achieving the 2020 targets set by the EU's third energy package. The larger countries within the region have substantially different energy mixes or policy objectives, making it a continuous challenge for policy makers and consumers alike. Gas market liberalisation in Romania, regional interconnectivity, the impact of reverse-flow capacities on the Polish gas market and gas producers, and shifts in Hungarian energy policy are some of the elements to consider.

> The ability to integrate business objectives with non-business ones is particularly important, and it should be done at the stage of designing the company's strategy. Success is achieved by companies that understand the impact they have on their immediate, as well as the more distant, environment. They know the needs and interests of its stakeholders, and, most important, act in line with such knowledge.
>
> *Jacek Krawiec*
> *CEO of PKN Orlen, Poland*

Country by country

Hungary has embarked upon a drive to ensure the provision of energy through a centralised national organisation, reversing previous privatisations. Regionalisation and market coupling is taking place and creating its own challenges. The power and utility segment is being reshaped within the nationalisation efforts of the Government, with the key objective that the state should provide combined services through a single state-owned organisation. ENKSZ (First National Utility Ltd) is already established and started operations in 2015, primarily focusing on retail gas distribution.

MOL is still the key player in the oil and gas sector in Hungary; it is the largest company in the country and is actively seeking acquisition and growth opportunities both in the upstream and downstream segments in Hungary and abroad.

Limited developments took place in the renewable power-generation segments, as the new renewable regulatory system (METÁR), which is to replace the previous mandatory takeover system, is still not yet complete. In addition to the activities of the state, private players' activity is also increasing – Dunamenti Erőmű was acquired by MET AG and Budapesti Erőmű is currently being acquired by EPH from the Czech Republic (see our report on the Index of Success). Preparations for the expansion of the Paks Nuclear Power Plant are ongoing, meanwhile, and the construction of blocks five and six is expected to be carried out in collaboration with Rosatom.

2015 was a tough year for the Polish E&R industry, due to sharp falls in the prices of oil and coal on the global markets. We have seen a gradual increase in liquidity on the natural gas market, which will be a challenge for PGNiG. The company has already decided to offer bigger rebates to its key industrial customers and is planning on introducing lower tariffs to its retail customers in order to maintain its strong position on the Polish market.

Top 50 in Energy & Resources within Central Europe - Based on 2014 total assets (All revenue and net income figures are in EUR million)

Rank	T500	T500 LY	Company name Energy & Resources	Country	Revenue from sales 2014	Revenue chang % 2014-2013	Revenue from sales Q1 2015	Revenue change % Q1'15-Q1'14	Net income 2014	Net income change % 2014-2013
1	**1**	1	PKN Orlen	Poland	25 501.5	-5.5%	4 821.8	-16.2%	-1 551.4	N/A
2	**2**	2	MOL	Hungary	15 714.1	-13.3%	3 028.9	-16.4%	-164.2	N/A
3	**5** ↑	9	PGNiG	Poland	8 188.6	7.6%	3 011.7	32.3%	620.9	29.2%
4	**8** ↓	6	ČEZ	Czech Republic	7 283.4	-12.6%	1 921.5	-0.8%	814.2	-39.8%
5	**9** ↑	13	Lotos	Poland	6 803.6	0.3%	1 236.8	-27.8%	-108.4	N/A
6	**10**	10	PGE	Poland	6 716.5	-6.2%	1 820.5	10.1%	781.3	-22.1%
7	**13** ↓	5	DTEK	Ukraine	5 728.9	-33.1%	N/A	N/A	-1 226.4	N/A
8	**14** ↓	7	Energorynok	Ukraine	5 652.1	-29.6%	1 090.4	-34.4%	1.4	-71.0%
9	**15** ↓	12	RWE Supply & Trading CZ	Czech Republic	5 302.2	-23.4%	1 594.8	-11.7%	63.3	-93.1%
10	**17**	NM	Naftogaz of Ukraine	Ukraine	4 896.5	-30.9%	N/A	N/A	9 580.9	N/A
11	**18**	18	KGHM	Poland	4 891.6	-14.6%	908.0	0.1%	823.1	12.5%
12	**19**	19	OMV Petrom	Romania	4 854.2	-11.4%	964.0	-18.4%	473.1	-56.7%
13	**20** ↓	15	Orlen Lietuva	Lithuania	4 654.2	-22.7%	N/A	N/A	-725.7	N/A
14	**23** ↑	31	Unipetrol	Czech Republic	4 509.2	18.1%	869.1	-17.2%	5.9	109.9%
15	**24**	24	Tauron	Poland	4 401.9	-3.1%	1 145.8	-1.8%	213.7	-35.3%
16	**28**	28	Petrol Group	Slovenia	4 014.3	1.7%	883.5	-3.9%	59.2	8.2%
17	**29** ↓	22	Slovnaft	Slovakia	4 011.7	-15.3%	N/A	N/A	-70.7	N/A
18	**30** ↓	23	Lotos Paliwa	Poland	3 968.4	-6.0%	N/A	N/A	10.2	86.4%
19	**32** ↑	42	MVM	Hungary	3 858.0	24.7%	N/A	N/A	-25.1	-123.2%
20	**34** ↑	38	Energetický a průmyslový holding	Czech Republic	3 664.9	15.0%	N/A	N/A	471.4	-23.3%
21	**35** ↑	48	Rompetrol Rafinare	Romania	3 613.2	10.7%	N/A	N/A	50.5	-37.5%
22	**36** ↓	30	Lukoil Neftochim	Bulgaria	3 297.8	-14.6%	N/A	N/A	-272.0	-120.7%
23	**37** ↓	36	Alpiq Energy	Czech Republic	3 254.4	-3.4%	N/A	N/A	6.9	-51.9%
24	**39** ↓	34	INA	Croatia	3 112.1	-14.1%	494.8	-31.7%	-159.1	30.6%
25	**40**	N/A	PGE Górnictwo i Energetyka Konwencjonalna	Poland	3 080.7	6.2%	N/A	N/A	N/A	N/A
26	**44** ↑	46	Orlen Paliwa	Poland	3 008.2	1.2%	679.5	-11.0%	6.0	57.1%
27	**51** ↓	47	BP Poland	Poland	2 649.1	-13.1%	N/A	N/A	15.1	N/A
28	**52** ↓	50	ČEPRO	Czech Republic	2 585.5	-8.3%	N/A	N/A	24.0	36.7%
29	**53** ↓	52	Energa	Poland	2 528.0	-6.9%	702.1	7.0%	219.3	8.8%
30	**55** ↓	49	Slovenské elektrárne	Slovakia	2 472.9	-13.4%	N/A	N/A	169.1	-52.5%
31	**56** ↑	82	EP Energy	Czech Republic	2 397.4	28.2%	67.0	-89.7%	53.8	N/A
32	**58** ↓	71	ENEA	Poland	2 352.5	8.3%	589.7	4.1%	195.8	11.5%
33	**62** ↓	61	Kompania Węglowa	Poland	2 218.2	-6.0%	N/A	N/A	-80.5	N/A
34	**63**	63	NIS	Serbia	2 194.9	-4.4%	382.7	-20.5%	235.6	-44.8%
35	**66** ↓	65	Aurubis	Bulgaria	2 112.1	-7.0%	N/A	N/A	61.1	N/A
36	**77** ↓	87	Eni Česká republika	Czech Republic	1 844.4	-0.1%	N/A	N/A	-64.5	-24.4%
37	**85**	N/A	Ukrnafta	Ukraine	1 741.0	-12.2%	N/A	N/A	78.9	N/A
38	**87** ↓	76	MVM Partner	Hungary	1 725.6	-15.6%	N/A	N/A	-15.1	N/A
39	**88** ↓	85	JP EPS	Serbia	1 724.4	-7.2%	N/A	N/A	-88.9	-152.2%
40	**91** ↓	66	Magyar Földgázkereskedö	Hungary	1 708.0	-24.7%	N/A	N/A	-33.4	-177.3%
41	**92** ↑	124	PSE	Poland	1 695.0	22.9%	N/A	N/A	147.1	-1.4%
42	**93** ↓	91	E.ON Hungária	Hungary	1 633.1	-9.3%	N/A	N/A	N/A	N/A
43	**95** ↓	89	Jastrzębska Spółka Węglowa	Poland	1 626.8	-10.2%	436.3	9.9%	-257.6	N/A
44	**97** ↓	95	HEP	Croatia	1 612.2	-6.9%	N/A	N/A	329.8	92.9%
45	**102** ↑	112	HSE Group	Slovenia	1 562.3	0.0%	N/A	N/A	N/A	N/A
46	**104** ↓	92	WOG	Ukraine	1 554.0	-13.3%	N/A	N/A	N/A	N/A
47	**105** ↓	81	SPP	Slovakia	1 544.2	-17.8%	N/A	N/A	288.5	-11.2%
48	**107**	N/A	NEK	Bulgaria	1 519.6	0.7%	N/A	N/A	-299.9	-169.2%
49	**113** ↑	141	Petrotel-Lukoil	Romania	1 455.5	16.6%	N/A	N/A	-69.4	67.0%
50	**115**	NM	RWE Energie	Czech Republic	1 454.5	153.0%	N/A	N/A	91.7	-75.9%

The topic that has lately dominated the debate on energy is the restructuring of the coal-mining industry, in particular the attempts to reform the largest mining company in the European Union, Kompania Węglowa. This is because Poland is very coal-driven and mining is an important part of the country's overall energy activities. The low price of coal on the markets and EU's climate policy will be big challenges to the sector in years to come.

My long-term goal is as much as possible to support diversity and so help develop flexibility throughout the ČEZ Group at all leadership levels. With sensibly selected working roles, we can make provisions for greater flexibility in working hours – we're launching development programmes to help women transfer from maternity or parental leave back into fulltime work, creating conditions for a company environment that recognises the differing needs of employees according to their particular situation in their private or working lives.
We follow the motto that diversity is to be supported but never dictated.
That is why in the end we always rely on the personal openness and understanding of our managers.

Michaela Chaloupková
Board Member of ČEZ, a. s. and Head of the Administration Division and CSR leader, the ČEZ Group, Czech Republic

Romania has achieved its emission and renewable targets much earlier than 2020. However, on the downside, policy makers have struggled to find a solution to the abrupt change in the support scheme for renewables. The key event of the year remains the listing of Electrica SA, whose main activities are electricity distribution and supply. The dual listing on the Bucharest and London Stock Exchanges of the majority stake in the company has been a success, attracting a diverse portfolio of investors.

Because Romania has relatively substantial oil and gas production – covering close to 90 per cent of its national gas requirement and providing a sizeable chunk of its domestic oil-production needs as well – the declining global oil price has had an impact on the main upstream companies. The key challenges are around the revision of the taxation regime for oil and gas and a revised energy strategy to take account of the new European emission targets. In addition, Romania needs to establish and roll out infrastructure investments, particularly around interconnections with its neighbouring states, upgrading existing networks and establishing its priorities given the changes in various dynamics. It also has to address the policy framework, to facilitate investments in oil and gas as well as in the general power sector but most particularly in developing the Black Sea, where OMV Petrom SA (number 19 in the CE TOP 500) and Romgaz SA (number 188) are active alongside international oil companies such as ExxonMobil and Lukoil.

Given the complexity of the sector, combined with the low demand (or lack of growth in energy demand) that has impacted on the 2020 targets, it is not always possible to establish whether the achievement of a target is the result of policies or simply the effect of a post-crisis lack of economic growth or the contraction of certain economic sectors. The CE TOP 500 report is a useful tool to establish how the energy companies are faring among their peers and to provide an overview of the sector's growth across the CE region.

Insurance

By ***Krzysztof Stroiński***
Deloitte Partner
CE Insurance Services Leader

Due to a number of factors including relatively slow economic growth and heightened competition in recent years, the insurance industry has been experiencing a decline in its premium income. Since 2012, we have observed the stagnation of insurer income and profit, but glimpses of recovery have emerged in the first quarter of 2015. The major concerns remain the limited opportunities for profitable growth. While small and medium-sized companies experience moderate growth without a significant increase in profitability, large insurers increase their profits but are not properly equipped to grow. There seem to be three ways that insurance companies explore to grow profitably: strategic acquisitions; a better pricing policy; and better claims management.

While the M&A prospects in the CE region's insurance sector seem moderately attractive, PZU Group – one of the oldest and the largest insurance groups in Poland and in Central Europe – has found a way to leverage its strong capital position and use additional capital arising from the Solvency II methodology. In 2014, the Group acquired insurance assets in Lithuania, Latvia, Estonia and Poland for EUR 360 m. In 2015, it acquired a 25 per cent stake in Alior Bank in Poland for almost EUR 400 m. This banking acquisition is the first step towards the consolidation of the Polish banking sector by an insurance group; PZU has declared its intention to create a bank that would be among the top five in Poland in terms of assets. Listed on the Warsaw Stock Exchange, PZU is an attractive investment alternative to the banking sector – mainly because of its above-average ROE and its dividend policy.

Across the whole industry, insurance companies face shared challenges such as the need to develop innovative bundles of products and services, cross sell more effectively and improve their pricing policies. Pricing has become a significant factor in achieving and maintaining competitive advantage in the insurance industry, so the real challenge for many insurers is to find the right balance in their pricing systems. They need to find a more sophisticated way of attracting good customers and retaining the most profitable clients and businesses. Only a few insurers in the CE region have reached their full potential in terms of maximising the retention of their most profitable clients, and only a few have mastered the art of improving the profitability of low-value clients. This can be achieved only by gaining a deeper understanding of a client base and by developing better segmentation.

Profitable growth is also undoubtedly determined by the way claims are processed and managed. Insurers deal with attempted fraud, regardless of their location or maturity of the market. Fraud and claims management are not treated in many cases as a priority to be handled at the highest executive levels. Privacy policies and strict data protection in some countries within the CE region also make it impossible to employ smart technical solutions that could identify networks of fraudsters, not just individual cases.

This year the insurers ranking was dominated by Polish (16) and Czech (11) insurance companies. Their profitability increased; in 2014 median ROE rose to 14.7 per cent (11.3 per cent in 2013).

2014 was yet another year in which insurance companies saw their gross written premiums (GWP) decline. The index of the top 50 insurance companies fell by 1.7 per cent (compared to 0.8 per cent in the previous year). The total GWP of all the insurers in the region went up by 0.5 per cent, compared to a 3 per cent decrease in the previous year.

Top 50 in Insurance within Central Europe - Based on 2014 total assets (All revenue and net income figures are in EUR million)

Rank		Company name	Country	Gross Written Premium 2014	Gross Written Premium change (%) 2014-2013	Net income (or comprehensive income if available) 2014	Net income change % 2014-2013	LY Rank
1		PZU	Poland	4 030.5	3.0%	712.5	-6.0%	1
2	↑	Ergo Hestia	Poland	1 187.3	41.0%	32.1	-22.2%	5
3	↓	Česká pojišťovna	Czech Republic	1 168.7	-8.0%	359.2	N/A	2
4	↓	WARTA	Poland	1 168.5	-12.8%	76.6	18.6%	3
5	↑	Kooperativa pojišťovna	Czech Republic	1 152.0	-4.2%	96.7	-27.2%	4
6		Triglav Group	Slovenia	888.2	-1.4%	136.9	120.7%	6
7		Compensa	Poland	636.4	65.3%	12.3	-31.7%	NM
8	↓	Allianz Polska	Poland	606.6	9.6%	33.7	-2.5%	7
9	↓	Aviva Polska	Poland	569.7	7.1%	N/A	N/A	8
10	↓	Allianz - Slovenská poisťovňa	Slovakia	528.9	2.2%	121.3	185.1%	9
11	↑	MetLife Polska	Poland	504.1	6.8%	59.7	-0.3%	13
12	↓	Kooperativa	Slovakia	477.1	-7.1%	61.3	75.5%	11
13	↑	Sava RE	Slovenia	468.2	21.1%	40.9	88.4%	19
14		Grupa Europa	Poland	464.8	-21.8%	32.8	-22.6%	NM
15		Allianz pojišťovna	Czech Republic	444.5	-2.5%	37.8	4.9%	15
16		Generali Polska	Poland	433.4	-4.6%	N/A	N/A	16
17		Pojišťovna České spořitelny	Czech Republic	432.6	-0.8%	31.0	2.0%	17
18		Allianz Hungária	Hungary	397.9	-8.3%	29.8	17.1%	18
19	↑	Croatia osiguranje	Croatia	375.8	-9.1%	-57.2	-16.1%	25
20	↑	Generali Hungary	Hungary	370.8	0.4%	24.7	45.4%	22
21	↑	Komerční pojišťovna	Czech Republic	370.0	15.4%	10.3	-36.0%	26
22	↓	ING Polska	Poland	369.7	-23.5%	N/A	N/A	12
23	↑	AXA	Poland	358.7	4.1%	5.2	196.5%	24
24	↓	ČSOB Pojišťovna	Czech Republic	324.9	-11.6%	27.9	46.2%	21
25	↓	UNIQA Polska	Poland	311.8	-13.0%	6.2	141.1%	23
26	↑	Generali Pojišťovna	Czech Republic	310.6	-0.1%	9.5	N/A	27
27	↑	Groupama Garancia Biztosító	Hungary	309.9	0.9%	16.2	10.1%	29
28		Adriatic Slovenica	Slovenia	302.1	-2.3%	26.4	125.6%	28
29	↑	Česká podnikatelská pojišťovna	Czech Republic	279.7	0.8%	18.6	7.6%	30
30	↑	AEGON Magyarország	Hungary	278.9	1.9%	14.6	-50.9%	31
31	↑	Vzajemna	Slovenia	258.1	-3.3%	5.7	-13.0%	32
32	↑	Zavarovalnica Maribor	Slovenia	250.0	-0.8%	21.6	151.2%	34
33	↑	NN Biztosító	Hungary	241.3	1.3%	2.7	92.9%	36
34	↓	InterRisk	Poland	240.9	-6.2%	N/A	N/A	33
35	↑	Aegon Polska	Poland	240.0	2.5%	N/A	N/A	37
36	↑	Allianz-Tiriac	Romania	233.9	7.2%	12.3	40.4%	39
37		PKO TU	Poland	203.2	-31.9%	N/A	N/A	N/A
38		Uniqa pojišťovna	Czech Republic	201.3	-8.3%	8.4	-13.4%	38
39	↑	Omniasig	Romania	193.9	-2.8%	-8.6	N/A	42
40		NN Životní pojišťovna	Czech Republic	183.6	-10.2%	15.6	-3.6%	40
41		UNIQA Biztosító	Hungary	181.8	-10.5%	-4.1	-6.3%	41
42	↑	BTA LV	Latvia	177.9	11.4%	6.0	25.2%	49
43	↑	Komunálna Poisťovňa	Slovakia	175.3	2.9%	13.3	99.3%	44
44	↓	Astra Asigurari	Romania	173.5	-16.8%	6.9	N/A	35
45	↓	Generali Poistovňa	Slovakia	172.4	-2.0%	13.9	128.4%	43
46	↑	Groupama	Romania	160.1	-1.5%	0.9	N/A	45
47		Allianz Zagreb	Croatia	159.2	2.9%	25.8	N/A	47
48		AXA životní pojišťovna	Czech Republic	153.0	-12.4%	6.2	-41.2%	48
49	↑	Dunav Osiguranje	Serbia	149.0	-3.9%	N/A	N/A	50
50	↓	BZ WBK-Aviva	Poland	142.0	-10.8%	N/A	N/A	46

The Polish PZU Group retained the position of leader in the ranking, consolidating its first place following several acquisitions in the sector (including that of Lietuvos Draudimas, a leader in the Lithuanian market, as well as AAS Balta from Latvia). Second position also went to a Poland-based insurance company – Ergo Hestia (up from fifth). This impressive improvement in Ergo Hestia's ranking was mainly the result of an increase in premiums by a life insurance company and its consolidation with MTU. The biggest insurance company in the Czech insurance market - Česká pojišťovna – slipped from second to third position.

30 of the region's 50 biggest insurers saw a decline in GWP. The biggest percentage increase in GWP was recorded by Compensa (65.3 per cent) and Ergo Hestia (41.0 per cent). The biggest fall down the ranking was recorded by ING Polska (currently Nationale Nederlanden), which fell from 12th to 22nd position and saw its GWP decrease by -23.5% (mainly because the company stopped offering single premium savings products sold by bancassurance channel). However the biggest percentage decrease in GWP (- 31.9 %) was recorded by PKO TU from Poland.

All three factors mentioned above – pricing policy, better claims management and recognising acquisition as a way to grow profitably – are important factors that should not be ignored by insurers. In some countries, strong regulatory pressures will probably also contribute to increased costs of claims and operations. This will have an effect, albeit delayed, of increasing premiums. The growth prospects of CE insurers will be determined by their ability to be more and more customer centric and to gain strategic advantage by focusing on the best customers.

While efficient and effective financial management is clearly at the heart of what we do, so is maintaining a socially responsible position in Polish society. We believe we can use our dominant position to improve people's lives through activities that complement our business purpose, such as by campaigning to help improve road safety. So I am also very pleased to see that CSR is the dominant theme of this year's CE Top 500 Report, something that only becomes more important to all of us as the years go by.

Andrzej Klesyk
CEO of the PZU Group, Poland

Manufacturing

By ***Marek Turczyński***
Deloitte Partner responsible for Automotive sector in Poland

In this year's Ranking Manufacturing holds the third place among all sectors, with 124 companies (almost 25%) in the Top 500. Of all the Manufacturing companies, 46% are from the Automotive industry and seven of them are in the sectoral top 10.

The Manufacturing sector recorded a 3.1 per cent growth (2.9 per cent in 2013): 76 companies i.e. 61.3 per cent of those in the sector reported a revenue growth in 2014. The increase in this sector can be mainly attributed to fast growth in the automotive sector, which saw a revenue growth of 6.5 per cent – up from 5.8 per cent in 2013. In 2013 and 2014, revenue growth in the Automotive industry was twice as high as in the Manufacturing sector as a whole. This is also clearly reflected in the top 10 of the CE Top 500 ranking, which includes Škoda Auto and Audi Hungarian Motor (third and seventh positions, respectively).
Most of the manufacturing plants of the automotive companies in the CE region grew their revenues in 2014 (Toyota: 17 per cent, Volkswagen: 13 per cent, Renault: 7 per cent, Fiat: 1.6 per cent).

The Central European Automotive sector has been enjoying a period of relatively strong growth and profitability. In 2014 the region produced 3.6 million vehicles, accounting for 21 percent of total EU production. It is worth mentioning, that the annual sales have reached prerecession levels in Czech Republic, Slovakia and Poland. This year the biggest move in the whole ranking was recorded by Johnson Matthey (Republic of Macedonia), which jumped by 159 positions to 214th place. Another company from the automotive industry to note a big jump is Renault Polska, which moved from the last 500th position last year to 390th. Porsche Czech Republic and Autoliv Romania both moved up by 102 positions in the Ranking. Despite high growth of car sales, achieved recently thanks to local customers, car production in Central and Eastern Europe still depends largely on foreign demand.

Automotive industry is one of the most important Manufacturing sectors in the Czech Republic, Slovakia, Poland, and Hungary. The Polish Statistical Office has confirmed the positive outlook for the automotive industry in Poland: July 2015, with over 13 per cent year-on-year growth in new car registrations, saw the greatest number of new cars registered in 15 years. According to Czech Invest, the industry had a record-breaking year in 2014 with 1,278,000 motor vehicles manufactured (a growth of 10%). Slovakia has become an important global automotive center producing the highest number of cars per capita in the world (with production of 171 cars per 1000 inhabitants), in 2014 their production reached 993,555 passenger cars.
The automotive sector is also one of Hungary's leading industries, accounting for 20% of total exports. In 2014, over 2.4 million engines and 400,000 passenger cars have been manufactured in Hungary. The automotive industry is the second sector in Poland, which generates nearly 10 percent of GDP and accounts for

It is of crucial importance that we maintain good relationships and fulfil our responsibilities to Czech society and in surrounding European countries. To achieve this goal, our company has carried out various activities. In one of these, three years ago we implemented a successful programme called 'Good Neighbour', in which we can finance projects submitted to support municipal life in 13 villages. We also support other initiatives such as traffic safety, by inviting citizens of the villages to the annual Hyundai Family Day.

Choi Dongwoo
President of Hyundai Motor Manufacturing, Czech Republic

Top 10 in Manufacturing within Central Europe - Based on 2014 total assets (All revenue and net income figures are in EUR million)

Rank	T500		T500 LY	Company name	Country	Revenue from sales 2014	Revenue chang % 2014-2013	Revenue from sales Q1 2015	Revenue change % Q1'15-Q1'14	Net income 2014	Net income change % 2014-2013
1	**3**		3	Škoda Auto	Czech Republic	10 864.5	16.1%	N/A	N/A	558.2	68.2%
2	**6**	↓	4	Metinvest	Ukraine	7 839.0	-18.5%	N/A	N/A	118.0	-59.9%
3	**7**	↑	16	AUDI Hungaria Motor	Hungary	7 420.5	26.7%	N/A	N/A	314.4	-1.4%
4	**11**	↑	14	Volkswagen Slovakia	Slovakia	6 171.2	-5.4%	N/A	N/A	124.2	173.4%
5	**12**	↑	17	Agrofert	Czech Republic	6 053.4	3.9%	N/A	N/A	223.0	3.4%
6	**16**	↑	20	GE Infrastructure CEE	Hungary	5 187.1	0.0%	N/A	N/A	736.2	58.8%
7	**21**	↑	25	Kia Motors Slovakia	Slovakia	4 586.7	3.1%	N/A	N/A	282.4	22.3%
8	**26**		26	Automobile Dacia	Romania	4 244.0	1.8%	N/A	N/A	83.8	9.8%
9	**31**	↑	32	Hyundai Motor Manufacturing Czech	Czech Republic	3 859.0	3.2%	N/A	N/A	325.7	15.7%
10	**38**	↑	40	FCA Poland	Poland	3 172.9	2.0%	899.5	8.8%	59.9	-8.9%

one-tenth of Polish exports (this year it could reach a historical amount of over 20 mln euro). In 2014, the production reached 594,000 passenger cars. Polish car manufacturing is predominantly export-oriented (exporting mostly to the Western Europe). Exports-focused production on the one hand indicates that Polish companies are competitive on the global markets, but on the other signals weak domestic demand. Romania decreased their production by five percent compared to 2013, while sales increased by more than 20 proc. reaching 70.000 cars. Bulgarian market is seen as an increasingly attractive and component makers are attracted by Bulgaria's location and low taxes.

Central and Eastern Europe was able to win a number of foreign investments by attractive labor costs, geographical proximity to Western Europe and skilled workers. In Hungary important investment decisions were made by Apollo Tyres, Alumetal and Wuppermann. In Poland, Volkswagen built another engine production line in Polkowice, and in 2016 it will complete a construction of a Crafter factory in Września. General Motors will invest in a new engine plant in Tychy. Such investments are also held in Romania, where Daimler will invest 300 million euros in the production of gearboxes. Further investments including Jaguar Land Rover which originates from Britain, and is now owned by Indian car manufacturer Tata Motors, is finalizing plans to build a new factory, with four countries on their short list: Poland, Slovakia, the Czech Republic and Hungary.

Although the car sales in the Central and Eastern Europe grow it does not mean growth in profitability of car manufacturers. Many of them continue to suffer from overcapacity and customer expectations regarding substantial discounts. The biggest challenge for the automotive industry in Central Europe seems to back to the scale of production in 2008. The main goal is to maintain profitability in the production, compared to the prior 7-8 years, having the same costs and financial charges. Probability of increase of production in the Central Europe depends on fulfillment of expectations of the industry regarding infrastructure as well as tax and legal environment. However, the industry is in good mood and many experts can observe widely shared opinion about the possibilities of increasing production. Companies declare their investments in technology, new products and the acquisition of new markets.

Life Science and Health Care

By ***Oliver Murphy***
Deloitte Partner responsible for Life Science and Healthcare Leader in Poland

Spending on life science & healthcare (LSHC) products and services represents approximately 7 per cent of Central European GDP, a similar level to the 8 per cent of GDP generated by the energy sector. However, whereas 70 Energy companies appear in the ranking this year, a significantly lower number do so from the healthcare & life sciences sector.

Structurally, the reasons for this divergence between the share of GDP spent on healthcare and the number of companies in the ranking lies in the fact that approximately 70 per cent of total healthcare spend is publicly funded and the majority of this expenditure is directed at a large number of public sector bodies such as hospitals and clinics, which individually do not have the scale that would qualify them for the ranking.

The number, and consitituents of LSHC companies in the ranking has remained largely unchanged between 2014 and 2015, at 18 and 17 respectively.

Historically, companies in the ranking have been dominated by pharmaceutical distributors and externally-owned, export-focused producers of generic pharmaceuticals.

There has been no significant change this year, with the top five remaining the same: Pelion, Neuca, Farmacol, KRKA and Gedeon Richter. The single change overall was the exit from the ranking of Pharmos from the Czech Republic, due to lower sales revenues compared to the previous year.

The total revenues of the LSHC companies represented in the ranking increased by around 5 per cent, with the major increase of 70 per cent attributable to TEVA Gyógyszergyár, which merged with TEVA Magyarország at the end of 2013.

The economics of pharmaceutical distribution and the regulatory restrictions imposed on it tend to mean that players need significant scale in order to compete effectively. This is visible in the ranking, with Polish players focused on pharmaceutical distribution occupying the top three places in the current and previous year's ranking and delivering an increase in sales revenues of around 8 per cent although some of this top line growth has come from acquisitions diversifying the core business of pharmaceutical distribution..

Since 2010, we have educated millions of customers into repeatedly using plastic bags and preferring biodegradable over normal ones. An important incentive to help this effort further would be for biodegradable bags to be taxed less than traditional ones. Currently, there is no tangible financial reason for customers not to select resistant materials which are harmful to nature.

Alina Idris
Brand Manager, Fildas, Romania

Private healthcare provision and spend is growing more rapidly than public spend across Central Europe, driving growth of players in the private sector however, these are still not large enough to appear in this year's ranking. Several major trends are driving the growth of private healthcare:

- State budgetary pressures restricting public expenditure on healthcare are allowing the private sector to offer services and solutions to wealthier segments of the CE population.
- Ageing populations in CE require more healthcare services, increasing the pressure on public budgets.
- Consolidation is taking place as private-sector players build larger businesses focused on domestic and regional markets.

However, as even the smallest entrants in the ranking have turnover in excess of EUR 450m and the largest private healthcare providers in CE turnover around EUR 200m, we expect it will be some time before we see increasing numbers of sizeable private-sector healthcare providers appear in future TOP 500 rankings.

The number, and constituents of LSHC companies in the ranking has remained largely unchanged between 2014 and 2015, at 18 and 17 respectively. Historically, companies in the ranking have been dominated by pharmaceutical distributors and externally-owned, export-focused producers of generic pharmaceuticals.

Top 17 in Life Science and Health Care within Central Europe - Based on 2014 total assets (All revenue and net income figures are in EUR million)

Rank	T500	T500 LY	Company name	Country	Revenue from sales 2014	Revenue chang % 2014-2013	Revenue from sales Q1 2015	Revenue change % Q1'15-Q1'14	Net income 2014	Net income change % 2014-2013
1	**79** ↑	94	Pelion	Poland	1 837.7	5.6%	524.0	12.6%	16.0	-37.6%
2	**101** ↑	125	Neuca	Poland	1 568.0	13.9%	454.3	27.2%	21.3	5.5%
3	**142** ↑	143	Farmacol	Poland	1 279.7	10.1%	374.0	18.1%	24.9	-16.5%
4	**153** ↓	145	Krka Group	Slovenia	1 191.6	-0.8%	289.3	-2.9%	103.3	-35.0%
5	**162** ↑	151	Richter Gedeon	Hungary	1 142.1	-3.3%	1 162.1	2.3%	12.7	29.7%
6	**186** ↑	278	Lek Group	Slovenia	1 018.6	8.2%	N/A	N/A	67.7	-23.2%
7	**193**	NM	GlaxoSmithKline Pharmaceuticals	Poland	1 007.0	18.6%	N/A	N/A	51.1	N/A
8	**210** ↓	162	Chinoin	Hungary	958.8	-15.3%	N/A	N/A	101.4	6.6%
9	**234**	NM	TEVA Gyógyszergyár	Hungary	856.7	69.4%	N/A	N/A	264.0	N/A
10	**239** ↓	224	Phoenix lékárenský velkoobchod	Czech Republic	845.3	-3.7%	N/A	N/A	6.7	-20.5%
11	**262** ↓	276	Hungaropharma	Hungary	793.2	2.0%	N/A	N/A	11.7	61.6%
12	**302** ↓	295	Mediplus	Romania	713.0	-3.3%	N/A	N/A	9.9	173.6%
13	**309** ↑	315	Phoenix Pharma Hungary	Hungary	693.3	-1.7%	N/A	N/A	14.5	15.3%
14	**365** ↑	464	FARMEXPERT	Romania	598.5	17.4%	N/A	N/A	23.3	11.8%
15	**382** ↓	310	Sanofi-Aventis Hungary	Hungary	579.7	-18.3%	N/A	N/A	4.3	-68.0%
16	**422** ↑	477	PHOENIX Zdravotnícke zásobovanie	Slovakia	526.3	5.7%	N/A	N/A	4.2	11.0%
17	**453**	435	Alliance Healthcare	Czech Republic	500.7	-7.8%	N/A	N/A	7.3	6.9%

Real Estate and Construction

By ***Diana Radl Rogerova***
Deloitte Partner
CE Real Estate Leader

During 2014, investor sentiment in CE countries followed the trend that started in 2013, with recovering markets, cash inflow and investment appetite making it a perfect combination for another strong year.

As a result, real estate investment volumes matched the levels reached in 2013; in some countries, we have even seen some of the highest levels reached since the falls of 2008. Although the European Central Bank (ECB) announced quantitative easing in January 2015, the US, European and UK central bank interest rates were kept low during the whole of 2014 helping to stimulate demand.

Will we see a return to the record pre-crisis numbers of 2007 and 2008? Probably not in 2015, but all the signs are suggesting it might happen in 2016.

The recovery of the CEE real estate market has fully been reflected in the performance of the construction segment, as can be seen in this year's CE TOP 500 ranking and report. The sales revenues of seven sector representatives in the ranking have increased by 4 per cent over last year, although the positions of the top companies have changed slightly.

How did the real estate investment market perform in 2014?

Romania on the rise

As is traditionally the case, the strongest markets were in Poland and the Czech Republic. Last year, however, third place was gained by Romania, which slightly outperformed traditional investment targets such as Slovakia and Hungary. It can be assumed that Romania will strengthen its position even further in future, driven among other factors by its anti-corruption efforts and investments in public infrastructure. It is realistic to expect that Romania will play a more important role in the near future and enjoy a stable position in the region as a magnet for foreign investment.

Non-traditional investors knocking on the door

Another phenomenon that began to emerge in 2014 was an increase in interest among non-traditional investors. Besides pension funds and insurance companies seeking long-term and somewhat conservative investment opportunities, there is now quite a significant inflow of investors from Asian and Middle Eastern countries.

The total volume of property transactions in the CEE region in 2014 was EUR 8.7 billion. The largest slices of the cake were claimed by Poland, the Czech Republic and Romania, followed closely by Slovakia and Hungary.

Poland

Poland is the clear leader in the region, maintaining its traditional dominant position. In 2014, Poland's share of the CEE region's total real-estate investment volume was over 40 per cent. Although the vacancy rate of offices in Warsaw rose last year to 13.5 per cent, and the market expects it will continue to increase to 17 per cent in 2015, it is expected that even in 2015 the investor interest in the Polish market will not relent.

The Polish office market is also driven by growing demand for business process outsourcing (BPO) and shared service centres (SSC) and presents an attractive and relatively stable investment opportunity. Wrocław, Kraków and Rzeszów are clear leaders in BPO; some studies even suggest that the first two of these cities had more office space under construction in 2014 than the whole Hungarian market.

The Czech Republic

Investment volumes increased to almost EUR 2 bn from EUR 1.1 bn in 2013. The most active segment in 2014

Top 7 in Real Estate and Construction within Central Europe - Based on 2014 total assets (All revenue and net income figures are in EUR million)

Rank	T500	T500 LY	Company name	Country	Revenue from sales 2014	Revenue chang % 2014-2013	Revenue from sales Q1 2015	Revenue change % Q1'15-Q1'14	Net income 2014	Net income change % 2014-2013
1	**148** ↑	194	Skanska Polska	Poland	1 213.0	21.5%	N/A	N/A	N/A	N/A
2	**154** ↑	163	Budimex	Poland	1 181.6	4.8%	204.0	2.5%	46.3	-35.3%
3	**174** ↑	180	Metrostav	Czech Republic	1 088.5	4.9%	113.6	-15.5%	19.6	42.1%
4	**351** ↓	337	Strabag Poland	Poland	623.3	-8.0%	N/A	N/A	31.5	132.8%
5	**394** ↑	467	Eurovia CS	Czech Republic	560.6	10.7%	N/A	N/A	12.8	-31.2%
6	**449** ↓	422	Polimex Mostostal	Poland	501.8	-10.6%	123.2	25.1%	-45.1	-3.0%
7	**492**		OHL Central Europe	Czech Republic	462.2	22.2%	85.4	31.6%	-8.9	N/A

was logistics, characterised by the major investment groups consolidating their portfolios. The logistics and industrial segment accounted for 38 per cent of the total investment volume. This was followed by the office segment with 26 per cent, a significant decline from 62 per cent in 2013. Retail was next with 17 per cent. US and Czech investment groups are still the most active, followed by Russian investors.

Romania

Romania enjoyed the most positive sentiment in the regional real estate market: steady GDP growth, low inflation and retail sales growth of 7 per cent were all reflected in the total real estate investment volume of EUR 1.2 bn achieved in 2014. The largest groups of investors were from France, Greece and South Africa. Demand was led by investments in retail (46 per cent of the total volume) with office space representing 36 per cent.

As in Poland, BPO and SSC are the key components driving demand for new office space, alongside the ICT and finance sectors; on the other hand, the limitations of existing infrastructure are restricting even greater growth, a factor that applies to other real estate segments.

Summary and outlook

There are signs – and the numbers from the first quarter of 2015 support the assertion – that 2015 will deliver even better numbers and results than 2014. This is particularly the case in investment, because this is a stable, safe region with an inflow of EU structural funds, growing transparency provided by the EU, steady GDP growth and low inflation, with high-quality labour and lower costs than western countries.

We expect Romania will further strengthen its position on the map of investment targets. The office sector will be driven by demand from the BPO, ICT and financial sectors. The region's retail and industrial sectors are benefiting from factors including positive consumer sentiment, growth in e-commerce and a south-easterly shift in production and logistics. With relaxed monetary policies that support an appetite for investment, the CEE region's real estate market appears well set to see another strong year in 2015.

The CEE construction market

The recovery of the CEE real estate market has fully been reflected in the performance of the construction segment, as can be seen in this year's CE TOP 500 ranking and report.

The sales revenues of seven sector representatives in the ranking have increased by 4 per cent over last year, although the positions of the top companies have changed slightly: Budimex, Metrostav and Skanska Polska were the top three performers in 2014. STRABAG CR did not make it to the ranking this time despite reporting only a minor decrease in sales revenues since the previous year.

As mentioned earlier, markets are remaining positive in the expectation of strong 2015 results and there are no signs of change.

The Index of Success

Marking outstanding performance

The independent jury decided to present the highly prestigious Index of Success Award to the Powszechny Zakład Ubezpieczeń (PZU). This year selection from among the best insurance companies operating in Central Europe was based on variety of factors including growth, profitability, liquidity and capital strength as well as on non-financial criteria such as CSR and community engagement initiatives. We congratulate the company and believe that the Award will contribute to further consolidation and expansion of its position on Polish and other Central European markets.

Michał Kleiber
Member of the Jury

This is the fifth consecutive year that the Deloitte Index of Success Award has been presented to the CE Top 500 company or companies that the scheme's independent jury rewards for having delivered the region's best overall performance during the previous year.*

The selection is about more than financial criteria alone, although growth, profitability (measured by return on equity), liquidity and capital strength are all important considerations for the judging panel. Non-financial factors such as their acquisition record, investment activities and CSR also have important roles to play in the award criteria.

Deloitte is delighted to announce the twin winners for 2014-15: in recognition of its excellent financial performance as it continues to expand, Polish insurance giant PZU; and in recognition of outstanding achievements including two major international acquisitions, leading Czech energy company, EPH.

Methodology

Each year, Deloitte places 25 companies from CE's 'real' economy, three banks and two insurance companies on the Index of Success shortlist. The criteria are as follows:

- All 30 companies must be in the CE Top 500 ranking for 2014 (ie, they are among the region's 500 largest businesses by revenue)
- They must also have met the following financial requirements in 2014:
  - 'real' sector companies had revenues over EUR 500m
  - banks had assets over EUR 10bn
  - insurers had gross written premiums (GWP) over EUR 250m
- Their operational headquarters are in the CE region
- They are open and transparent, with a publicly known ownership structure and available financial statements
- They have subsidiary operations based in at least three different countries (merely exporting to other countries does not meet this criterion)
- Their last three sets of financial results, including EBIT and revenues, must demonstrate long-term stability.

* The winners from the three previous years were excluded from the jury's vote in June 2015.






Meet the Jury

The Index of Success jury, which met in June to select the Award winners, included several of Poland's leading public figures, businesspeople and academics:

Jerzy Buzek
Former President of the European Parliament, Prime Minister of Poland (1997 – 2001) and twice Poland's 'Person of the Year'

Professor Michal Kleiber
A leading CE scientist and mathematician and Chairman of the Polish Academy of Sciences

Jacek Chwedoruk
President of the Management Board of Rothschild Poland and one of the founders of the Polish Institute of Directors

Teresa Kubas-Hul
Deputy President of the Polish Agency for Enterprise Development

Alastair Teare
Chief Executive Officer, Deloitte Central Europe

Paweł Jabłoński
Deputy Editor in Chief of *Rzeczpospolita*

I am delighted that PZU Group is one of the winners of the 2015 Deloitte Index of Success Award, and particularly that this is in recognition of our financial performance. We have been one of the most efficiently managed insurance companies in Europe for several years, and in 2014 we had a market-leading share in Poland's life and non-life sectors and continued our international expansion in the Baltics, Estonia and Ukraine.
The trends have continued into 2015 – highlights include posting close to PLN 1 billion in profits for the first quarter and completing the acquisition of a 25 per cent stake in the Polish Alior Bank.

Andrzej Klesyk
CEO of the PZU Group

PZU - a company profile

PZU Group is one of the largest financial institutions in Poland and in Central and Eastern Europe. PZU Group is led by PZU, a Polish insurance company. Offering a comprehensive range of insurance services. PZU Group satisfies the fundamental needs of nearly 16 million customers in Poland in the area of security and stability.

PZU Group is the leader in both non-life and life insurance in the Polish market. PZU is the most recognizable insurance brand in Poland among Customers purchasing an insurance policy.

Innovativeness, ethics in operation and adaptation to the increasingly demanding market conditions constitute the basis for PZU's rapid expansion. With improved customer service and new solutions, as well as the use of two brands, one of which is the acquired leader of the direct insurance market, Link4, PZU Group aims to reach out to a wider customer base.

PZU Group is also an important player on other segments of the Polish financial market, such as investment funds, open pension funds, and employee pension plans.

PZU Group is also expanding its operations in health care. Other than the health insurance offer, the customers can also take advantage of the company's own health care facilities as well as a chain of partner health care facilities (approximately 1,500 in total).

With each year, PZU Group expands its operations in Central and Eastern Europe. PZU Group also ranks first in terms of written premiums in the non-life insurance market in Lithuania and Latvia.

EPH - a company profile

ENERGETICKÝ A PRŮMYSLOVÝ HOLDING (EPH) is a leading Central European energy group operating mainly in the Czech Republic, Slovakia, Germany, Italy and Poland. It is a vertically integrated energy utility covering the complete value chain in the energy sector. It includes 40 companies operating in coal extraction, electricity and heat production from conventional and renewable sources, including electricity and heat distribution, electricity and gas trade and their supply to final customers and, last but not least, in the gas industry.

The companies in the group employ more than 12,000 people.

EPH is the gas industry leader in Slovakia and the key shipper of natural gas from Russia to the European Union. EPH is one of the most important producers of cogenerated heat in the Czech Republic and the largest supplier of thermal energy to customers in the Czech Republic. It is also the second largest Czech producer of electricity.

EPH's generating plants have currently a total installed electrical capacity of almost 8,200 MW.

Thermal energy supply to customers in the categories of households, businesses and various organisations is almost 20 PJ every year. In the Czech Republic, the CHP plants within the group supply thermal energy for Prague (capital of the Czech Republic), regional capitals Hradec Králové, Pardubice and Plzeň, and the towns of Most, Litvínov and Chrudim.

ENERGETICKÝ A PRŮMYSLOVÝ HOLDING rests on two fundamental pillars. One of them is its EP ENERGY subsidiary, which brings together companies in the segments of coal extraction and trade, heat supply, electricity generation and distribution, renewables and a part of the energy supply segment. The other pillar is the segment of the gas industry.

In addition to these main pillars, EPH includes some other assets such an equity interest in Dalkia ČR.

In Germany, EPH (i.e. its wholly-owned subsidiary MIBRAG) holds the position as the third largest coal extraction company.

The Index of Success Award for 'M&A of the Year' is important to us as it reflects what our company and our employees have achieved.
The energy sector in the EU is facing unprecedented challenges, largely due to the significant transformation of the regulatory frameworks. Many blue-chip companies, once known as the backbones of their economies, are finding life difficult and shrinking in value.

EPH has been in recent years able to maintain strong double-digit growth. Our strategy was sometimes different from those followed by the crowd.   EPH relies – and will continue to rely – on its DNA as a privately owned company, strictly evaluating underlying business economics and maintaining strong financial discipline while having bold visions and targets, all supported by agility and fast decision-making. Our growth has been enabled by strong cash flow generation, fully reinvested into the businesses.

We intend to further strengthen our position in our extended home market of the Czech Republic, Slovakia, Germany and Poland and further develop our position especially. on the UK and Italian markets that we have recently entered

Tomas David
member of senior management team of EPH and member of the Board and CEO of EP Energy

Sustainability

Leading CE companies are focused on sustainability

*By **Irena Pichola**, Partner, Sustainability Consulting Central Europe Leader, Deloitte*
*In collaboration with: **Barbara Mitosek, Rafał Rudzki***

According to Jacek Krawiec, CEO of PKN Orlen, consistently the largest Central European company for a number of years now: 'Sustainable development is not a fad or an addition to business operations, but simply something we have to do'.

This opinion is shared by most of the CEOs of the region's leading companies whom we asked to comment on the issue of sustainability. The concept is not a thing of the future but an integral part of the operations of Central Europe's largest enterprises. Their CEOs tell us that the efficient implementation of sustainability initiatives is key to business success in the long term, and for that reason it has to be linked closely with business strategy.

Sustainable development is not a fad or an addition to business operations, but simply something we have to do.

Compliance with the principles of corporate social responsibility (CSR), respecting human rights and considering stakeholders' expectations as part of the decision-making process translates into strengthened relationships with business partners and customers, as well as building the company's value. Not only does such an approach enhance the external confidence in the company, it may also translate into a better financial performance.

Sustainability in numbers

This year, we have added two sustainability-related questions to the financial survey, which is the basis for the ranking of the region's top 500 companies and 100 financial institutions. They were answered by 57 per cent of companies from the TOP 500 ranking, by 76 per cent of the 50 largest banks and 60 per cent of the 50 largest insurers in Central Europe.

First, we asked companies if they measure their impact on the economy, society and the environment. Thanks to the knowledge they gain by doing so, those that do can consciously manage this impact, engage in constructive dialogue with the environment and support CSR initiatives.

Undertaking activities that engage stakeholders enables companies to obtain a better understanding of their expectations and needs, which may subsequently be taken into consideration in the business decision-making process. In this way these companies can maximise the benefits while minimising the negative effects of running a business.

The responses submitted in this year's survey reveal that a quarter of the CE TOP 500 companies measure their impact on the environment (137), society (135) and the economy (122). In total, 90 companies told us they measure their impact in all these categories; of these, 30 firms make industrial products, 27 are power companies, and 23 produce consumer goods. Most frequently they are based in the Czech Republic (21), Ukraine (21), Slovakia (19) and Poland (19).

The financial sector, mostly represented by institutions from the Czech Republic and Slovakia, particularly stands out. 25 banks and 14 insurers measure their societal impact, and 25 banks and 15 insurers measure their impact on the economy.

Non-financial reporting

The second new question was about non-financial reporting. It should be highlighted that more than a fifth (109) of the largest Central European companies already have some form of non-financial reporting in place or will report non-financial data for 2015. The majority of these organisations are based in the Czech Republic (40), Poland (27) and Hungary (13). Interestingly, 42 companies report non-financial data or will do so for 2015 according to the GRI guidelines, which shows their professional approach to non-financial reporting. Most these companies are based in Poland (22).

Non-financial reports are prepared or will be prepared for 2015 by 26 banks (including seven from the Czech Republic, seven from Poland and five from Hungary) and 12 insurance companies (including nine from the Czech Republic). This is very good news as such reporting has not been obligatory so far. The situation is to change in 2017, when the EU directive requiring the largest organisations to disclose non-financial and diversity-related information will come into force*. We can expect that the number of companies preparing non-financial reports will significantly increase in the following two years. Companies that already report non-financial data or will soon do so, will be better prepared to meet the new reporting requirements.

However, this new regulation should not be treated merely as an obligation. Non-financial reporting may also deliver numerous benefits to companies, such as stronger investor confidence, a better understanding of the business model, strategy and risks as well as an enhanced ability to identify new business opportunities.

Interestingly, more than 5 per cent of the 500 largest companies (28) tell us that they already prepare or will prepare for 2015 integrated reports – that is, they present financial, environmental and societal information along with corporate governance data in a single report. This way, they present a comprehensive picture of the position of their organisation in the short, medium and long term.

***Irena Pichola**, Partner, Sustainability Consulting Central Europe Leader, Deloitte*

Representatives of Poland (six), the Czech Republic (five), Hungary (five) and, interestingly, Ukraine (with six) lead the field in this respect. It is estimated that more than 160 such reports have been produced in 26 countries worldwide since 2011, when the consultation process got underway to develop the first version of guidance for integrated reporting. Out of this 31 integrated reports have been prepared by companies from the financial sector. This clearly shows that Central Europe has slowly but consistently been following the path set by the world's most advanced companies, incorporating sustainability ideas into their strategic operations.

* Directive 2014/95/EC on disclosure of non-financial and diversity information will enter into force on 1 January 2017

CE Top 500 ranking

Rank	Company name	Country	Industry*	Revenues from sales	Revenues change (%)	Net income	Net income change (%)	LY Rank
				2014	2014-2013	2014	2014-2013	
1	PKN Orlen	Poland	E&R	25 501.5	-5.5%	-1 551.4	N/A	1
2	MOL	Hungary	E&R	15 714.1	-13.3%	-164.2	N/A	2
3	Škoda Auto	Czech Republic	Mfg	10 864.5	16.1%	558.2	68.2%	3
4	↑ Jeronimo Martins Polska	Poland	CB&T	8 567.6	9.8%	N/A	N/A	8
5	↑ PGNiG	Poland	E&R	8 188.6	7.6%	620.9	29.2%	9
6	↓ Metinvest	Ukraine	Mfg	7 839.0	-18.5%	118.0	-59.9%	4
7	↓ AUDI Hungaria Motor	Hungary	Mfg	7 420.5	26.7%	314.4	-1.4%	16
8	↓ ČEZ	Czech Republic	E&R	7 283.4	-12.6%	814.2	-39.8%	6
9	↑ Lotos	Poland	E&R	6 803.6	0.3%	-108.4	N/A	13
10	PGE	Poland	E&R	6 716.5	-6.2%	781.3	-22.1%	10
11	↑ Volkswagen Slovakia	Slovakia	Mfg	6 171.2	-5.4%	124.2	173.4%	14
12	↑ Agrofert	Czech Republic	Mfg	6 053.4	3.9%	223.0	3.4%	17
13	↓ DTEK	Ukraine	E&R	5 728.9	-33.1%	-1 226.4	N/A	5
14	↓ Energorynok	Ukraine	E&R	5 652.1	-29.6%	1.4	-71.0%	7
15	↓ RWE Supply & Trading CZ	Czech Republic	E&R	5 302.2	-23.4%	63.3	-93.1%	12
16	↑ GE Infrastructure CEE	Hungary	Mfg	5 187.1	0.0%	736.2	58.8%	20
17	Naftogaz of Ukraine	Ukraine	E&R	4 896.5	-30.9%	9 580.9	N/A	NM
18	KGHM	Poland	E&R	4 891.6	-14.6%	823.1	12.5%	18
19	OMV Petrom	Romania	E&R	4 854.2	-11.4%	473.1	-56.7%	19
20	↓ Orlen Lietuva	Lithuania	E&R	4 654.2	-22.7%	-725.7	N/A	15
21	↑ Kia Motors Slovakia	Slovakia	Mfg	4 586.7	3.1%	282.4	22.3%	25
22	↑ Agrokor	Croatia	CB&T	4 580.4	15.1%	-37.7	N/A	27
23	↑ Unipetrol	Czech Republic	E&R	4 509.2	18.1%	5.9	109.9%	31
24	Tauron	Poland	E&R	4 401.9	-3.1%	213.7	-35.3%	24
25	↑ Foxconn CZ	Czech Republic	TM&T	4 331.8	16.3%	51.5	32.7%	33
26	Automobile Dacia	Romania	Mfg	4 244.0	1.8%	83.8	9.8%	26
27	↑ Eurocash	Poland	CB&T	4 049.4	3.1%	41.4	-21.1%	29
28	Petrol Group	Slovenia	E&R	4 014.3	1.7%	59.2	8.2%	28
29	↓ Slovnaft	Slovakia	E&R	4 011.7	-15.3%	-70.7	N/A	22
30	↓ Lotos Paliwa	Poland	E&R	3 968.4	-6.0%	10.2	86.4%	23
31	↑ Hyundai Motor Mfg Czech	Czech Republic	Mfg	3 859.0	3.2%	325.7	15.7%	32
32	↑ MVM	Hungary	E&R	3 858.0	24.7%	-25.1	-123.2%	42
33	Ukrzaliznytsia	Ukraine	CB&T	3 696.5	-38.4%	N/A	N/A	NM
34	↑ Energetický a průmyslový holding	Czech Republic	E&R	3 664.9	15.0%	471.4	-23.3%	38
35	↑ Rompetrol Rafinare	Romania	E&R	3 613.2	10.7%	50.5	-37.5%	48
36	↓ Lukoil Neftochim	Bulgaria	E&R	3 297.8	-14.6%	-272.0	-120.7%	30
37	↓ Alpiq Energy	Czech Republic	E&R	3 254.4	-3.4%	6.9	-51.9%	36
38	↑ FCA Poland	Poland	Mfg	3 172.9	2.0%	59.9	-8.9%	40
39	↓ INA	Croatia	E&R	3 112.1	-14.1%	-159.1	30.6%	34
40	PGE Górnictwo i Energetyka Konwencjonalna	Poland	E&R	3 080.7	6.2%	N/A	N/A	N/A
41	↑ ArcelorMittal Poland	Poland	Mfg	3 069.0	16.0%	N/A	N/A	55
42	↑ VP	Lithuania	CB&T	3 057.0	2.9%	83.0	3.8%	45
43	↓ Samsung Electronics Slovakia	Slovakia	CB&T	3 047.5	-3.1%	102.3	5.3%	39
44	↑ Orlen Paliwa	Poland	E&R	3 008.2	1.2%	6.0	57.1%	46
45	↓ Chimimport	Bulgaria	CB&T	3 004.7	-2.8%	37.5	13.8%	41
46	↓ Orange Polska	Poland	TM&T	2 915.1	-5.0%	101.0	29.2%	43
47	↑ Mercedes-Benz Manufacturing Hungary	Hungary	Mfg	2 808.7	34.0%	63.8	-3.8%	74
48	↑ Lidl Polska	Poland	CB&T	2 745.1	10.1%	N/A	N/A	58
49	↓ Tesco Polska	Poland	CB&T	2 673.5	-12.4%	N/A	N/A	44
50	↑ Mercator Group	Slovenia	CB&T	2 653.7	-4.1%	-92.6	N/A	51

Revenues for 2014 assumed at the 2013 value due to lack of data
Data not comparable with last year Ranking
New entrant in the Ranking
Due to significant FX rates changes and a financial year different than the calendar year, for the two Ukrainian companies Kernel and Nibulon we have applied average FX rates calculated based on the monthly rates for the given financial year
Revenues annualized based on the provided data for 21 months

Rank	Company name	Country	Industry*	Revenues from sales	Revenues change (%)	Net income	Net income change (%)	LY Rank
				2014	2014-2013	2014	2014-2013	
51 ↓	BP Poland	Poland	E&R	2 649.1	-13.1%	15.1	N/A	47
52 ↓	ČEPRO	Czech Republic	E&R	2 585.5	-8.3%	24.0	36.7%	50
53 ↓	Energa	Poland	E&R	2 528.0	-6.9%	219.3	8.8%	52
54 ↑	PKP	Poland	CB&T	2 507.6	3.6%	109.8	N/A	59
55 ↓	Slovenské elektrárne	Slovakia	E&R	2 472.9	-13.4%	169.1	-52.5%	49
56 ↑	EP Energy	Czech Republic	E&R	2 397.4	28.2%	53.8	N/A	82
57 ↑	Grupa Azoty	Poland	Mfg	2 362.8	1.3%	60.0	-62.0%	62
58 ↑	ENEA	Poland	E&R	2 352.5	8.3%	195.8	11.5%	71
59 ↓	ArcelorMittal Kryvyi Rih	Ukraine	Mfg	2 293.4	-13.6%	1 621.4	N/A	56
60 ↑	Volkswagen Poznań	Poland	Mfg	2 287.7	2.1%	76.4	-23.0%	67
61 ↑	Samsung Electronics Hungary	Hungary	CB&T	2 275.1	-0.6%	77.3	9.1%	64
62 ↓	Kompania Węglowa	Poland	E&R	2 218.2	-6.0%	-80.5	N/A	61
63	NIS	Serbia	E&R	2 194.9	-4.4%	235.6	-44.8%	63
64 ↑	U.S. Steel Košice	Slovakia	Mfg	2 194.0	-0.4%	17.0	104.6%	68
65 ↑	Carrefour Polska	Poland	CB&T	2 121.1	27.1%	N/A	N/A	98
66 ↓	Aurubis	Bulgaria	E&R	2 112.1	-7.0%	61.1	N/A	65
67 ↑	PCA Slovakia	Slovakia	Mfg	2 091.1	-3.9%	29.6	-8.9%	70
68 ↓	ATB Market	Ukraine	CB&T	2 025.8	-23.4%	-17.8	-180.8%	54
69 ↑	Continental Barum	Czech Republic	Mfg	2 023.1	-2.8%	136.8	-11.8%	75
70 ↑	Magyar Telekom	Hungary	TM&T	2 022.8	-5.4%	103.4	6.8%	72
71 ↑	Lasy Państwowe	Poland	PS	2 003.4	7.0%	102.0	42.3%	84
72 ↓	Megapolis Ukraine	Ukraine	CB&T	1 997.5	-26.0%	72.1	-14.6%	53
73 ↓	Fozzy Group	Ukraine	CB&T	1 995.0	-22.0%	-81.0	N/A	60
74 ↑	Kaufland Polska	Poland	CB&T	1 979.2	17.7%	11.5	N/A	116
75 ↑	Kaufland Česká republika	Czech Republic	CB&T	1 975.6	0.0%	N/A	N/A	86
76 ↑	TESCO-GLOBAL Áruházak	Hungary	CB&T	1 939.8	-5.0%	-139.2	N/A	77
77 ↑	Eni Česká republika	Czech Republic	E&R	1 844.4	-0.1%	-64.5	-24.4%	87
78 ↑	Auchan Polska	Poland	CB&T	1 838.0	17.4%	N/A	N/A	111
79 ↑	Pelion	Poland	LS&HC	1 837.7	5.6%	16.0	-37.6%	94
80 ↑	VWGP	Poland	Mfg	1 820.6	28.1%	18.5	42.3%	120
81 ↑	Kaufland Romania	Romania	CB&T	1 802.3	9.6%	92.3	23.2%	101
82 ↓	Moravia Steel	Czech Republic	Mfg	1 782.6	-7.2%	210.0	42.9%	80
83	Cyfrowy Polsat	Poland	TM&T	1 768.8	155.9%	69.1	-45.4%	NM
84 ↑	Třinecké železárny	Czech Republic	Mfg	1 742.2	0.0%	127.7	141.6%	93
85	Ukrnafta	Ukraine	E&R	1 741.0	-12.2%	78.9	N/A	N/A
86 ↑	PPHU Specjał	Poland	CB&T	1 729.7	18.7%	1.9	34.0%	118
87 ↓	MVM Partner	Hungary	E&R	1 725.6	-15.6%	-15.1	N/A	76
88 ↓	JP EPS	Serbia	E&R	1 724.4	-7.2%	-88.9	-152.2%	85
89 ↓	Kernel	Ukraine	CB&T	1 720.9	-20.4%	-73.2	-182.5%	73
90	Makro Cash and Carry Polska	Poland	CB&T	1 708.7	0.0%	N/A	N/A	90
91 ↓	Magyar Földgázkereskedő	Hungary	E&R	1 708.0	-24.7%	-33.4	-177.3%	66
92 ↑	PSE	Poland	E&R	1 695.0	22.9%	147.1	-1.4%	124
93 ↓	E.ON Hungária	Hungary	E&R	1 633.1	-9.3%	N/A	N/A	91
94 ↑	Tesco Stores ČR	Czech Republic	CB&T	1 631.1	0.0%	N/A	N/A	97
95 ↓	Jastrzębska Spółka Węglowa	Poland	E&R	1 626.8	-10.2%	-257.6	N/A	89
96 ↓	O2 Czech Republic	Czech Republic	TM&T	1 622.1	-11.8%	145.1	-33.6%	83
97 ↓	HEP	Croatia	E&R	1 612.2	-6.9%	329.8	92.9%	95
98 ↓	Konzum	Croatia	CB&T	1 598.8	-0.6%	15.9	-29.0%	105
99 ↓	Metro Group	Poland	CB&T	1 594.6	-55.9%	N/A	N/A	35
100 ↑	Polkomtel	Poland	TM&T	1 591.4	-0.6%	90.1	N/A	106

* ***CB&T*** *- Consumer Business & Transportation.* ***E&R*** *- Energy & Resources.* ***LS&HC*** *- Life Sciences and Health Care.*
Mfg *- Manufacturing.* ***TM&T*** *- Technology, Media and Telecommunications.* ***PS*** *- Public Sector.* ***RE*** *- Real Estate*

Rank		Company name	Country	Industry*	Revenues from sales	Revenues change (%)	Net income	Net income change (%)	LY Rank
					2014	2014-2013	2014	2014-2013	
101	↑	Neuca	Poland	LS&HC	1 568.0	13.9%	21.3	5.5%	125
102	↑	HSE Group	Slovenia	E&R	1 562.3	0.0%	N/A	N/A	112
103	↑	BAT (Romania)	Romania	CB&T	1 557.8	-0.6%	80.3	-10.6%	110
104	↓	WOG	Ukraine	E&R	1 554.0	-13.3%	N/A	N/A	92
105	↓	SPP	Slovakia	E&R	1 544.2	-17.8%	288.5	-11.2%	81
106	↑	Magyar Suzuki	Hungary	Mfg	1 539.3	-1.8%	19.1	-43.0%	109
107		NEK	Bulgaria	E&R	1 519.6	0.7%	-299.9	-169.2%	N/A
108		Maxima LT	Lithuania	CB&T	1 494.6	2.4%	N/A	N/A	N/A
109	↓	T-Mobile Polska	Poland	TM&T	1 490.7	-5.6%	N/A	N/A	107
110	↑	Asseco	Poland	TM&T	1 487.6	8.4%	149.0	37.7%	122
111	↓	Flextronics International	Hungary	TM&T	1 463.5	-10.2%	12.6	N/A	102
112	↑	BorsodChem	Hungary	Mfg	1 460.8	5.4%	-7.8	82.4%	123
113	↑	Petrotel-Lukoil	Romania	E&R	1 455.5	16.6%	-69.4	67.0%	141
114	↑	PS Mercator	Slovenia	CB&T	1 455.2	-0.6%	-138.6	-193.4%	117
115		RWE Energie	Czech Republic	E&R	1 454.5	153.0%	91.7	-75.9%	NM
116	↓	Energoatom	Ukraine	E&R	1 450.5	-10.4%	56.6	N/A	104
117		Tauron Dystrybucja	Poland	E&R	1 450.1	1.8%	288.7	-6.2%	NM
118	↑	Toyota Peugeot Citroën Automobile Czech	Czech Republic	Mfg	1 425.7	24.7%	13.4	106.1%	159
119		Ahold Czech Republic	Czech Republic	CB&T	1 401.5	-3.6%	12.1	8.3%	119
120		Zaporizhstal	Ukraine	Mfg	1 388.0	8.1%	299.8	N/A	N/A
121	↑	ArcelorMittal Ostrava	Czech Republic	Mfg	1 387.9	5.4%	89.2	13.2%	132
122	↓	Samsung Electronics Polska	Poland	CB&T	1 387.4	-11.9%	30.7	N/A	108
123	↑	AB	Poland	CB&T	1 374.5	6.6%	10.3	15.6%	136
124	↓	Epicentr K	Ukraine	CB&T	1 374.3	-23.1%	N/A	N/A	113
125	↓	General Motors Mfg Poland	Poland	Mfg	1 374.0	-25.3%	N/A	N/A	88
126	↑	Tesco Stores SR	Slovakia	CB&T	1 371.6	-1.9%	16.8	-50.9%	130
127		Ericsson Eesti	Estonia	TM&T	1 363.0	0.7%	24.8	22.1%	127
128	↓	Poczta Polska	Poland	PS	1 352.3	-9.9%	N/A	N/A	114
129	↑	GEN-I Group	Slovenia	E&R	1 351.9	5.6%	6.1	-52.3%	137
130	↑	Volkswagen Motor Polska	Poland	Mfg	1 350.9	26.0%	40.9	N/A	177
131	↑	ABC Data	Poland	CB&T	1 330.3	16.2%	6.5	-51.7%	158
132	↓	Energa-Obrót	Poland	E&R	1 325.4	-19.3%	N/A	N/A	99
133	↑	Lukoil Romania	Romania	E&R	1 320.7	17.2%	0.0	99.7%	166
134		Castorama Polska	Poland	CB&T	1 307.9	0.1%	N/A	N/A	134
135	↑	Robert Bosch Elektronika	Hungary	Mfg	1 303.9	9.3%	26.5	8.7%	146
136	↑	Action	Poland	TM&T	1 299.8	15.2%	15.2	5.4%	164
137	↓	TVK	Hungary	Mfg	1 298.7	-3.2%	18.3	-80.7%	128
138	↑	Grupa Muszkieterów	Poland	CB&T	1 296.2	11.6%	N/A	N/A	154
139	↑	Rossmann	Poland	CB&T	1 295.1	13.8%	N/A	N/A	161
140	↓	SPAR Magyarország	Hungary	CB&T	1 293.9	0.3%	-59.7	-51.0%	135
141	↓	Ukrtatnafta	Ukraine	E&R	1 288.8	-25.4%	21.8	-8.1%	96
142	↑	Farmacol	Poland	LS&HC	1 279.7	10.1%	24.9	-16.5%	143
143	↑	WIZZ Air Hungary	Hungary	CB&T	1 273.0	25.3%	191.5	80.6%	240
144	↑	Żabka Polska	Poland	CB&T	1 256.8	28.6%	N/A	N/A	199
145	↓	PANRUSGÁZ	Hungary	E&R	1 256.6	-23.4%	-1.7	-161.1%	100
146	↓	Gorenje Group	Slovenia	CB&T	1 245.6	0.4%	-10.0	71.6%	142
147	↑	Philips Lighting Poland	Poland	Mfg	1 230.3	6.9%	72.6	N/A	155
148	↑	Skanska Polska	Poland	RE	1 213.0	21.5%	N/A	N/A	194
149	↑	Boryszew	Poland	Mfg	1 207.4	5.1%	36.5	121.8%	156
150	↑	PKP PLK	Poland	CB&T	1 201.4	11.8%	-27.5	72.3%	176

Revenues for 2014 assumed at the 2013 value due to lack of data

Data not comparable with last year Ranking

New entrant in the Ranking

Due to significant FX rates changes and a financial year different than the calendar year, for the two Ukrainian companies Kernel and Nibulon we have applied average FX rates calculated based on the monthly rates for the given financial year

Revenues annualized based on the provided data for 21 months

Rank	Company name	Country	Industry*	Revenues from sales 2014	Revenues change (%) 2014-2013	Net income 2014	Net income change (%) 2014-2013	LY Rank
151 ↓	České dráhy	Czech Republic	CB&T	1 199.1	-5.0%	5.7	107.6%	139
152 ↓	Statoil Fuel & Retail Polska	Poland	E&R	1 197.5	-4.9%	N/A	N/A	140
153 ↓	Krka Group	Slovenia	LS&HC	1 191.6	-0.8%	103.3	-35.0%	145
154 ↑	Budimex	Poland	RE	1 181.6	4.8%	46.3	-35.3%	163
155 ↑	Can-Pack	Poland	Mfg	1 177.7	4.5%	111.3	29.5%	165
156	Ukrlandfarming	Ukraine	CB&T	1 157.5	-25.6%	-194.6	-134.4%	N/A
157 ↓	Shell Polska	Poland	E&R	1 156.3	-1.1%	N/A	N/A	131
158	Polska Grupa Zbrojeniowa	Poland	Mfg	1 145.8	0.0%	N/A	N/A	N/A
159 ↓	LG Electronics Wrocław	Poland	CB&T	1 145.4	-3.6%	N/A	N/A	148
160 ↑	LG Electronics Mława	Poland	CB&T	1 144.6	27.1%	15.0	54.5%	227
161 ↑	Koncernas Achemos grupė	Lithuania	Mfg	1 144.0	-4.2%	N/A	N/A	178
162 ↓	Richter Gedeon	Hungary	LS&HC	1 142.1	-3.3%	12.7	29.7%	151
163 ↑	Foxconn Slovakia	Slovakia	TM&T	1 141.1	24.1%	0.4	-95.4%	221
164 ↓	Galnaftogaz	Ukraine	E&R	1 138.9	-16.3%	-34.6	-159.6%	126
165 ↑	LPP	Poland	CB&T	1 138.5	16.5%	115.0	11.9%	198
166 ↓	Electrica	Romania	E&R	1 136.6	-6.8%	90.4	26.3%	153
167 ↓	Penny Market ČR	Czech Republic	CB&T	1 136.6	-2.7%	19.0	68.2%	147
168 ↑	Slovnaft Česká republika	Czech Republic	E&R	1 136.4	8.4%	3.2	38.2%	184
169 ↑	Mobis Slovakia	Slovakia	Mfg	1 135.8	4.3%	32.7	91.7%	174
170 ↓	Uralchem LV	Latvia	CB&T	1 135.6	1.1%	22.0	-8.0%	168
171 ↓	Michelin Polska	Poland	Mfg	1 127.6	-4.4%	78.5	-5.0%	150
172 ↑	Lidl Česká republika	Czech Republic	CB&T	1 118.0	0.0%	N/A	N/A	209
173 ↓	Synthos	Poland	Mfg	1 102.5	-6.9%	85.3	-13.9%	138
174 ↑	Metrostav	Czech Republic	RE	1 088.5	4.9%	19.6	42.1%	180
175 ↑	Kolporter	Poland	CB&T	1 072.3	1.1%	8.6	9.7%	181
176 ↑	IKEA Industry Poland	Poland	CB&T	1 071.9	9.8%	58.9	104.3%	206
177 ↑	E.ON Energie Romania	Romania	E&R	1 064.8	3.1%	21.2	-58.3%	189
178 ↑	EDF Polska	Poland	E&R	1 055.6	-0.1%	N/A	N/A	182
179 ↑	P4 (Play)	Poland	TM&T	1 048.4	18.7%	N/A	N/A	231
180 ↑	Faurecia Polska	Poland	Mfg	1 033.0	14.3%	70.9	N/A	225
181 ↑	PKP Energetyka	Poland	E&R	1 030.5	23.8%	N/A	N/A	234
182 ↓	Ferrexpo Group	Ukraine	Mfg	1 030.1	-13.3%	136.4	-31.2%	149
183 ↑	Carrefour Romania	Romania	CB&T	1 027.9	5.8%	26.9	-17.8%	200
184 ↓	MHP	Ukraine	CB&T	1 025.1	-8.8%	-164.3	N/A	167
185 ↑	BSH Poland	Poland	CB&T	1 023.0	22.3%	-14.4	N/A	251
186 ↑	Lek Group	Slovenia	LS&HC	1 018.6	8.2%	67.7	-23.2%	278
187 ↓	Makro Cash & Carry ČR	Czech Republic	CB&T	1 016.3	-6.0%	N/A	N/A	152
188 ↓	Západoslovenská energetika	Slovakia	E&R	1 013.0	-2.3%	84.1	-17.8%	186
189 ↑	RomGaz	Romania	E&R	1 012.5	14.8%	317.7	40.9%	233
190 ↑	Metro Cash & Carry Romania	Romania	CB&T	1 011.5	-5.6%	-0.3	-102.9%	197
191 ↓	ISD Dunaferr	Hungary	Mfg	1 010.4	0.0%	N/A	N/A	190
192 ↑	Szerencsejáték	Hungary	CB&T	1 009.5	19.8%	60.4	28.0%	247
193	GlaxoSmithKline Pharmaceuticals	Poland	LS&HC	1 007.0	18.6%	51.1	N/A	NM
194 ↓	PKP Cargo	Poland	CB&T	1 006.6	-10.1%	5.9	-68.2%	175
195 ↑	Roglić Group	Croatia	CB&T	1 001.2	19.4%	6.2	-57.6%	249
196	Lama Energy Group	Czech Republic	E&R	999.5	88.3%	6.2	141.3%	N/A
197 ↓	Telekom Srbija	Serbia	TM&T	998.0	-2.6%	151.2	9.1%	192
198	TRW Automotive Czech	Czech Republic	Mfg	993.5	0.0%	N/A	N/A	N/A
199 ↑	Animex	Poland	CB&T	991.1	2.3%	N/A	N/A	202
200 ↓	Cargill Poland	Poland	CB&T	987.6	-5.6%	N/A	N/A	185

* ***CB&T*** *- Consumer Business & Transportation.* ***E&R*** *- Energy & Resources.* ***LS&HC*** *- Life Sciences and Health Care.*
Mfg *- Manufacturing.* ***TM&T*** *- Technology, Media and Telecommunications.* ***PS*** *- Public Sector.* ***RE*** *- Real Estate*

Rank	Company name	Country	Industry*	Revenues from sales	Revenues change (%)	Net income	Net income change (%)	LY Rank
				2014	2014-2013	2014	2014-2013	
201	Grupa Valeo	Poland	Mfg	987.4	19.0%	70.9	32.6%	N/A
202 ↓	MOL Romania	Romania	E&R	980.5	0.1%	21.3	4.5%	196
203 ↑	GDF Suez	Romania	E&R	977.3	4.6%	99.8	-1.4%	216
204 ↑	Media-Saturn	Poland	CB&T	974.3	12.4%	N/A	N/A	236
205 ↓	Orange Romania	Romania	TM&T	973.4	-0.9%	90.9	-19.8%	195
206 ↑	Lietuvos Energija	Lithuania	E&R	973.0	15.6%	-280.0	N/A	263
207	Elko LV	Latvia	CB&T	972.7	9.8%	-5.4	-141.6%	NM
208 ↑	SEPS	Slovakia	E&R	972.2	68.8%	67.6	-2.6%	404
209 ↑	European Data Project	Czech Republic	CB&T	967.4	4.5%	42.0	0.8%	218
210 ↓	Chinoin	Hungary	LS&HC	958.8	-15.3%	101.4	6.6%	162
211 ↑	Energa-Operator	Poland	E&R	954.1	5.8%	139.4	1.6%	226
212 ↑	Inter Cars	Poland	Mfg	945.1	13.3%	41.9	20.3%	253
213 ↑	GECO	Czech Republic	CB&T	929.7	27.8%	9.0	25.9%	301
214 ↑	Johnson Matthey	Republic of Macedonia	Mfg	927.5	48.9%	56.0	88.5%	373
215 ↓	Tallink	Estonia	CB&T	927.0	-1.6%	27.0	-37.6%	212
216 ↑	Mlekovita	Poland	CB&T	926.4	11.4%	16.7	35.3%	269
217 ↑	PCA Logistika CZ	Czech Republic	Mfg	926.1	27.9%	N/A	N/A	230
218 ↓	Ford Romania	Romania	Mfg	913.4	-16.7%	5.7	-63.4%	170
219 ↓	Jabil Circuit Magyarország	Hungary	Mfg	907.0	-14.9%	50.5	178.0%	179
220 ↓	T-HT Group	Croatia	TM&T	904.8	-2.7%	149.6	-21.7%	217
221 ↓	OMV Hungária	Hungary	E&R	904.7	-1.9%	0.3	103.5%	220
222 ↑	Auchan Magyarország	Hungary	CB&T	895.8	-1.9%	-40.4	-90.2%	223
223 ↑	POLOmarket	Poland	CB&T	895.1	0.5%	N/A	N/A	229
224 ↓	PCE Paragon Solutions	Hungary	Mfg	888.9	-22.6%	3.4	-60.8%	157
225 ↓	Eesti Energia	Estonia	E&R	880.0	-8.9%	159.3	-0.1%	203
226 ↓	T-Mobile Czech Republic	Czech Republic	TM&T	873.8	-9.5%	193.3	-16.9%	204
227 ↑	Mobis Automotive Czech	Czech Republic	Mfg	873.6	2.5%	1.0	139.7%	244
228	E.ON Energiakereskedelmi	Hungary	E&R	873.0	0.0%	N/A	N/A	N/A
229 ↑	MLEKPOL	Poland	CB&T	872.5	2.7%	3.8	-51.3%	245
230 ↑	Stredoslovenská energetika	Slovakia	E&R	871.4	9.5%	89.2	8.9%	265
231 ↑	HEP - Operator	Croatia	E&R	871.3	50.5%	81.2	4.5%	393
232 ↓	Electrolux Lehel	Hungary	CB&T	864.2	-10.2%	-4.3	-131.9%	205
233 ↑	Grupa Saint-Gobain w Polsce	Poland	Mfg	860.5	-0.9%	N/A	N/A	235
234	TEVA Gyógyszergyár	Hungary	LS&HC	856.7	69.4%	264.0	N/A	NM
235 ↓	Nibulon	Ukraine	CB&T	853.9	0.2%	N/A	N/A	169
236 ↑	Kompania Piwowarska	Poland	CB&T	852.5	0.0%	131.0	5.7%	243
237 ↑	Auchan Romania	Romania	CB&T	849.7	63.1%	-13.9	32.2%	454
238 ↑	Revoz	Slovenia	CB&T	848.2	29.6%	12.2	6.3%	346
239 ↓	Phoenix lékárenský velkoobchod	Czech Republic	LS&HC	845.3	-3.7%	6.7	-20.5%	224
240 ↑	OMV Česká republika	Czech Republic	E&R	842.7	-2.9%	N/A	N/A	241
241 ↑	Totalizator Sportowy	Poland	CB&T	838.1	7.4%	52.0	-13.4%	277
242 ↑	FCA Powertrain Poland	Poland	Mfg	834.8	-0.1%	45.9	5.9%	252
243 ↓	Zakłady Azotowe Puławy	Poland	Mfg	834.5	-6.0%	N/A	N/A	219
244 ↑	Glencore Polska	Poland	CB&T	831.5	9.0%	8.3	-24.3%	286
245 ↓	Globus ČR	Czech Republic	CB&T	831.2	-5.5%	N/A	N/A	232
246 ↑	PLL LOT	Poland	CB&T	830.7	11.0%	N/A	N/A	290
247 ↓	Grupa Basell Orlen Polyolefins	Poland	Mfg	829.9	-3.7%	N/A	N/A	238
248 ↑	Shell Hungary	Hungary	E&R	817.3	6.7%	-8.8	68.7%	284
249 ↑	Enea Wytwarzanie	Poland	E&R	815.7	13.9%	N/A	N/A	307
250	EURO-net Sp. z o.o.	Poland	CB&T	814.0	0.0%	N/A	N/A	N/A

Revenues for 2014 assumed at the 2013 value due to lack of data

Data not comparable with last year Ranking

New entrant in the Ranking

Due to significant FX rates changes and a financial year different than the calendar year, for the two Ukrainian companies Kernel and Nibulon we have applied average FX rates calculated based on the monthly rates for the given financial year

Revenues annualized based on the provided data for 21 months

Rank		Company name	Country	Industry*	Revenues from sales	Revenues change (%)	Net income	Net income change (%)	LY Rank
					2014	2014-2013	2014	2014-2013	
251	↓	Panasonic AVC Networks Czech	Czech Republic	CB&T	812.2	-14.6%	43.9	N/A	208
252	↑	Inventec (Czech)	Czech Republic	TM&T	812.0	14.7%	0.4	-3.5%	313
253		TELE-FONIKA Kable	Poland	Mfg	811.6	13.9%	N/A	N/A	N/A
254	↓	ArcelorMittal Galati	Romania	Mfg	809.5	-3.7%	-108.7	35.3%	248
255		Eriell Corporation	Czech Republic	E&R	806.8	25.2%	4.5	108.4%	N/A
256	↑	Billa CR	Czech Republic	CB&T	805.8	0.0%	N/A	N/A	258
257	↑	Ferona	Czech Republic	CB&T	805.1	3.0%	3.7	67.3%	324
258	↓	KHW	Poland	E&R	802.5	-15.3%	-113.1	N/A	210
259	↑	Unilever Polska	Poland	CB&T	799.7	-2.2%	N/A	N/A	260
260	↑	Michelin Hungária	Hungary	Mfg	798.5	24.4%	19.5	-62.6%	356
261	↑	Lidl Slovakia	Slovakia	CB&T	794.9	17.5%	65.4	1.2%	326
262	↑	Hungaropharma	Hungary	LS&HC	793.2	2.0%	11.7	61.6%	276
263	↓	Continental Matador Rubber	Slovakia	Mfg	792.0	-3.6%	130.8	5.4%	257
264	↑	Lidl Romania	Romania	CB&T	788.7	12.3%	N/A	N/A	317
265	↑	Bulgargaz	Bulgaria	E&R	788.1	1.5%	3.6	-87.7%	282
266	↑	Bosch Diesel	Czech Republic	Mfg	786.7	6.5%	14.4	N/A	294
267		KDWT	Poland	CB&T	785.6	11.9%	N/A	N/A	N/A
268		Anwil	Poland	Mfg	785.5	-0.9%	0.6	-98.8%	268
269	↑	Maspex	Poland	CB&T	778.9	6.2%	N/A	N/A	298
270	↓	Ciech	Poland	Mfg	774.3	-6.9%	41.8	N/A	255
271	↓	Indesit Polska	Poland	CB&T	773.5	-5.4%	3.6	N/A	259
272	↑	Dedeman	Romania	CB&T	773.2	25.6%	91.5	38.4%	380
273	↑	Selgros Poland	Poland	CB&T	772.7	-0.6%	N/A	N/A	275
274	↓	Interpipe	Ukraine	Mfg	770.5	-32.5%	14.5	126.2%	160
275	↓	Slovak Telekom	Slovakia	TM&T	767.6	-5.1%	43.6	-11.6%	256
276	↑	Hidroelectrica	Romania	E&R	767.5	9.9%	212.2	30.3%	308
277	↑	Sokołów	Poland	CB&T	764.8	2.2%	N/A	N/A	289
278	↓	Kyivstar	Ukraine	TM&T	763.5	-36.9%	-495.8	61.7%	144
279	↑	KITE	Hungary	CB&T	762.0	10.4%	14.2	40.5%	334
280	↑	Robert Bosch Energy and Body Systems	Hungary	Mfg	760.3	22.7%	12.6	-0.7%	376
281	↓	Telekom Slovenije Group	Slovenia	TM&T	756.5	-2.9%	-0.2	-100.3%	274
282	↑	Moltrade-Mineralimpex	Hungary	E&R	755.9	14.3%	4.5	35.0%	338
283	↓	OTE	Czech Republic	E&R	754.6	-5.5%	3.6	-20.8%	266
284	↑	Flextronics International Poland	Poland	TM&T	747.8	0.2%	12.5	-6.8%	292
285	↑	Vodafone Romania	Romania	TM&T	744.5	-3.8%	79.8	-36.2%	291
286	↑	Lear Corporation Hungary	Hungary	Mfg	744.4	11.1%	16.1	N/A	330
287	↑	Kaufland Slovakia	Slovakia	CB&T	743.4	12.6%	29.7	-11.6%	299
288	↓	Latvenergo	Latvia	E&R	741.1	-21.5%	35.0	33.4%	211
289		Rimi Latvia	Latvia	CB&T	741.0	10.2%	23.6	94.0%	NM
290	↑	Arctic Paper	Poland	Mfg	739.8	0.3%	12.8	134.6%	296
291		TRW Polska	Poland	Mfg	738.5	15.3%	18.6	N/A	NM
292	↓	Tauron Wytwarzanie	Poland	E&R	738.5	-32.6%	-82.0	27.8%	171
293	↓	Grupa Żywiec	Poland	CB&T	738.4	-10.1%	38.0	-41.0%	254
294	↑	Lidl Magyarország	Hungary	CB&T	735.5	9.1%	7.2	127.6%	328
295	↑	Cez Electro Bulgaria	Bulgaria	E&R	734.7	1.1%	12.8	N/A	303
296	↑	GEN Energija Group	Slovenia	E&R	734.4	8.6%	29.2	28.1%	327
297	↓	Węglokoks	Poland	CB&T	730.9	-24.7%	35.3	-28.8%	201
298	↑	Metalimex	Czech Republic	CB&T	724.7	13.9%	6.6	13.0%	364
299	↑	BASF Polska	Poland	Mfg	723.3	0.2%	N/A	N/A	305
300		Bunge Ukraine	Ukraine	CB&T	720.0	1.4%	13.7	-2.3%	N/A

** **CB&T** - Consumer Business & Transportation. **E&R** - Energy & Resources. **LS&HC** - Life Sciences and Health Care. **Mfg** - Manufacturing. **TM&T** - Technology, Media and Telecommunications. **PS** - Public Sector. **RE** - Real Estate*

Rank	Company name	Country	Industry*	Revenues from sales 2014	Revenues change (%) 2014-2013	Net income 2014	Net income change (%) 2014-2013	LY Rank
301 ↓	OMV Bulgaria	Bulgaria	E&R	714.3	-21.7%	14.3	27.3%	222
302 ↓	Mediplus	Romania	LS&HC	713.0	-3.3%	9.9	173.6%	295
303 ↓	ELMŰ	Hungary	E&R	710.3	-5.6%	29.4	N/A	287
304 ↓	SIJ	Slovenia	E&R	707.9	7.5%	25.1	N/A	342
305 ↑	AmRest	Poland	CB&T	704.8	9.9%	-8.0	-1.0%	359
306 ↓	Spar Slovenija	Slovenia	CB&T	698.9	0.0%	N/A	N/A	302
307 ↑	Electrolux Poland	Poland	CB&T	698.1	10.8%	16.6	-47.3%	370
308	Tarkett Bačka Palanka	Serbia	CB&T	695.4	-15.6%	54.4	-48.1%	NM
309 ↑	Phoenix Pharma Hungary	Hungary	LS&HC	693.3	-1.7%	14.5	15.3%	315
310 ↓	Pražská energetika	Czech Republic	E&R	692.4	-17.2%	87.8	-15.8%	250
311 ↓	Česká pošta	Czech Republic	PS	688.6	-8.1%	6.5	-23.1%	293
312	OMV Slovensko	Slovakia	E&R	688.6	-3.2%	8.5	41.7%	NM
313 ↑	Delphi Poland	Poland	Mfg	686.4	14.1%	-7.8	N/A	389
314 ↓	Stalprodukt	Poland	Mfg	682.4	2.4%	24.2	31.6%	333
315 ↑	Netto	Poland	CB&T	681.1	7.8%	18.4	N/A	369
316 ↓	OMV Slovenia	Slovenia	E&R	680.9	-3.7%	12.7	-9.3%	314
317 ↑	Continental Automotive Hungary	Hungary	Mfg	679.6	-2.6%	0.2	101.1%	320
318 ↓	Porsche Hungaria	Hungary	Mfg	677.6	-7.9%	4.4	-28.2%	297
319 ↑	Volvo Polska	Poland	Mfg	675.3	6.7%	5.5	-27.8%	367
320 ↑	Maxima Latvia	Latvia	CB&T	674.4	0.1%	13.9	-21.6%	340
321 ↑	Nestle Polska	Poland	CB&T	673.6	2.7%	36.5	-4.4%	345
322 ↑	Impexmetal	Poland	Mfg	673.0	3.9%	30.4	56.1%	352
323 ↑	Atlantic Grupa	Croatia	CB&T	670.4	1.6%	27.4	-14.8%	332
324 ↓	OKD	Czech Republic	E&R	670.4	-34.3%	-366.3	51.5%	191
325 ↓	Motor Sich	Ukraine	Mfg	669.8	-17.0%	99.2	-25.9%	264
326 ↑	Petrol Croatia	Croatia	E&R	666.3	16.4%	4.6	105.2%	414
327 ↓	Empik Media & Fashion	Poland	CB&T	666.1	3.0%	-44.8	38.2%	306
328 ↑	JTI	Romania	CB&T	665.4	8.5%	13.3	54.0%	382
329 ↓	Lesto	Lithuania	E&R	665.2	-5.5%	-163.8	N/A	316
330 ↓	Donetskstal	Ukraine	Mfg	662.7	-50.6%	-304.1	N/A	129
331 ↑	Mondi Świecie	Poland	Mfg	658.8	-0.8%	133.7	-2.1%	336
332 ↓	Tuš Holding	Slovenia	CB&T	655.8	0.0%	N/A	N/A	311
333 ↑	E. Leclerc	Poland	CB&T	655.7	0.4%	N/A	N/A	349
334 ↓	Neonet	Poland	CB&T	646.9	-9.2%	0.0	N/A	309
335 ↓	Optima Pharm	Ukraine	CB&T	645.1	-17.7%	35.3	N/A	271
336	E.ON Energiaszolgáltató	Hungary	E&R	640.2	-60.7%	-22.1	N/A	NM
337 ↑	ZE PAK	Poland	E&R	639.8	-2.5%	17.2	-70.0%	344
338 ↓	Selgros	Romania	CB&T	638.4	-8.8%	3.4	-71.9%	319
339 ↑	Transelectrica	Romania	E&R	636.1	12.6%	77.3	65.7%	416
340 ↑	Mega Image	Romania	CB&T	634.5	19.7%	12.6	0.6%	446
341 ↑	PHP Polski Tytoń	Poland	CB&T	633.7	-0.5%	0.3	-36.0%	363
342 ↑	Johnson Controls International	Slovakia	Mfg	633.4	2.8%	17.1	25.7%	378
343 ↑	LuK Savaria	Hungary	Mfg	633.0	16.3%	35.1	-18.0%	433
344 ↓	Lukoil Baltija	Lithuania	E&R	632.8	-13.1%	3.3	-3.3%	300
345 ↑	Magyar Posta	Hungary	PS	632.0	-1.5%	9.0	157.9%	357
346 ↓	eustream	Slovakia	E&R	630.0	-9.6%	334.0	4.6%	321
347	Lukoil	Poland	E&R	628.9	0.0%	N/A	N/A	N/A
348 ↓	MTS Ukraine	Ukraine	TM&T	628.9	-32.7%	151.8	-35.4%	214
349 ↑	Porsche Czech Republic	Czech Republic	Mfg	628.5	20.3%	10.8	47.5%	451
350	Samsung Electronics Romania	Romania	CB&T	624.6	-3.0%	13.3	2.0%	350

Revenues for 2014 assumed at the 2013 value due to lack of data
Data not comparable with last year Ranking
New entrant in the Ranking
Due to significant FX rates changes and a financial year different than the calendar year, for the two Ukrainian companies Kernel and Nibulon we have applied average FX rates calculated based on the monthly rates for the given financial year
Revenues annualized based on the provided data for 21 months

Rank	Company name	Country	Industry*	Revenues from sales	Revenues change (%)	Net income	Net income change (%)	LY Rank
				2014	2014-2013	2014	2014-2013	
351 ↓	Strabag Poland	Poland	RE	623.3	-8.0%	31.5	132.8%	337
352	Unipetrol Slovensko	Slovakia	E&R	621.4	16.3%	1.2	-9.6%	N/A
353 ↓	EP Energy Trading	Czech Republic	E&R	620.2	-27.3%	-2.8	65.4%	242
354 ↑	JP Srbijagas	Serbia	E&R	619.3	2.0%	-390.3	13.1%	387
355 ↑	Admiral Global Betting	Czech Republic	CB&T	616.5	9.4%	17.5	19.5%	421
356 ↑	Telekom Romania	Romania	TM&T	610.1	0.0%	N/A	N/A	385
357 ↑	ČGS Holding	Czech Republic	Mfg	609.9	-5.2%	76.5	17.4%	354
358 ↑	SE-CEE Schneider Electric	Hungary	E&R	609.8	1.4%	73.3	-5.0%	390
359 ↑	Mercator-S	Serbia	CB&T	608.1	10.2%	0.9	-82.7%	427
360 ↑	TZMO	Poland	CB&T	603.9	-1.1%	N/A	N/A	384
361 ↑	Continental Automotive Products	Romania	Mfg	601.8	4.8%	135.6	15.6%	410
362	Vítkovice Holding	Czech Republic	Mfg	600.8	-24.0%	14.5	151.4%	N/A
363 ↑	DPP	Czech Republic	PS	600.8	-0.4%	11.5	180.3%	388
364 ↑	CMC Poland	Poland	Mfg	598.9	-4.3%	N/A	N/A	372
365 ↑	FARMEXPERT	Romania	LS&HC	598.5	17.4%	23.3	11.8%	464
366 ↑	Alcoa-Köfém	Hungary	Mfg	597.6	13.0%	73.1	30.4%	448
367 ↓	Palink	Lithuania	CB&T	597.5	3.4%	N/A	N/A	343
368 ↑	Philip Morris Magyarország	Hungary	CB&T	597.3	-3.2%	-16.2	N/A	379
369 ↑	Philip Morris Polska	Poland	CB&T	597.3	4.3%	N/A	N/A	412
370 ↓	Shell Czech Republic	Czech Republic	E&R	594.6	-31.0%	10.0	134.0%	239
371 ↓	Kruszwica	Poland	CB&T	593.7	-6.1%	27.5	4.5%	366
372 ↑	RWE Polska	Poland	E&R	592.9	-0.4%	121.3	5.1%	400
373 ↑	Veolia Voda Česká republika	Czech Republic	E&R	591.7	-3.2%	N/A	N/A	383
374 ↑	ABB Poland	Poland	Mfg	589.8	5.4%	17.9	-4.6%	423
375 ↑	Zakłady Chemiczne Police	Poland	Mfg	588.3	0.5%	15.4	63.6%	402
376 ↑	Škoda Transportation	Czech Republic	Mfg	587.9	6.7%	89.4	111.2%	428
377 ↑	Anwim	Poland	E&R	586.4	1.2%	1.1	N/A	405
378 ↑	Linas Agro	Lithuania	CB&T	584.6	-1.2%	23.6	-9.8%	396
379	Adris Grupa	Croatia	CB&T	584.5	63.1%	60.4	16.3%	N/A
380	Delphi Hungary	Hungary	Mfg	582.3	24.2%	50.3	69.3%	N/A
381 ↓	Orange Slovensko	Slovakia	TM&T	580.2	-6.7%	103.1	-10.0%	375
382 ↓	Sanofi-Aventis Hungary	Hungary	LS&HC	579.7	-18.3%	4.3	-68.0%	310
383 ↓	TIGÁZ	Hungary	E&R	579.0	-26.4%	-42.3	41.1%	270
384 ↑	CE Oltenia	Romania	E&R	578.1	-3.6%	-156.3	N/A	391
385 ↑	MG Baltic	Lithuania	CB&T	577.6	12.5%	20.0	-30.8%	461
386 ↑	GDF Suez Energia Polska	Poland	E&R	575.4	11.5%	14.5	177.1%	450
387	Nemzeti Útdíjfizetési Szolgáltató	Hungary	CB&T	574.7	32.6%	-83.8	3.8%	N/A
388 ↑	Avon	Poland	CB&T	572.7	-3.2%	24.6	-38.7%	397
389 ↑	Ikea Retail	Poland	CB&T	569.1	10.4%	1.3	N/A	459
390 ↑	Renault Polska	Poland	Mfg	567.6	19.1%	5.1	N/A	500
391	TPV Displays Polska	Poland	Mfg	565.7	0.0%	N/A	N/A	N/A
392 ↑	Celsa Huta Ostrowiec	Poland	Mfg	565.1	6.6%	N/A	N/A	447
393 ↑	Continental Matador Truck Tires	Slovakia	Mfg	560.7	-2.1%	98.5	4.1%	413
394 ↑	Eurovia CS	Czech Republic	RE	560.6	10.7%	12.8	-31.2%	467
395 ↓	MVM Paksi Atomerőmű	Hungary	E&R	558.3	-10.3%	26.6	-65.4%	374
396 ↑	Sungwoo Hitech	Czech Republic	Mfg	553.0	2.3%	5.4	N/A	436
397 ↑	Autoliv Romania	Romania	Mfg	549.8	14.6%	11.8	-21.9%	499
398 ↓	Optima Grupa and Herzegovina	Bosnia	E&R	548.8	-6.0%	-151.6	-103.6%	371
399 ↑	Východoslovenská energetika	Slovakia	E&R	547.0	1.3%	55.8	19.2%	437
400	Tinmar	Romania	E&R	546.6	40.9%	9.2	-49.8%	N/A

* ***CB&T*** *- Consumer Business & Transportation.* ***E&R*** *- Energy & Resources.* ***LS&HC*** *- Life Sciences and Health Care.*
Mfg *- Manufacturing.* ***TM&T*** *- Technology, Media and Telecommunications.* ***PS*** *- Public Sector.* ***RE*** *- Real Estate*

Rank		Company name	Country	Industry*	Revenues from sales 2014	Revenues change (%) 2014-2013	Net income 2014	Net income change (%) 2014-2013	LY Rank
401		Opel Southeast Europe	Hungary	Mfg	545.4	33.9%	1.0	-33.7%	N/A
402	↑	Penny Market Hungary	Hungary	CB&T	543.4	1.1%	5.0	-25.5%	441
403		MND	Czech Republic	E&R	543.3	28.4%	52.9	-14.5%	N/A
404	↑	International Paper - Kwidzyn	Poland	Mfg	542.5	-5.5%	92.7	N/A	409
405		Harman Becker	Hungary	TM&T	541.0	16.0%	13.0	120.2%	N/A
406	↑	Evraz-Sukha Balka	Ukraine	Mfg	540.0	9.9%	52.2	34.8%	486
407	↑	Travel Service	Czech Republic	CB&T	539.9	0.0%	N/A	N/A	439
408	↑	Remontowa Holding	Poland	Mfg	539.9	7.5%	71.6	N/A	473
409	↑	Hankook Tire Magyarország	Hungary	Mfg	538.2	-3.2%	112.1	13.9%	426
410	↑	Continental Automotive Systems	Romania	Mfg	537.6	6.5%	10.8	N/A	471
411	↓	FŐGÁZ	Hungary	E&R	536.9	-26.0%	4.0	36.6%	304
412		Komputronik	Poland	CB&T	536.2	31.6%	5.0	-12.9%	N/A
413	↑	Tallinna Kaubamaja Grupp	Estonia	CB&T	535.0	7.2%	20.2	12.2%	474
414	↑	Tank Ono	Czech Republic	E&R	533.9	2.8%	1.0	N/A	458
415	↓	Zagrebački holding	Croatia	PS	533.3	-9.2%	0.6	106.5%	401
416		Cedrob	Poland	CB&T	532.8	10.0%	N/A	N/A	N/A
417	↑	Achema	Lithuania	Mfg	530.5	3.9%	N/A	N/A	463
418		ASA Prevent Group	Bosnia and Herzegovina	CB&T	529.0	14.8%	N/A	N/A	N/A
419	↑	Iveco Czech Republic	Czech Republic	Mfg	528.5	3.1%	44.8	12.1%	462
420		Faurecia Slovakia	Slovakia	Mfg	528.0	6.6%	23.9	30.6%	N/A
421	↓	EDF Paliwa	Poland	E&R	527.4	-12.0%	5.5	13.2%	392
422	↑	PHOENIX Zdravotnícke zásobovanie	Slovakia	LS&HC	526.3	5.7%	4.2	11.0%	477
423	↑	Rewe	Romania	CB&T	526.2	5.9%	2.6	N/A	479
424	↑	ThyssenKrupp Energostal	Poland	Mfg	526.1	7.8%	12.2	60.2%	489
425		Robert Bosch	Czech Republic	Mfg	526.0	17.3%	8.3	N/A	N/A
426	↑	Cargill Agricultura	Romania	CB&T	524.2	-4.0%	-20.1	-176.2%	431
427	↑	Holdina	Bosnia and Herzegovina	E&R	524.1	-3.6%	3.1	193.0%	434
428	↑	CNH Industrial Polska	Poland	Mfg	521.8	-1.5%	34.9	-33.3%	432
429		RCS & RDS	Romania	TM&T	521.1	9.5%	-16.0	N/A	N/A
430	↓	ADM ROMANIA TRADING	Romania	CB&T	519.7	-19.1%	11.7	155.8%	355
431	↓	CCS	Czech Republic	CB&T	517.7	0.0%	N/A	N/A	399
432		Henkel Polska	Poland	CB&T	516.8	13.8%	50.3	N/A	N/A
433		Hill's Pet Nutrition Mfg	Czech Republic	CB&T	515.1	0.0%	N/A	N/A	N/A
434	↓	HEP - Proizvodnja	Croatia	E&R	514.7	-19.9%	119.9	52.8%	407
435	↓	MET Magyarország	Hungary	E&R	512.0	-32.2%	1.2	-91.9%	273
436	↑	ZRP Farmutil HS	Poland	CB&T	511.4	2.9%	13.5	N/A	478
437	↑	Philip Morris ČR	Czech Republic	CB&T	509.9	4.0%	81.9	-4.3%	487
438	↓	Engrotuš	Slovenia	CB&T	509.1	0.0%	N/A	N/A	415
439	↓	Ferrero Polska	Poland	CB&T	508.8	-28.2%	41.1	N/A	312
440	↑	Telenor Magyarország	Hungary	TM&T	507.1	-2.7%	77.5	-17.4%	455
441		Brose CZ	Czech Republic	Mfg	507.1	10.4%	11.6	-13.9%	N/A
442		Tate & Lyle Slovakia	Slovakia	CB&T	506.9	4.5%	1.3	61.6%	N/A
443		Grupa Polskie Składy Budowlane	Poland	CB&T	505.6	19.7%	4.3	39.2%	N/A
444	↓	Nokia Komárom	Hungary	TM&T	503.9	-50.2%	-18.5	N/A	193
445	↓	Orlen LV	Latvia	E&R	503.4	-34.6%	2.6	-35.0%	281
446	↓	Latvijas Gāze	Latvia	E&R	503.1	-12.4%	30.1	2.0%	411
447		Toyota Motor Poland Company Limited Sp. z o. o.	Poland	Mfg	502.2	38.7%	0.3	N/A	N/A
448		Toyota Motor Mfg	Poland	Mfg	502.2	22.9%	0.3	N/A	N/A
449	↓	Polimex Mostostal	Poland	RE	501.8	-10.6%	-45.1	-3.0%	422
450	↑	Zakłady Azotowe Kędzierzyn	Poland	Mfg	501.3	1.5%	18.6	-9.2%	484

Revenues for 2014 assumed at the 2013 value due to lack of data

Data not comparable with last year Ranking

New entrant in the Ranking

Due to significant FX rates changes and a financial year different than the calendar year, for the two Ukrainian companies Kernel and Nibulon we have applied average FX rates calculated based on the monthly rates for the given financial year

Revenues annualized based on the provided data for 21 months

Rank	Company name	Country	Industry*	Revenues from sales 2014	Revenues change (%) 2014-2013	Net income 2014	Net income change (%) 2014-2013	LY Rank
451	GRUNDFOS Magyarország	Hungary	Mfg	501.2	16.2%	22.8	-34.9%	N/A
452 ↓	Metraco	Poland	CB&T	501.0	-27.8%	-3.7	N/A	322
453 ↓	Alliance Healthcare	Czech Republic	LS&HC	500.7	-7.8%	7.3	6.9%	435
454 ↓	Pražská plynárenská	Czech Republic	E&R	499.1	-22.9%	26.5	22.9%	353
455	Premium Distributors	Poland	CB&T	498.2	53.6%	N/A	N/A	N/A
456	Ameropa	Romania	CB&T	497.0	23.3%	3.6	44.8%	N/A
457	WABERER'S International	Hungary	CB&T	496.2	11.9%	16.3	-16.3%	N/A
458	Nikopol Ferroalloys Plant	Ukraine	Mfg	495.9	37.9%	20.1	154.6%	N/A
459 ↓	SAS Automotive	Slovakia	Mfg	495.6	-12.1%	5.9	-41.0%	419
460	Shell Slovakia	Slovakia	E&R	491.8	-6.0%	6.0	7.1%	N/A
461	Automotive Lighting	Czech Republic	Mfg	490.6	50.4%	36.0	84.1%	N/A
462 ↑	ABB Czech Republic	Czech Republic	Mfg	490.0	-3.2%	N/A	N/A	468
463	Impol	Slovenia	E&R	486.3	5.5%	11.4	-10.3%	N/A
464 ↓	ČEPS	Czech Republic	E&R	485.9	-14.1%	37.4	-46.9%	341
465 ↓	JTI Ukraine	Ukraine	CB&T	485.8	-27.2%	33.4	-33.8%	331
466	Piotr i Paweł	Poland	CB&T	485.8	34.2%	N/A	N/A	N/A
467	Elektro Energija	Slovenia	E&R	485.1	9.3%	-6.9	N/A	N/A
468	Morpol	Poland	CB&T	483.0	7.7%	-2.5	90.0%	N/A
469	Grupa Raben Polska	Poland	CB&T	481.9	1.0%	N/A	N/A	N/A
470 ↑	JP Elektroprivreda BiH	Bosnia and Herzegovina	E&R	481.9	-3.0%	3.1	-84.9%	480
471	Kolektor	Slovenia	Mfg	481.8	8.5%	36.0	8.2%	N/A
472 ↓	Plzeňský Prazdroj	Czech Republic	CB&T	480.9	-7.4%	107.5	-0.6%	457
473	Lubelski Węgiel "Bogdanka"	Poland	E&R	480.7	6.5%	65.0	-17.0%	N/A
474	CCC	Poland	CB&T	479.6	22.9%	100.3	N/A	N/A
475 ↓	Vodafone Czech Republic	Czech Republic	TM&T	479.4	-8.4%	10.0	25.4%	365
476	Philip Morris Romania	Romania	CB&T	478.8	3.5%	-1.0	44.8%	N/A
477	NI Hungary	Hungary	Mfg	477.5	7.8%	52.1	N/A	N/A
478	Stokrotka	Poland	CB&T	477.4	12.2%	N/A	N/A	N/A
479	Amica Wronki	Poland	CB&T	476.9	21.3%	19.8	-2.2%	N/A
480	Polenergia Obrót	Poland	E&R	475.4	283.2%	1.1	N/A	N/A
481	ALRO	Romania	Mfg	475.0	4.0%	-14.4	38.2%	N/A
482	Mondi SCP	Slovakia	Mfg	472.6	-4.6%	46.2	-14.7%	482
483 ↑	Michelin Romania	Romania	Mfg	472.2	-1.8%	25.2	42.7%	497
484	Emperia	Poland	CB&T	472.2	1.1%	7.3	176.3%	N/A
485 ↓	Centrenergo	Ukraine	E&R	471.8	-32.6%	4.4	-90.4%	318
486	Lietuvos geležinkeliai	Lithuania	CB&T	470.4	-0.8%	19.4	-35.8%	N/A
487	AGC Flat Glass Czech	Czech Republic	Mfg	469.2	3.6%	7.6	N/A	N/A
488	Eni Hungaria	Hungary	E&R	468.5	68.4%	-2.0	49.6%	N/A
489	Metro-Kereskedelmi	Hungary	CB&T	467.3	32.1%	-9.7	-6.5%	N/A
490	Reckitt Benckiser Production Poland	Poland	CB&T	466.6	4.1%	33.2	N/A	N/A
491	Kronopol	Poland	Mfg	464.9	-2.0%	45.9	5.9%	N/A
492	OHL Central Europe	Czech Republic	RE	462.2	22.2%	-8.9	N/A	N/A
493	Continental Automotive Romania	Romania	Mfg	461.8	22.3%	-9.4	28.3%	N/A
494	Silcotub	Romania	Mfg	461.0	28.6%	62.8	75.8%	n/a
495	Saksa	Bulgaria	CB&T	460.8	0.0%	N/A	N/A	N/A
496	ACH	Slovenia	CB&T	460.1	0.0%	N/A	N/A	N/A
497	Samsung Electronics Czech and Slovak	Czech Republic	CB&T	460.0	-6.0%	6.6	-11.9%	N/A
498	Billa Slovakia	Slovakia	CB&T	459.7	0.2%	6.3	N/A	N/A
499 ↓	ŽSR	Slovakia	PS	459.2	-4.5%	4.8	-89.3%	496
500	CFR - Calatori	Romania	CB&T	458.9	23.0%	15.8	117.0%	N/A

* ***CB&T** - Consumer Business & Transportation. **E&R** - Energy & Resources. **LS&HC** - Life Sciences and Health Care.*
***Mfg** - Manufacturing. **TM&T** - Technology, Media and Telecommunications. **PS** - Public Sector. **RE** - Real Estate*

Methodology

The Central Europe Top 500 ranking is compiled based on consolidated company revenues for the fiscal year ending 2014. The ranking is based on revenues reported by a particular legal entity operating in Central Europe. The ranking groups companies by industry and country. We also display the ranking of the 25 largest Central European companies by market capitalisation as of July 2015 and a list of the major foreign groups in the region.

Deloitte has sourced the information by individually approaching the companies themselves, from publicly available sources and estimates based on a comparison with last years' results and our research.

We have ranked banks and insurance companies by total assets and gross written premium respectively. The gross written premium of insurance companies includes both premiums from life and non-life operations, despite the fact that in certain areas these companies operate as separate legal entities.

The list of major foreign investors in the region is made up of aggregated revenues of those Top 500 companies controlled by investors. These figures are only approximate, as they do not include, inter alia, intra-group sales and it is possible that they also do not contain the revenues of all subsidiaries in the region.

Missing data

In cases where revenue for the fiscal year 2014 was not available, we used the reported 2013 revenue in euros as a proxy for 2014. In case of companies reporting according to IFRS, depending on data availability, we treated comprehensive income as net income. The list does not include companies that were invited to participate in the ranking, but who informed us in writing or verbally that they would not be taking part this year, unless the data was publicly available.

Revenue calculation

Revenue has been calculated in euros at the average exchange rates calculated based on the end of month rates for all countries in the region for 2013, 2014, and the first quarters of 2014 and 2015. The revenue for subsidiaries of large groups has been shown separately for those subsidiaries which operate in different industries, subsidiaries or countries from the consolidating entity and are large enough to enter the list on their own.

In our research, we also examined companies from Albania, Kosovo, Moldova and Montenegro. However, they have not entered the Top 500 list due to their relatively low revenues.

Data gathered from public sources has not been confirmed by representatives of the companies themselves. Deloitte is not responsible for the accuracy or correction of third party data gathered from public sources or provided by the company.

Deloitte ranking does not include holding structures or other types of business conglomerates with subsidiaries operating in various industries and different markets, trade strategies and separate management and whose consolidation on holding (conglomerate level) is rather a total sum of sales of the subsidiaries acting in the relevant industries and markets.

We do not present companies with several business units, out of which none can be treated as the main one, investment funds, leasing companies or other financial services companies, which are not banks or insurance companies.

Russia/Belarus

For the purposes of this analysis, our ranking includes companies in Central and Eastern European countries with the exception of Russia and Belarus. In both cases we were unable to find reliable data that could be used in the rankings. The size of the Russian economy and some of its major companies also makes industry and country comparisons difficult.

Leaders on sustainable growth

Consumer Business
Energy & Resources
Financial Services
Insurance
Life Sciences & Health
Public Sector
Real Estate
Transportation
Technology, Media & Telecommunications

Electrica SA

*By **Alexandra Borislavschi**, Executive Manager of Strategy and Corporate Governance*
Romania

Key focus areas

In terms of responsibility and sustainability, we consider the impact on the environment and the communities where we are active, the work environment that we offer, the business practice and the engagement of our stakeholders as main focus areas. The most important topics within these areas are environmental protection, CSR impact, work safety and ethics, at the level of our internal business practice, as well as with regard to the supply chain management.

Reasons for pride

We are an important contributor to key cultural (Festivalul Enescu) and professional (Trofeul Electricianului) events in Romania, stimulating high performance, role model building and enhanced social responsibility. As regards ethics, we implemented a whistleblowing policy and a code of ethics and professional conduct as part of our aim to achieve best practice in the market. We feel that our actions have a direct and immediate contribution to improving the Romanian business environment and to the development of a better society in general.

The power of predictability

The best incentive for developing a sustainable business model is a predictable business environment and regulatory framework – that is because our business model is oriented towards the long term value, to be created on a reliable and stable base. We implement policies which are transparent, medium to long term oriented, we grow together with the communities that we serve.

Succeeding in sustainability

Electrica Group understands and actively manages its responsibilities and opportunities, the key factor for a sustainable development. Our goal is to achieve a harmonious balance between stakeholders' needs and expectations. Reaching so many customers with our products (40% of the RO market) means that the environment that we operate in is a key contributor to the success of our business. In return, we see us a key contributor to the development of that environment, either in terms of sustainable business practices, preservation of the natural habitat or supporting high added value societal initiatives.

For us, sustainability is our responsibility as well as one of our main long-term success factors. We respect the law, support universal human rights, protect the environment and work for the benefit the communities where we are active.

The value of long-term objectives

The mission of the Group is to deliver long term value to our shareholders by distributing and supplying electricity and providing exceptional services to our customers in a safe, reliable, affordable and sustainable manner.
Electrica is committed towards an internal environment where integrity and ethics are the building blocks of the organisational culture, based on open and honest communication.

Electrica's business model is oriented to the long term, naturally aiming for stable and reliable growth.

PKP S.A. & Grupa PKP

By ***Dr. Jakub Karnowski*** *(PhD), CEO*
Poland

Our CSR priorities

PKP S.A. and other companies within the PKP Group are undergoing an intensive process of restructuring that we started over three years ago. The main goal was always to transform an ineffective and internally focused company into a modern, client-oriented, competitive firm. As a result, our customers, including rail passengers, can notice the benefits of the authentic changes that have taken place in the company's management, the modernisation of its business processes, the quality of its services and customer focus.

In this context, I see the main directions of our sustainable development activities as continuing to strengthen relations with our main stakeholders, further developing our code of ethics and developing our human capital. This final point includes enhancing those employee competences that are necessary for a more competitive and customer-oriented company.

Pride in our activities

The most important activities in PKP's sustainable-development paradigm are those programmes that target the needs of people in danger of social exclusion. Such activities include a programme developed by our Receivables Department to reduce the debt of our housing tenants who are struggling to pay their rent. We are also running a joint programme with Civil Society organisations to deal with the issue of homelessness at railway stations. Such activities exemplify how our business model involves cooperation with all our main stakeholders, including local government and communities.

Another important recent activity has been preparing and implementing the PKP Group's Code of Ethics. We started the process three years ago, with identification of the main values of PKP employees. A working group including employees from various PKP Group companies drafted the Code of Ethics. The next step was to set up the ethics management system, then to implement the Code of Ethics and all related procedures and policies, such as those addressing conflicts of interest, anti-harassment and the gifts and benefits policy. Currently, there are Ethics Officers in 11 PKP Group companies, responsible for implementing and interpreting ethical principles. To date, over 90 per cent of our employees have received ethics training.

Finally, we strive to be a responsible employer. The company is heavily investing in the development of its human capital by offering training and professional development programmes. We employ many young graduates, offering them excellent professional development and promotion opportunities. As a result, many members of our management teams are very young when compared to other similarly-sized companies. Since I am still an active university tutor, I am personally proud of the fact that PKP employs so many young people. At the same time, we make sure we use the experience and knowledge of our more experienced employees for the benefit of our customers.

No need for further incentivisation

I do not think that either I or the other members of the Management Board need any encouragement to transform our business model towards sustainable development as we are already strongly headed in this direction.

The company has developed an extensive CSR strategy that is being implemented and monitored. We are focused on the effective management of our real estate, that includes enhancing functionality (for example by opening shopping malls at stations) and users' comfort. We are also focused on local communities, in close cooperation with local government entities, and on environmental protection (e.g. Innovative Systemic Stations, which use rain water recovery system, solar power and intelligent light system). As I say, the company's main asset is its human capital and we intend to continue benefiting from the proactivity and innovative ideas of our staff.

Factors for sustainable success

The most successful companies in the area of sustainable development are those that pursue a coherent development strategy focused on their clients and other main stakeholders. Such companies are characterised by modern management techniques, including managing by objectives and by open communication channels, both internal and external.

Overcoming the obstacles

The main obstacles for those companies who intend to transform their business model so that they can follow the principles of sustainable development more closely often lie in a traditional internally-focused company culture that prefers a rigid, hierarchical management structure. To change the mentality of old-style managers – and often many employees as well – is one of the main challenges in moving the company towards a modern, competitive, client-oriented enterprise.

Petrol Group

*By **Tomaž Berločnik** MSc, CEO*
Slovenia

Consumer Business
Energy & Resources
Financial Services
Insurance
Life Sciences & Health
Public Sector
Real Estate
Transportation
Technology, Media & Telecommunications

Key focus areas

As the leading energy company in Slovenia, Petrol Group is committed to sustainable growth. On the one hand, we behave highly responsibly towards the natural and social environment when we carry out our core activities; on the other, we actively promote the sustainable transformation of society through our business programmes and products. Our ambitious goals in this area are for the long term. We aim to optimise Petrol's sustainable footprint and at the same time help our partners to lower their consumption of energy, carbon, water and materials.

The most important topics include the transition to sustainable mobility, energy effectiveness and self-sufficiency, and to the sustainable development of cities and local communities. These areas are very complex and represent key future societal challenges.

A sense of pride

We are definitely most proud of our colleagues, who pave the way to sustainability for Petrol every day through their values, knowledge, entrepreneurial skills and feel for responsibility. I am especially happy when I see the significant falls in energy, water, waste and greenhouse-gas numbers that we and our partners have achieved through economically competitive energy and ecological solutions.

Calling for consistency

We would like a more predictable political and legislative framework, on both a European and a national level, for south eastern Europe. Strategic policies covering energy, ecology, infrastructure and other areas that are crucial to our activities change too often, meaning we find it hard to make those bold investment decisions that are also important sustainability considerations. For the further development of sustainable services and products, a greater ecological awareness on the part of consumers would be very welcome, since an advanced and sustainable market requires ecological demand as well as ecological supply.

Factors for sustainable success

Good practice in the area of sustainable development can basically be found in all economic sectors and in entities of all sizes. The key factor that distinguishes the most successful sustainable companies is that they understand and carry out their business in a sustainable way, while transforming their sustainability-related challenges into business opportunities.

Overcoming the obstacles

We often have problems with old mind-sets that hinder fresh and innovative breakthroughs in sustainable development. We can also struggle with an unpredictable political (ie legislative) and economic environment.
The Petrol Group sticks to its motto: 'do what you can'. This means we pursue our sustainable goals in spite of a frequently unsupportive environment.

LESTO

By ***Aidas Ignatavičius****, General Director*
Lithuania

The key areas of focus

Our contribution to improving the sustainability of society begins with a number of those activities that we know best.: ensuring the uninterrupted supply and distribution of electricity.
Our strategic goal is to increase the value of the company. To do so, it is essential to foster its reputation in society.

Naturally, we feel a need to take the responsibility for our own actions, which is why the company develops and introduces viable new environmentally-friendly technologies. This also encourages us to educate our people and society as a whole on how to consume electricity resources safely and sensibly.

Driving positive outcomes

We seek to inspire and encourage all our employees to participate actively in CSR activities and projects, from those building electricity lines in the most remote parts of Lithuania up to highly skilled professionals setting up new technologies and reviewing corporate business processes. This is one of our core strategic goals. Integrating social projects into the company's internal corporate culture is key to the delivery of results in this area, when people both understand the essence of CSR and are keen on participating in CSR activities. An educational function is therefore very important.

Promoting best practice

Today, businesses can no longer ignore environmental and social issues, and LESTO is no exception. This is particularly important for LESTO, as every resident of the Republic of Lithuania is our customer. We have long-term, strong background in following the principles of sustainability, therefore we are commited to playing an active role in promoting best practice and in raising public awareness of CSR. Reaching such goals is always easier in collaboration with like-minded partners. That is why we took the determined step of becoming a co-founder of the Lithuanian Responsible Business Association.

Partnership is an essential pillar of our social responsibility activities. In 2014, we extended our close cooperation with manufacturers as well as established close relationship with libraries across Lithuania. We also started to work with groups of Lithuanian schools, involving them in long-term energy-saving activities such as calculating and reducing their ecological footprint.

We also are pleased to highlight that in partnership with Nissan and NT Valdos we took the first steps in July 2014 towards launching an electric vehicle infrustructure in Lithuania. The first high-speed charging station for electric vehicles was established in Lelevelio Street in Vilnius, a tipping point in the development of electric vehicle infrastructure.

Factors for sustainable success

Social responsibility is not a one-off achievement. It is much more than just ideas. It is a result of long-term, consistent effort and reflects the core corporate values that individual companies follow in their daily activities. CSR also needs to be looked at as a set of very specific solutions, part of day-to-day business and related behaviours. Generally, the best CSR results are achieved by companies that successfully turn their ideas into concrete activities and achievements. In our fast-moving and rapidly changing world, it is crucial that we care for what we leave behind us. This recognition is the starting point for CSR.

Orange Polska

*By **Bruno Duthoit**, President and CEO*
Poland

The key areas of focus

From our perspective, digital education and web security issues are the most important factors in enabling the balanced development of our business. In a world where technology is changing fast, we need to make sure that everyone can grasp the opportunity and not be excluded. We therefore put a major emphasis on digital education and enabling access to new technologies for everyone.

The security of internet users, particularly children and young adults for whom presence on the web is an everyday experience, is also important. The third major issue for us involves the company's social influence on its surroundings – we undertake a comprehensive study of our influence in areas such as the economy, innovation, community, customers, employees and the environment. We are also fundamentally focused on upholding ethical standards across all activities within the organisation and in our relations with all stakeholders.

Providing added value

For me, it is important that social responsibility does not merely involve one-off campaigns or projects, but that it is a permanent element of how we think about running a business. In my opinion, at Orange we have first and foremost succeeded in making our CSR activities useful, needed by people and providing added value to the entire market, to our products and to our activities for local communities and employees.

Incentivising changed consumer behaviours

Internal motivation is the most important factor for us in implementing our CSR strategy. We are certain that this is beneficial to the company and its social surroundings. The most important incentives for further change would include the greater appreciation by customers of CSR activities so that they pay more attention to aspects of CSR when they buy goods or services. At the moment, we can see that this is only a moderate trend in the market rather than a common form of consumer behaviour.

Factors for sustainable success

I am sure that companies that comprehensively include CSR elements in their business strategies and everyday activities have the best chance of building a socially responsible business. When social responsibility is part of the company's organisational culture, when it constitutes an important element of its mission and vision of the future, then we can talk about a full, balanced business model.

Overcoming the obstacles

The biggest barriers to the development of a responsible business include lack of understanding the concept of CSR and treating it merely as an image-enhancer that has a beginning and an end. Instead, for me it is the overall course and direction of the company, and not a target point. Social responsibility develops further every day; every employee in the company is responsible for this, and we should all remember it.

KGHM Polska Miedź S.A.

*By **Herbert Wirth**, CEO and President of the Management Board*

Poland

Key areas of focus

Strong stakeholder relationships based on mutual trust and understanding are essential for KGHM, and our good neighbour policy is particularly important. We have been engaged in dialogue with local communities for many years, and we take care to properly understand regional interests. As a result, we keep our 'social licence to operate'. Over the next year, we intend to work on developing our dialogue with local communities based on the highest standards. This will involve adopting a strategic approach to supporting the development of our social initiatives and social engagement programmes, as well as better understanding of stakeholder expectations based on a strategic dialogue that is open to all.

The globalisation of company and the consequent need to develop our global CSR policy around international CSR management standards constitute a further challenge. Issuing as a first company in Poland the global integrated report for 2015 will be a milestone on this path. By taking such steps, we intend to become a leader of sustainability in the mining industry.

We also aspire to strengthen relationships with our business partners in future by becoming an 'investor of choice' thanks to our compliance with the principles of sustainability, respect for human rights and our ability to meet the expectations of local communities.

Reasons for pride

In implementing our CSR strategy, we are aware of the impact of the mining industry on the environment. With this in mind, we mitigate that impact at every stage of our operations. The Sierra Gorda open-pit mine is a case in point here. Its operations require continuous access to vast quantities of water. The mine consumes over 250,000 m^3 of water per day, which translates to 92 million m^3 each year. Considering the mine's site is in the Atacama desert in Chile, any attempt to tap into local water resources would unfavourably affect the quality of life in the region. For that reason, we decided to take the innovative step of building a 142.6 kilometre pipeline to pump water from the cooling systems of local power plant instead of discharging it into the sea.

To meet the expectations of local communities, in 2014 we also launched four innovative programmes addressing disease prevention, education, corporate voluntary work and culture. I am also proud that in 2014 KGHM joined the Global Compact – the UN's global CSR initiative to encourage the adoption of sustainable and socially responsible policies. Since its official launch in 2000 by then UN Secretary-General Kofi Annan, more than 12,000 members from 145 countries have joined the Global Compact.

Incentivising sustainability

In 2014, while preparing our integrated report, we asked our stakeholders about the significance of sustainable development and the relevant areas for development within KGHM. As many as 94% of them told us that taking into account information on sustainability is as much important as taking into account financial information when assessing company performance. We also share this opinion, meaning it is not an external stimulus but rather our own genuine belief that is driving us to transform our business model.

Leaders in best practice

The global leaders that pursue their sustainability policies in a responsible and transparent manner, such as Rio Tinto and Anglo American, are our role models. It is acknowledged that both of these enterprises follow structured and uniform CSR standards.

Obstacles being overcome

I believe that the obstacles to sustainable development are decreasing in number. The most important ones concern changes in the awareness of society. Here in Europe, industrialisation overwhelmed us at first; it took us time to realise the influence that industry was having on the environment and communities. After a certain level of economic development is attained, the focus may shift to sustainability. The process of social democratisation and the onset of the internet and social media that make it possible for everyone to express their opinions also play a role in promoting sustainable business models.

Lasy Państwowe (The State Forests of Poland)

*By **Adam Wasiak**, Director General*
Poland

Our sustainable philosophy

In terms of sustainable development, our field of interest is the same as when we were established. In the 1920s and 1930s, various concepts were simultaneously under discussion concerning the establishment of the State Forests. Among these was the vision of a specialist agency mainly to manage issues around silviculture, wood harvesting and wood processing.

Foresters themselves persisted in creating a different model: one based on sustainable forest management, combining the protection of forests and nature with wide public access and economic activities that support the Polish nation and enable a self-financing institution that is not dependent on taxpayers' money. This philosophy was confirmed by the 1991 Act on Forests, which is the basis for all the activities we undertake in two thirds of Poland's forests.

Expanding biodiversity

Today, we are the EU's largest management organisation of state-owned forests. Every year we plant some 500 million trees, contributing considerably to the constant growth of forest areas in Poland. We spend hundreds of million zloty each year on protecting forests against a range of threats and on restoration following damaging events. We are also recreating earlier planted forests to let them grow naturally in coexistence with various habitats. We are expanding biodiversity through protecting and reintroducing numerous valuable plant and animal species which were once threatened by extinction.

Currently, the forests we manage are owned by the entire nation and are accessible by everybody, which is not always the case in other countries. We do not only make forests accessible, but we have also created a tourist and educational infrastructure to make them more attractive and safer places. Furthermore, the State Forests are the largest wood supplier for domestic and business use – we meet over 90% of Poland's total demand for wood. Our wood is the foundation of the entire Polish wood industry, which employs almost 300,000 people and produces 2 to 3 per cent of Polish GDP.

Sustainable forest management

We harvest this fully renewable raw material using the most environmentally friendly techniques, endorsed by the international PEFC and FSC certification we hold. In 2013 the State Forests received the UNESCO prize for environmental preservation, precisely for this sustainable forest management. We also fund scientific research to find better ways to recognize threats, improve working methods and adapt to the huge impact that climate changes is having on forestry.

We also carry out major projects that seek to deliver value for society. For example, in 2015 we are completing programmes costing a total of PLN 360 million that aim to improve lowland and highland water retention. During these we have constructed more than 7,000 hydrological units that retain 40m m^2 of water in forests, which helps the environment, improves the unfavourable water balance in Poland, and will help to minimize the risk of flooding in inhabited areas.

Supporting worthwhile initiatives

Foresters have always been, and still are, more than just experts in their subject; they are also active and respected members of their local communities. We therefore place emphasis on good working relationships with all our partners – forest users, local councils and business customers – aiming to meet their expectations and support worthwhile initiatives that serve everybody's interests, not only projects that are directly linked with forestry. That is why last year we launched the 'Strategy of the State Forests National Forest Holding for 2014-2030' and are delivering strategic projects included in its framework. Every day, we prove that it is possible to balance and link ecological, social and economic functions.

The State Forests are not just any company, and the phrase 'sustainable development' is not just a new direction, a temporary idea or a by-product supporting our core activity – it has been the essence of our function and purpose ever since our organisation was established. It is legally defined and consciously brought to life every day by foresters.

ALRO S.A.

*By **Gheorghe Dobra**, CEO*
Romania

Key focus areas

Alro is involved in several sustainability initiatives, of which one of the most important is to continue our active input in modernising the local community. For instance, we are involved in modernising certain sections of the Slatina County Hospital. We are also providing job-related training to our employees and are in close dialogue with local communities, participating in various councils, forums and committees.

In addition, we have an environment, health and safety (EHS) policy statement, as well as a targeted programme to improve and safeguard the skills of our workers and ensure their personal development.

We are also committed to reducing our use of raw materials, energy and utilities, as well as lowering greenhouse-gas emissions. Our CSR action plan is based on the ISO 26000 standard, and we are involved in organising cultural and sporting events and shows.

As a member of the European Aluminium trade association (EA), we adhere to its sustainability roadmap and its three pillars: to safeguard and protect the environment at all stages of the value chain, applying the best available techniques; to ensure the full use of the enabling properties of aluminium, while promoting full lifecycle design, for a circular economy; and to maintain the highest health and safety standards, aiming to safely send workers back to their homes after the working day.

Reasons for pride

Alro turned 50 this year. We celebrated by inviting local senior officers and politicians, partners, suppliers and customers to visit the business, as well as open days when the factory was open to the public.

In terms of our operations, we have managed to make significant improvements over the last 10 years. These include a 10-fold decrease in natural gas consumption in our Processed Aluminium division and a five-fold reduction in energy consumption. We now have one of the lowest emissions of CF4 and C2F6 among European aluminium smelters, and are ranked in the top third for the efficient use of power among Europe’s primary aluminium producers.

Incentivising sustainability

For Alro to make its business model, products and services more sustainable, several aspects need to be addressed: reducing greenhouse-gas emissions; cutting the consumption of water, energy and gas; and achieving better treatment of hazardous waste.

We believe that legal incentives, such as state aid and fiscal benefits, could help industrial companies make their products more sustainable. Tax incentives linked to decreased gas emissions, for example, would be helpful.

We also believe that our sustainability efforts could be increased if energy-intensive industries in Romania were able to benefit from the same protections as are offered in other European countries, such as exemption from cogeneration tax and compensation for indirect emissions.

Profitability drives sustainability

We believe that those companies with the greatest resources or profits are in the best position to promote sustainability. This suggests that the most profitable companies in Romania are probably also the ones that are the most engaged in sustainability activities.

Identifying the obstacles

Being more responsible and sustainable implies the need to promote the safety and health of employees, reduce the company’s carbon footprint by lowering waste, emissions and pollution, increase recycling, cut the use of water and electricity, engage in social activities and support local communities.

We believe that the main obstacles that prevent companies from being more sustainable are a lack of funds, a lack of management involvement and interest in sustainability, and a lack of teams or personnel dedicated to sustainability matters. It may also be the case that in countries like Romania the sustainability culture is not as strong as in more developed countries.

PGNiG

*By **Mariusz Zawisza**, CEO*
Poland

Three areas of focus

Our action areas around sustainable growth naturally complement the objectives we set ourselves in the PGNiG Group Strategy for 2014–2022, adopted at the end of last year. These areas, defined in the Group's Sustainable Development and Responsible Business Strategy, have not changed significantly. Our organisation, while growing and expanding its business activities, never turns away from major stakeholders, meaning the overall direction of our CSR projects do not change all that much. Our CSR efforts encompass: environmental protection, which arises from the nature of our work and our associated environmental footprint; local community relations, which follow on from our nationwide presence; and ensuring we treat customers and employees responsibly.

A sense of pride

When we gather data for our annual CSR reports, our greatest source of satisfaction is always the diversity of good practice created by companies across the Group. What pleases us most is knowing that, while engaging in activities with strong environmental impacts, we are also constant in our efforts to reduce our negative footprint.

We do much more than just ensure compliance with applicable environmental laws – we also undertake additional monitoring and go beyond what is required by law to make sure that our activities are neutral to the environment. So when I hear people talk about pro-environmental projects, I know that at PGNiG they are not just about slogans and saving paper or energy. For instance, 'Natural Heat' was an initiative undertaken by PGNiG Termika, where Christmas trees were collected after the holiday season, turned into biomass and used as fuel by CHP plants in Warsaw. Over 1,700 tonnes of clean fuel was produced thanks to this initiative. What also makes us proud is the wide array of social-dialogue initiatives that surround our key business projects; these are well received, and help us greatly with the timely delivery of our investment projects.

We also cater to the needs of the young people who are our potential future employees, offering them opportunities to take part in the 'GeoTalent' educational programme. This comprises a range of educational and development initiatives for undergraduates, including workshops hosted by PGNiG specialists, the GeoTalent Competition, a Summer Internship Programme and other initiatives carried out by GeoTalent Ambassadors. These are just a few examples of good practices.

Incentivising CSR

When considering possible factors that would encourage active support for CSR among more organisations, legally-compliant incentives from government would make things easier. For instance, they could facilitate the selection of suppliers based on various sustainable-development criteria. I have the impression that the idea of sustainable growth has yet to be embraced in many spheres that influence business decision-making. Sometimes the law requires us to obey rules that fail to recognise social and other factors.

Factors for sustainable success

I think sustainability all starts in your head. It's your mindset that counts the most. Only then can strategic planning play its part. This is the only way organisations as complex as ours, and smaller ones too, can deliver on their sustainable growth objectives. Success is not the number of projects you have completed, it's about your ability to raise awareness.

Overcoming the obstacles

Building awareness within an organisation is the most challenging task. To succeed, you need to build a team, devote your time to doing so, and analyse lessons learnt from past activities. Also, our regulatory and legal regime is so distant from the philosophy of sustainable development that companies simply cannot shift to more sustainable business models.

PKO Bank Polski

*By **Zbigniew Jagiełło**, CEO*
Poland

Key areas of focus

Our plans regarding the Bank's areas of activity are to a great extent set and verified by the market. One such area relates to financial stability, and above all to cyberspace. By that I mean the need to develop technical systems and legislative and process orders or recommendations regarding cybersecurity.

In all our activities, we always keep our customers and their growth in minds. The same goes for our activities in the local markets where we support specific initiatives. The Tychowo and Kukinia wind farms are the result of such initiatives. It is important that all stakeholders get involved.

Reasons for pride

I'm very proud of every success and achievement of the organisation; although this may sound arrogant, we've seen many of them as evidenced by our financial performance – a net profit of PLN 1,350 million for the first two quarters of the year.

In this context, I'm pleased that our mixed 'conservative-modern' approach to management has worked. Our multi-level involvement and actions have improved the quality of life of everyone who uses financial services. How have we accomplished that? Simply through innovative solutions that ensure easier, safer and quicker daily access to finance, thanks to solutions like our BLIK mobile payment system that's based on the 4G mobile IKO application we developed.

We know how to make the most of our experts' knowledge, specialist technologies and our leading position in the banking market. As a consequence, we and five other banks have created the Polish Payment Standard, a good example of how competitors can collaborate for the good of their customers and the market.

The meaning of modernisation

Sustainable development is an aspect of a socially responsible company, especially a bank whose actions today are determined by dynamic local and macroeconomic changes, in areas like technology and customer mentality. These changes drive constant modification of the business model. Banks have to be flexible, vigilant and robust, with strategies based on adaptability.

Modernisation, understood as the constant search for optimal solutions, should be an intrinsic element of every process. Our actions are multifaceted and we listen to the market very carefully. Today it is not enough to merely gather knowledge about the customer and use it competently; we have to motivate and stimulate customers and entire communities, paying attention to cultural and organisational differences. Perhaps, as is already happening in some cases, every company will soon appoint an advisory team composed of its customers.

Elements for success

The team and consistent management are the key elements for successful sustainable development. The internal organisational structure has a direct effect on the business's market performance. For example, a training or customer-service system that is standardised across all branches directly affects customer satisfaction. The success of a company in every area depends on the people who manage their teams, prepare the services and product offerings, work on innovative solutions and interact with customers. They are the ones who build an organisation with an overall positive influence that is felt by everyone.

Putting it all together

The world of finance is an important part of everyone's life. Developing people-friendly technologies, giving people easier access to their money, making payments and offering products that can improve standards of living are values of intrinsic importance. Other important elements are social communication, presence on the market in the broad sense and cooperation among stakeholders.

All this has an impact on the image of an enterprise which cannot be overestimated. If we ever manage to put all elements together, sustainable development will become a natural and integral part of an organisation capable of functioning, not just in an individual country but in society in general.

Consumer Business
Energy & Resources
Financial Services
Insurance
Life Sciences & Health
Public Sector
Real Estate
Transportation
Technology, Media & Telecommunications

Bank Zachodni WBK

*By **Mateusz Morawiecki**, President of the Management Board*

Poland

Key areas of focus

It is not just a necessity but also an obligation for institutions such as ours to build our value and credibility on broadly defined corporate social responsibility (CSR) activities as well as on our financial results.

From my point of view, we need to be trustworthy and transparent to our shareholders, our customers, the market and, of course, ourselves. The second equally vital objective is to provide our employees with conditions that enable them to develop their qualifications and become more efficient and effective. We must also enable friendly cooperation based on a corporate culture of the highest standards – in particular, the highest ethical standards.

Our third field of activity, which is particularly close to my heart, is strengthening those activities that contribute to Poland's socio-economic development. We do this by supporting entrepreneurs and local communities, cooperating with universities in providing economic education, and managing projects that promote the development of long-term competitive advantage for the Polish economy.

Reasons for pride

Last year, the most demanding and ambitious new initiatives were those we implemented as part of the Next Generation Bank programme, which has the concept of customer-centricity as its key challenge.

Among Bank Zachodni WBK's external activities I would single out the competition called 'Here I live, here I make changes', which fits perfectly with the idea of developing civil society. This year's activities are being finalised right now, which will help the competition to yield several hundred concrete projects that improve the quality of life in local communities. The projects, developed and implemented by local NGOs, are characterised by an incredible creativity and a sense of cooperating for the common good.

Also, we have developed in under four years Poland's largest programme of cooperation between the worlds of business and academia. Santander Universidades in Poland is working with over 50 universities and has initiated almost 80 academic research projects. We hope that over the next 15 to 20 years, Poland will finally have another Nobel Prize-winner in a scientific discipline.

Incentives for sustainability

Over the last few years we have put considerable effort into developing the idea of sustainable growth. I believe we can honestly say that we act on the basis of – and with due regard for – the needs of our stakeholders. The idea of customer-centricity that I have already mentioned requires that we constantly listen to customers so that we can know their expectations. This compels us to keep developing, improving and working hard. So we do not need any extra incentives to act more responsibly. We just do it.

It might seem obvious that the most spectacular success in terms of sustainability is guaranteed to those companies that have economies of scale. But this is not entirely true. Sustainable development activities and CSR are only credible and effective if they are implemented by the people within an organisation, and not just by an organisation with the help of people. In other words, the greater sense of responsibility for the external environment that the company and its employees have in their DNA, the better defined its CSR activities will be. Also, the better will be the evaluation of these activities by stakeholders. So an organisation's size is of secondary importance.

Overcoming the obstacles

As recently as 10 years ago, the CSR activities of Polish companies hardly existed, and those that did were intuitive and, at times, even egocentric.

Today we can speak of a wide array of activities, the professional strategies that support their implementation, and growing cooperation with an ever-expanding and increasingly diversified group of stakeholders.

I am certain that all TOP 500 companies are perfectly aware that CSR is not just about the duty to report non-financial data. In the first place, it is about developing the firm's value and credibility based on all its activities to benefit society and promote the common good. Apart from a few desirable changes in the area of tax, I cannot see any systemic obstacles which might lastingly put companies off CSR and sustainable development activities. Obviously, financial obstacles may play a role, in the case of SMEs for example. There may also be mental barriers, or barriers stemming from the particular priorities that a specific company might face.

Nonetheless, CSR is now a stable and inalienable component of corporate culture in Poland, implemented irrespective of any turbulence that might be caused by the macroeconomic environment.

Banca Comerciala Romana

*By **Ionut Stanimir**, Executive Director Communication Department Romania*

Key focus areas

Our three main areas of focus for the next year are education to enable employability, providing support to young role models and leaders and enabling civic leadership.

The causes of pride

We are very proud of our partnerships with educational institutions that aim to create models for excellence in education, soft and hard skills for employment, frameworks of research, innovation and entrepreneurship. This essentially creates ecosystems for the knowledge-based economy and enhanced competitiveness, enabling the company to identify future models for producing economic value.

Incentivising sustainability

We believe that tax incentives for investing in education would help create a more sustainable business model, as would local authorities matching resources to help businesses pioneer schemes for developing innovative business models.

The power of technology

We believe that IT is critical to sustainable business, since it mobilises available data, computing power and economies of scale by sharing platforms. Electric vehicles will also be increasingly important, and some food and organic materials processors (including those from the wood-processing industry) will have a major role to play.

Obstacles to progress

The high costs of complying with regulatory requirements are the main obstacles preventing enterprises from become more responsible and sustainable.

ČEZ

*By **Michaela Chaloupková**, Board Member (Head of the Administration Division and CSR leader, the ČEZ Group), Czech Republic*

Key focus areas

The ČEZ Group is fully aware of its responsibility for the environment in the sites and communities where we develop our business. This is especially in the areas of safety and quality, on an economic and environmental level and with relation to social issues. Over the next year, we would like to develop our activities further in all of these areas.

As far as any particular form of support is concerned, our focus is largely on projects aimed at the safe development of children and young people as well as people with handicaps, particularly in the areas of technical education and removing barriers. Overall, we want to contribute to improved conditions for a high-quality, fulfilling life in all regions of the Czech Republic.

I am pleased to announce a new charitable project of which the ČEZ Foundation is the patron– the EPP application "Help with movement". This seeks to activate public interest in the non-profit sector promoting a healthy life style. Through this application a user can decide which projects to support and what amount the CEZ Foundation should devote to this particular cause.

The ČEZ Group is committed to its vision of contributing to a better quality of life in all possible forms. For my part, this particularly means contributing through socially responsible behaviours that are closely connected to a healthy company culture, the professionalism of our employees and the effectiveness of their work. All these aspects are crucial for the long-term sustainability of our business.

A sense of pride

I am convinced that our employees are the basic building blocks of our company. That is why I believe a motivating leadership style is very important for our people. Specifically, this includes the promotion of equal opportunities, the appreciation of personal involvement, the promotion of mutually positive relationships between colleagues and open, comprehensive communication.

The sense that our employees have of belonging within the company is then reflected by their active involvement in company projects, their personal or work-related commitments and their voluntary initiatives as citizens. We can take pride in the long-term high level of interest from our employees in regular events aimed at increasing awareness of ČEZ's activities in the area of support and liaison with sheltered workshops.

The need to promote diversity

One of the most important issues we are currently dealing with is that of diversity in the work place. That is why we became one the first signatories to the European Diversity Charters, and why we are committed to their fulfilment. However, we see a considerable deficiency at a national level, mainly in the lack of a workable approach to transferring these obligations into daily practice. I personally believe that team diversity, not only in terms of gender but also for example in age and belief ultimately makes a strong contribution towards finding the most appropriate solutions.

My long-term goal is as much as possible to support diversity and so help develop flexibility throughout the ČEZ Group at all leadership levels. With sensibly selected working roles, we can make provisions for greater flexibility in working hours – we're launching development programmes to help women transfer from maternity or parental leave back into fulltime work, creating conditions for a company environment that recognises the differing needs of employees according to their particular situation in their private or working lives. We follow the motto that diversity is to be supported but never dictated. That is why in the end we always rely on the personal openness and understanding of our managers.

I appreciate that greater attention has recently been given to issues such as equal work opportunities. It is important to talk about the company culture and to know of good examples of how employees approach such matters. We would like to see better harmonisation between procedures and specific rules of the state administration that require various types of evidence. For example, environmental reporting requires a complicated and duplicated procedure to provide evidence. We certainly do strictly adhere to legislation, but better cohesion with the authorities would enormously simplify our work and allow us to save financial resources.

The power of a long-term outlook

An example for others to follow could be those companies that operate long-term CSR policies across the region. Many such firms are multinational in character and have long-term CSR strategies. I'd rather not list particular names, since I would be sorry to leave anybody out. Nevertheless, I believe that when it comes to this tradition, our scope of activities and results in this area means that the ČEZ Group should not be missing from this imaginary ranking.

Overcoming the obstacles

In the environment of the Czech Republic, companies can struggle with the stability of the legislative environment affecting many projects in the sustainability area.
We would appreciate not only more publicity about the legislative changes being prepared, but also information on opportunities to contribute to the process via relevant professional groups and forums. It is in no way about lightening responsibilities, but about creating the lively, transparent dialogue that's required between the state administration and the companies that need to implement their rules.

TAURON Group

*By **Dariusz Lubera**, CEO*
Poland

CSR focus areas

Our non-business activities are compliant with the TAURON Group's Sustainability Strategy, which focuses on our clients and on ensuring security of supply. These are therefore the two areas on which we concentrate. At the same time we do not neglect other issues such as environmental protection, managing our economic and social impact and developing workforce.

A sense of pride

TAURON Group's companies and the TAURON Foundation are running a number of sustainability projects focused on long-term initiatives, including 'Positive energy houses', the 'TAURON's fuses' educational and information campaign, and 'Heroes: day after day'. We also cooperate with the Mountain Volunteer Rescue Service.

Achieving our ambitions

The energy sector is a unique industry, whose operations are based on a precisely defined model and dependent on a number of mainly regulatory factors. Nevertheless, TAURON Group has for many years followed the rules of sustainable growth, even before the CSR issue became popular. We are an ambitious organisation that has no doubts about the power of sustainable growth. Significantly, TAURON was one of the first companies in the industry to follow the Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines and to have its reports verified by independent external auditors. We have also managed to achieve our ambitious goal of appearing in the RESPECT Index of the Warsaw Stock Exchange.

Factors for sustainable success

Based on our experience, those companies which consistently follow their long-term sustainability strategies are the most successful in term of CSR. Alongside this consistency, CSR activities should also be coherent with the business activity. Such an approach should underlie social responsibility and build an image of a responsible company. This is the approach, complementary to and compliant with the business strategy that TAURON Group follows.

Overcoming the obstacles

In my opinion, the greatest obstacles are usually those we create in our own minds. Instead of looking for obstacles and traps we should find synergies between our business and our social objectives. Companies are often unnecessarily afraid of CSR. Sometimes all you need is to find a group of people willing to contribute their energy, develop a plan and get down to work.

Siemens Group

*By Ing. **Eduard Políšek**, PhD., MBA, CEO*
Czech Republic

The key areas of focus

We believe that a long-term and strategic effort is the best way to focus on sustainability issues. For this reason, we will continue to focus on technical and natural sciences education, social issues and supporting the non-profit sector. Environmental issues will continue to be important to us, as we will continue to work on reducing our environmental footprint. We will organise the 18th Werner von Siemens Excellence Award for young scientists and students of technical and natural science specialisations; the Siemens Help Fund will continue to offer aid to the non-profit sector and will retain its new, unique Restart@Siemens programme that focuses on aiding homeless people.

A sense of pride

We are extremely happy that we created the unique Restart@Siemens programme, which rehabilitates individuals chosen from among homeless people and helps them return to everyday life. It offers the possibility of long-term work at Siemens and volunteer assistance to support return to mainstream society. Restart@Siemens is the only programme of its kind in the Czech Republic, and we hope that other firms will join us so that aid will reach more people.

We are recognised as a family-friendly company, and have won a prize for our environmental car fleet. We rank highly in award schemes that recognise the most socially responsible firms.

Promoting wider understanding

We would welcome sustainability parameters being a more frequent element of the conditions in tenders, as they are in Northern Europe, for example. It would also be helpful if sustainability issues became a widely discussed topic; this would increase awareness in the business and among the general public of their importance to the successful future both of individual companies and the Czech Republic as a whole.

Factors for sustainable success

The best results are achieved by those who do not treat the issues of social responsibility and business sustainability as something extra that they only focus on in good times. The best results in both sustainability and trade are achieved by those who treat sustainability as part of their strategy, their business model and their company values.

Overcoming the obstacles

As with almost all issues, the most significant obstacle is usually the company itself. This happens when it underrates the issue of sustainability and does not see its significance for long-term strategic development – when it does not treat sustainability as an opportunity for development and transforming business models, and instead sees it as a costly, redundant issue. In actuality, it is frequently the responsible and sustainable approach to business activities that results in the long-term success of the most-admired companies.

Enel Energie Muntenia SA

*By **Alessio Menegazzo**, Head of Sustainability and Institutional Affairs*

Romania

The key areas of focus

Our focus for the next year will be on projects that create shared value for the company and the community, enabling us to mitigate risks and create opportunities for the future. The most important three topics are: enabling access to electricity by removing the economic, technological, geographic, informational and other barriers that can affect disadvantaged people; contributing to the sustainable development of disadvantaged communities in terms of infrastructure, income generation, education and more; and contributing to improving tolerance, equality of opportunity and diversity inside and outside the company.

A reason for pride

We are particularly proud of our ongoing programme of exchanging old light bulbs for energy-efficient ones in rural communities. This annual project helps people reduce their consumption significantly, both lowering their bills and also giving them energy-efficiency advice which will help to change their behaviour in the long term.

Incentivising sustainability

We would strongly welcome incentives that help to treat sustainability initiatives as investments rather than a form of consumption. We'd also welcome incentives that apply to all companies so as to avoid any short-term loss of competitiveness because of the higher costs of sustainability projects – examples would be the inclusion of sustainability criteria in procurement processes, tax incentives etc.

Examples of success

Companies like Vodafone, Orange and OMV Petrom in Romania are successful in allocating considerable resources to sustainability projects. Microsoft appears to be the closest to the pure sustainability model, initiating projects that help the community but that also support the company's future growth.

Obstacles to adoption

Diverting resources away from activities with more measurable and immediate returns is difficult. Likewise, the long-term vision that sees the contribution of sustainability to creating and protecting value creation is not always shared across an organisation. Sustainability can be viewed as something that's 'nice to have', more of a communication tool and not part of the business strategy.

OMV Petrom SA

*By **Mona Nicolici**, Sustainability Manager OMV Petrom / Manager Sustenabilitate OMV Petrom*

Romania

Key focus areas

Our sustainability strategy, called 'Resourcefulness', focuses on three main pillars: Skills to Succeed, Eco Innovation (new energy sources), and Eco- Efficiency (environmental management).

Through Skills to Succeed, we provide educational resources that our employees and stakeholders need for their success. We focus on investments targeting the economic development of the communities in which we operate, through trainings and qualifications, by supporting the workforce at a local level and by developing the employability of the communities' people, through many forms of education – such as antreprenorial or leadership.

Our focus area for 2015 is driven by an increasingly important business need and lies on vocational education. The current generation of blue collar oil and gas specialists is ageing, and we want the next generation to learn from our specialists and take their place as they step out of production.

On the environmental management front, we have a special responsibility as we work with finite natural resources. Our strategic approach is based on minimising the environmental impact of our operations throughout the entire lifecycle. We closely monitor our greenhouse gas (GHG) Intensity performance across all business divisions, aiming to drive down GHG emissions. In 2014, we cut our carbon intensity by 4.7% compared with 2013, exceeding our target of 2%.

We are also aware of the challenges related to water scarcity. In 2014, the measures we took to increase water efficiency resulted in a reduction of our total water withdrawal of around 50 per cent compared to 2010 and 18 per cent compared to 2013.

Energy efficiency provides the biggest opportunity for us to reduce our environmental impact and costs. Our objective is to produce more with less resources. In the oil and gas industry, investments generally have a long payback period, and energy efficiency can enhance the appeal and profitability of our projects.

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We use our core skills to tap into alternative energy sources and new revenue opportunities. This year, we have formed a group of specialists that will consolidate the company's strategy on long-term eco-innovation.

The sources of pride

We are proud of all our sustainability activities, as they bring a win-win situation for the environment, for the communities we operate in and for our company. If we have to select two areas, we are particularly proud of our energy-efficiency projects that are helping minimise the impact on the environment and of our efforts to support the development of the communities where we operate.

Industry-leadership initiatives in which we've implemented energy-efficiency projects include:
1. The investment program in our refinery, Petrobrazi, that improved energy efficiency by 25 per cent in 2014 compared to 2009;
2. A series of optimization projects in the Upstream sector including the installation of High Efficiency Motors and
3. The Brazi power plant which uses the industry's best available technical solutions to achieve high operational efficiency and meet environmental standards.

Last year, we successfully completed a project financed through a facility from the European Union and EBRD, in which we installed LED lighting in 345 Petrom filling stations, in order to reduce the electricity consumption by 15 per cent.

On the community side, we developed and implemented Annual Community Relations Plans for all production areas to address community development needs, aligned with our sustainability strategy and business interests.

We operate in over 350 communities across our 10 assets. The most common problem is a lack of education and jobs, which is why we mainly focus our community development strategy on education, professional certification and career orientation. Education is a wide topic. If you want to help people in a sustainable way, you need to address all educational needs that help them to be successful. This is why we address all levels of education, from children to adults.

We successfully involved more than 58,000 people in our educational programmes in 2014, contributing to their personal and professional development.

Secrets of success

The most successful companies in terms of sustainable business are those CEOs are committed to the topic and see sustainability as a business opportunity and a risk-management tool. Successful companies motivate their employees to rethink the idea of business management as being not only about short-term profit but about the long-term benefits of sustainable development. These companies see sustainability as a long transformational process taken on by every employee and integrated into everyday work: a different way of doing business.

They manage to change mentalities, internally and externally. Maybe this is the hardest thing to do. You have to get all your stakeholders thinking in a different way. Successful companies engage the supply chain, authorities and communities. By teaching others how to be more responsible, you ultimately help your own company, as every initiative reflects back on the initiator.

Identifying the obstacles

The main challenge is related to making people understand that sustainability is about business performance. It takes time to implement a sustainability strategy, and results do not appear overnight. But in essence, the objective of a sustainability strategy is to ensure the company will still be operating successfully in hundreds of years. This is a purpose worth fighting for. A company will be prosperous in the long term only when communities and society in general can gain benefits from its existence. The internal challenge is therefore about fighting the short-term profit mentality and making it all about long-term thinking.

Rompetrol Rafinare SA
(member of KMG International Group)

By ***Azamat Zhangulov****, Senior Vice-President*

Romania

Key areas of focus

KMG International runs operations in refining, petrochemical production, retail, trading, upstream and industrial services in 12 countries. This diversity gives us a unique perspective on the opportunities created by the growth and develop¬ment of the business cycle, as well as on how economic, environmental and social challenges impact on our activities. We gain first-hand experience of the interdependencies between the wide range of stakeholders involved in our operations and the crucial need for them to collaborate. Our sustainability practices are built on this understanding, deeply ingrained in the way we do business.

We strive to conduct our business in accordance with the highest ethical standards and in full compliance with applicable laws, based on sound corporate governance, a comprehensive compliance network and a preventive risk management framework.

Safety is our core principle and we measure the success of every activity we undertake on our ability to conduct our work safely every day. We are committed to continually improving our health and safety practices and procedures, and to enhancing training on specific preventive actions. Our internal policies and crisis procedures are updated periodically, and we provide our people with comprehensive training every year to minimise the potential health and safety risks posed by the nature of our activities. One of our most prized achievements is the positive direction of our safety indicators, recording no fatal incidents in any of KMG International's areas of operations since 2010.

We are constantly improving our environmental policy to reduce damage and pollution and ensure we can keep the environment as clean as possible for current and future generations. We undertake continuous widespread tracking of specific measures related to energy, water, waste, material use and community support so that we can better analyse and improve our performance. For the reporting period 2013 – 2014, we managed to reduce our SO^2 emissions by 90.63 per cent and improve our waste recovery rate to 97.7 per cent. Another achievement is the successful alignment to the national and European environmental requirements governing emissions of sulphur oxides, nitrogen oxides and dust. We have also obtained significant reductions in wastewater discharged (by 25 per cent) and total waste (by 32.26 per cent).

Our employees are our most important asset, which is why we focus on improving their working environment, their professional expertise and their career prospects. We recently implemen¬ted a comprehensive human resources management system to identify skills gaps and provide development opportunities for employees that support our business strategies. We have realised our responsibility to the community in numerous projects that have contributed to the development of the areas where we operate. These include: the 'Together For Each and Everyone' programme in Romania and Moldova; the direct contribution of employees; sponsorship of sports team (such as our support for the Montpellier football team in France and endorsement of the Georgian national K1 (kick-boxing) champion Giga Chikadze); cultural events (such as our partnership with the George Enescu International Festival and Contest); and educational activities.

We bring our sustainability expertise to every activity and project we undertake. From safe working practices, energy efficiency and carbon management to anti-corruption and community involvement, we have established processes and best practices that guide our operations.

Reasons to be proud

We are proud to be one of the market's most responsible players in terms of meeting safety and environmental standards. We have achieved a great deal over the years in aligning to local and international sustainability standards. We are, however, aware that there is always room for more – we have to challenge ourselves constantly as we strive to be a sustainable company with a long-term vision and strategy.

At Group level, each business unit (retail, refining, corporate governance) has plans and budgets for environmental protection projects. These are both technical (investments in technology) and CSR-related, aimed at increasing awareness and providing efficient solutions to environmental issues as well as at supporting the harmonious development of the communities we operate in.

On the technical front, Rompetrol Rafinare financed a project in 2014 to install a particle-reduction system at its Catalytic Cracking Unit, with the aim of reducing our emissions. In addition, following an upgrade of the Petromidia Refinery, we are the first Romanian company in our industry to have successfully completed the transition period for aligning production plants with European environmental requirements.

Environmental-protection projects focus on the Black Sea, Siutghiol Lake, the Danube Delta and the communities of Corbu, Navodari and Constanta that are near to Petromidia. Our environmental projects focus not only on waste management, biodiversity preservation and pollution prevention, but also on raising awareness of environmental issues through dedicated CSR activities. These include the participation of employees in Open Doors events for the children of employees, Black Sea Action Day and volunteering in the 'Let's Do It, Romania!' national environmental campaign.

For 2015, we have 10 environmental projects planned for the retail sector, all of which entail modernisation and upgrade works with a direct or indirect environmental and safety component. Total investments in environmental projects amount to over USD 100m.

We have also continued our CSR programme 'Together for Each and Everyone', which aims to develop local communities. With more than 300,000 beneficiaries since its launch in 2009 and 101 projects implemented in sustainable environment and health, the programme alone has provided more than USD 1.5m in funding.

Incentivising sustainability

Economic incentives are a promising tool for advancing sustainable development. Incentives can take a variety of forms – they are most effective where the need to conserve a resource is well understood and where users have a variety of needs and cost structures, which mean they ascribe different values to the resource.

Some countries are reviewing their entire tax structures to determine whether to shift significant portions of the tax burden away from those areas which society wants to encourage, towards those that it wants to discourage. We have a recent example from Romania which will bring benefits to companies and to the civil society – on 24 June 2015, the Senate passed a new fiscal code containing a set of incentives, including an increase in the sponsorship turnover limit from 0.3% to 0.5%.

Setting the standards

Companies that integrate a range of sustainability considerations into their decision-making processes, that create corporate strategic alliances within and across industries and sectors, and that attract the support of local communities have every chance of achieving great sustainability results.

The reporting of sustainability practices varies from company to company, however, and it is often difficult to understand and compare reporting methods. Fortunately most large companies (including KMG International and our shareholder KazMunayGas) have adopted the Sustainability Reporting Guidelines of the Global Reporting Initiative and participate in the United Nations' Global Compact Initiative.

SN Nuclearelectrica SA

*By **Daniela Lulache**, CEO*

Romania

Key focus areas

We have three main focus areas in terms of company responsibility and sustainability for the next year. First, we are seeking to ensure that the right conditions exist for community development around our power plant in Cernavoda based on people's most stringent needs; second, that stakeholders are fully engaged with the company's current operations and its future long-term projects; and third, that we have in place strong and effective environmental conservation and protection plans.

Reasons for pride

Over the years, Nuclearelectrica has commissioned and completed several programmes of work designed to improve local standards of living. These have had a huge positive impact on the the local population, as they have consistently addressed many of the community's most important needs. Our ambition was to provide the conditions for well-being across a wide array of necessities from local infrastructure to education and health care.

Completed projects include development, improvement and modernisation work at the market store at our Cernavoda site, the kindergarten, the water plant, streets and road-crossings, heating networks, the Santa Maria bridge across the Danube Black Sea Canal, the town hospital and polyclinic, the sewage treatment plant, housing and more.

Based solely on our operations, we also provide further social and economic benefits such as over 1,650 jobs, heating for more than 70% of Cernavoda's inhabitants at the lowest available price, tax contributions to the local and state budgets and accommodation for almost 700 employees.

A positive environmental impact

By the very nature of its activities and nuclear industry-related community involvement, Nuclearelectrica has all necessary means to continue developing its business and returning benefits to the local community and other stakeholders. The company plans to build two more units, which will have a significant positive impact on environmental protection through the associated lack of pollution and CO^2 emissions. This fits with the latest European energy strategy that envisages a 40 per cent reduction in CO^2 by 2030.

Drivers of sustainable success

The most successful companies in the area of sustainability are those that balance emphasis equally on their own success and on the associated well-being of their communities and stakeholders. Generally, such companies aim to become more efficient and competitive, more accountable for their operations and more focused on profits. Simultaneously, they aim to reduce risks for their shareholders and stakeholders and more responsible for their employees. This then moves on to taking responsibility for larger segments of the population, strengthening community relations, listening to their needs and identifying solutions, as well as contributing to environmental protection and long-term sustainability.

Identifying the obstacles

The main obstacles that hold businesses back from becoming more sustainable range from 'macro' issues such as politics and poor legislation, down to 'micro' matters such as a lack of integrated management and a failure to acknowledge the importance of sustainable activities. The resulting lack of actions related to correcting mechanisms can cause exposure to tax burdens which diminish profits.

The positive effects of running a sustainable business are often for the long term, requiring constant investments in efficiency, technology, support systems and more. All too often, companies are oriented towards short-term success and profit, overlooking the importance of long-term sustainable strategies.

PKN Orlen

By ***Jacek Krawiec****, CEO*

Poland

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The need for a broad-based focus

According to UN data, the world population is set to grow from 7 billion to 9 billion by 2050. If the current pace and model of population growth remains unchanged, resource consumption will triple over that period. We should therefore bear in mind the words of the UN Secretary-General, who said that there is no Plan B for using the Earth's natural potential because there is no Planet B.

As a company operating in an industry that deals with raw materials, we are fully aware of this. This is why our development model enables the sustainable and optimum use of all resources. From a practical standpoint, this approach is evident across a number of dimensions. The first of these is visible in the steps we take to reduce our environmental impact. These steps are not limited to installing dust filters and water-treatment units – they also involve consistent efficiency improvements in our production and investment processes, so that the objectives we pursue exert the least amount of strain on the environment.

We have also been working for many years to establish positive relations with our local communities, to build social capital and promote responsible conduct among our trading partners. A no less important aspect of our responsibility to society is that we have to our employees, who are our most valuable asset. We want our company to be a friendly and safe place to work, but also wish to fully utilise the potential and diversity of our workforce.

Although we have delivered successful results in all these areas, we want to continue growing and have therefore incorporated these aspects in our CSR strategy. We realise that sustainable development is not a fad or an addition to business operations, but simply something we have to do.

Reasons for pride

With such a large and diverse company as PKN ORLEN, creating a rigid framework that regulates even the smallest aspects of its impact is very difficult. What we can create, however, is an environment which consistently favours responsibility and ethical conduct.

Our greatest achievement in this respect has been the creation and effective implementation of a value-based corporate culture, which provides a point of reference in our responsible approach towards the environment as a whole. Measures such as investing in new, efficient technologies, promoting innovation and educational projects directed at various groups, as well as amenities designed for employees with children, are only some elements of a system that springs directly from an organisational culture which took us many years to develop.

Incentivising sustainability

Sustainable Development Goals, which are set to replace Millennium Development Goals in the near future, have recently been a frequent topic of discussion. They comprise such key elements as access to sustainable energy, prevention of climate change, sustainable economic development and reindustrialisation. International decision-making bodies should remember that the goals are complementary to one another and should be treated as such. In our industry, ensuring that everyone has access to clean energy, which is conducive to economic growth, should be the overriding common goal. European regulators should therefore not write fossil fuels off, but instead bolster the development of technologies allowing them to be utilised and extracted more efficiently. Such an approach would not only encourage energy companies to be more innovative, but could also, as the US shale boom has clearly shown, materially reduce their impact on the environment while keeping the economy highly competitive.

The drivers of success

The ability to integrate business objectives with non-business ones is particularly important, and it should be done at the stage of designing the company's strategy. Success is achieved by companies that understand the impact they have on their immediate, as well as the more distant, environment. They know the needs and interests of its stakeholders, and, most important, act in line with such knowledge. This approach entails a thorough understanding of sustainable development, which, when incorporated into a business model, translates not only into trust, but into better performance as well.

For many companies, the need for a radical change of approach remains a significant barrier, regardless of their regulatory, market or competitive environment. Many still perceive sustainable development and CSR as a source of short-term benefit, while incorporating these elements into one's business strategy and day-to-day management should not be a choice but a necessity. According to Deloitte's latest 'Mind the gaps' survey, today's 20-somethings believe that businesses should pay as much attention to people and goals as they pay to products and profits. And it soon will be these young people who determine which way companies are going to develop, both as customers and managers.

Societatea Nationala de Gaze Naturale 'Romgaz' SA

By ***Virgil Marius Metea****, General Manager*

Romania

Our onward focus

Looking ahead, our main focus areas are to reduce our energy consumption and environmental impact, to improve our employees' professional development and training processes and to enhance the retention of highly specialised employees. We are also aiming to improve our corporate governance in the context of the latest capital-market changes, including assessing the possibility of applying non-financial reporting.

Reasons for pride

We are most proud of our activities in the field of education, which underlies society's sustainable development. We are running two programmes that aim to support young people with exceptional results and those with limited financial possibilities.

The first of these is a programme for preventing students from dropping out of school. It's called 'Hai la Scoala!' ('Let's go to school'), and is delivered in partnership with UNICEF Romania. The second programme, 'Romgaz investeste in educatia ta!' ('Romgaz invests in your education') is delivered in partnership with with the Association of Education for Europe.

Incentivising improvement

We believe that a proper regulatory framework covering the facilities and deductions granted for sustainability activities and how such activities are recognised and carried out would be a powerful incentive for improvement. Another incentivising factor would be greater awareness among all interested parties, customers in particular, of the importance and positive effects of sustainability/accountability on the long-term development of society in general and that of companies in particular.

The top performers

We believe that companies in the fields of finance and IT lead the way in sustainability matters. This is because the impact of implementing sustainability/accountability requirements on the price of their final product is low, while the impact on their reputation –extremely important for maintaining and growing their market position – is very high.

Identifying the obstacles

A lack of proper legislation and the absence of a clear, direct connection between sustainability/accountability and measurable financial benefits are the key obstacles that prevent more businesses from becoming more sustainable.

Jerónimo Martins Group

By ***Pedro Pereira da Silva***

Chief Operations Officer, Country Manager

Poland

Key focus areas

As a company that operates on a large scale within the Polish market, it is very important for Jeronimo Martins that we concurrently develop all dimensions of sustainable growth: economic, social and environmental.
Efficient logistics and infrastructure guaranteeing product availability with very high quality at low prices everyday provide the foundations of our Biedronka chain's sustainable operations.

Biedronka, whose stores are visited by approximately four million customers every day, has an important role in developing trends across Poland. Ensuring the continuous development of product quality that improves our customers' quality of life is one of our key focus areas, as we continuously develop products' ingredients for pro-health solutions. As a result of this approach, in 2014 we improved the composition of 86 food products, which resulted in reductions in the amount of fat (by 251 tons), sugar (by 122 tons) and salt (by 38 tons) introduced into the market. Strengthening our strategic collaboration with the Institute for Food and Nutrition allows us to emphasise our responsibility in this area even more strongly.

Another of our key focus areas is to continue developing the skills and competencies of our employees and our relationship with them. With more than 55,000 people holding contracts of employment with us, we must appreciate the social impact that comes from maintaining relationships with such a large group of people and their families. We therefore continue to develop and improve a wide number of social programmes that we have had in place for many years. Continuous development and improvement of our logistics, store operations and shopping experience are further key areas of focus that bring benefits to the environment and local communities.

Reasons for pride

I would particularly like to emphasise our pride in our efforts to benefit our employees. We are currently running 17 social programmes, providing support for people in difficult circumstances, promoting disease prevention and encouraging a healthy lifestyle. We also aim to help the children of our employees with school starter kits, layettes for new-born babies and rehabilitation camps for disabled children. We have now been running the 'Staying Healthy Together' initiative for 10 years – a cyclical programme that provides a package of free health checks to all employees. Tens of thousands of employees have taken the tests to date. In many cases, these tests have identified problems in their early stages of development, helping to fight diseases effectively.

A crucial initiative addressing customer needs is the 'Partnership for Health' coalition established in 2006 by Biedronka, Danone, Maspex and the Institute of Mother and Child, with the aim of counteracting child malnutrition in Poland. As part of the programme, we launched the first product with a social mission – the Milky Start cereal, later followed by a cereal sandwich and yoghurt. The organisations participating in the project do not profit from it – the price per pack only covers the cost of production and distribution. Since the launch of the programme, we have sold nearly 160 million products units, which we believe has made an important contribution to improving the quality of children's nutrition in Poland. Engaging several thousand schools in our 'Breakfast Gives You Power' programme to popularise healthy eating is an additional educational dimension of our 'Partnership for Health'.

Incentivising sustainability

The primary motivator of sustainability is the positive impact of a sustainable growth strategy on a company's effectiveness and social approval for its efforts. Today it is impossible to grow without the latter. That is why the philosophy of sustainable growth is part of our everyday operations. This approach has resulted in Biedronka becoming the first retail chain in Poland which received the prestigious certificate of compliance with the international ISO 14001 standard for its environmental management system. Naturally, any instrument supporting this approach that legislation can provide is both important and needed. One example would be the changes to the law that now allow public entities to use food products that were previously recycled even though they were in perfect condition.

Taking a long-term view

We could naturally quote many examples of activities and projects of individual companies that are successful in this area. However, it is worth pointing to a common denominator of such accomplishments. They result from a modern approach to the social function of a business, and they are based on the concept of social investment. This means integrating social activities with the ongoing operations of a business, and grounding them in a business model that guarantees a longer functional perspective. It is also important to be skilful in establishing long-term partnerships and social clusters, ie activities such as our 'Partnership for Health' that take place at the point where business, academia and non-governmental organisations meet.

Identifying the obstacles

One of the main obstacles to implementing the concept of corporate social responsibility is the misunderstanding of the essence of CSR and a failure to identify and understand the benefits of implementing the principles of sustainable development. In this field, one cannot expect immediate results and positive effects on the bottom line. Over the longer perspective, however, running a business in a socially responsible way is always a good decision and a profitable investment.

GDF Suez Energy Romania S.A.
*By **Eric Stab**, Presedint & CEO*
Romania

Key focus areas
Our main areas of focus with respect to sustainability are education, healthcare, social integration and the environment.

Causes of pride
There are numerous CSR initiatives that we are proud of, the most notable being our work to support the energy efficiency of SOS Children Villages in partnership with Habitat for Humanity, the 'Meet the energy' programme for schools.or the projects with the Daruieste Viata NGO in several Bucharest hospitals. These initiatives make a great positive difference for their beneficiaries, and are an effective way to mobilize our people and raise their awareness of their communities' needs.

The need for clarity
We believe that our sector would benefit greatly from more clarity on energy efficiency targets, on the measures to be taken by Romanian government authorities and on sustainability or environmental policies in the sphere of renewable energy.

The drivers of success
The most successful companies will be those that truly listen to the sustainability expectations of their customers and their communities, and manage to turn them into successful products and services. Businesses and communities do, however, still need to grow and mature together on these topics.

The barriers to progress
The key obstacles to sustainability are the difficulties enterprises have in setting priorities, some lack of awareness about what can be done, insufficient vision on the part of many political leaders, and communities that struggle to put sustainability topics high up on their agenda.

Tarkett d. o. o.
*By **Milena Pavicic Vitosevic**, CFO*
Serbia

The key focus areas
Tarkett d.o.o. is an integral part of the multinational Tarkett organisation, one of the world's leading companies in the field of floor production. Our strategy for sustainable development is based on four pillars – Purpose, People, Planet and Profit.

Our main aim, Purpose, is to address challenges facing society and humanity. We try to demonstrate a responsible approach toward People by respecting the interests of our employees, business partners and other stakeholder in supporting our local communities to improve the quality of life and material conditions in the environments where we operate.

Having a positive impact on the environment (Planet) is an imperative for our business, which uses a circular economy as the basis of our business model. In practice, this means that all the raw materials we use in production must be renewable, recyclable and safe for people and the environment. We pay significant attention to energy efficiency in the manufacturing process and across the whole business, and our products are recyclable at the end of their life cycle.

We manage our business in a very responsible way (Profit), applying the 10 principles of the UN Global Compact to provide profit, long-term development and well-being for future generations.

A sense of pride
While we endeavour to manage all aspects of sustainability well, our focus for several years has been on improving our relationship with the environment. We have achieved great results in that field, improving all aspects of our environmental performance: we have completed numerous investments in our production plants; we have optimised our consumption of energy and fresh water; and we have cut the emission of waste gases, as well as the quantity of all waste we generate.

Today, Tarkett is one of the rare companies in Serbia which uses waste from its own production to create energy. In our production plants, the use of natural gas has been completely replaced by waste sawdust as a biomass for heat generation. We recycle waste condensate internally, as well as about 60 per cent of the waste water we generate, which is returned after purification to our technological process system. At the same time, the good performance of our operations has received full recognition and verification thanks to our ecological products. Our vinyl floors have received the 'Vitality leaf' Ecolabel, awarded by the Institute of the Russian Federation, while our parquet has been awarded a national 'Environment-friendly' marque by the Serbian Ministry of the Environment.

Incentives to achieve higher goals

Sustainable development principles are involved in all aspects of our business, and our strategy clearly defines goals that we need to achieve in all areas in the period up to 2020. These include the performance of our production, products and services, supply chain, the responsible usage of natural resources, the health and well-being of our customers as they use our products and the recycling and re-usage of our floors at the end of their life cycle.

All types of incentive can contribute to the results we achieve. Incentives in the societies where we operate, including those of government institutions and regulators, always confirm the synergy of many stakeholders who are brought together by the same goals. In this way we can build together a healthy basis for achieving higher goals, in particular the well-being of future generations.

Factors for sustainable success

I firmly believe that it is very important for all of us to develop an awareness of the impact that we have on the environment, to recognise where we most need to act, and then to act intensively with all available resources. This is why I do not wish to highlight the names of companies that have achieved the best results in the area of sustainable business. Highly credible demographic studies show that 9 billion people will live on our planet in 2050, 70 per cent of them in urban centres. That, of course, will cause increasing usage of natural resources, just as we are faced with decreases in or a scarcity of certain resources. Are we sufficiently aware of the impact that our business has on such trends? Have we adapted our business strategies, and how do we build a future for the generations to come? These are the key factors that make a difference between successful and unsuccessful companies – or maybe it would be better to say, between serious, responsible companies and others.

Overcoming the obstacles

There is a Serbian saying that goes: 'If you have a goal, you will find a way to get it'. In a responsible business, the focus must be on goals and priorities. When you have clearly defined company policies, and when you know what the priorities are in your business, you will find an effective way to navigate potential obstacles. In general, I believe that further thought about the tax regulations on corporate donations, as well as the simplification of administrative procedures when delivering important projects, certainly could reduce the energy, time and assets that we expend while increasing the potential for social engagement.

Allianz-Tiriac Asigurari SA

*By **Remi Vrignaud**, CEO*
Romania

Key focus areas

In our opinion, responsible business behaviour is crucial for building trust in the market economy and its different business sectors.

Our main areas of focus for 2015 will be sustainable activity, compliance and CSR (with a focus on children). We should not forget that we are also responsible for our employees, so we will focus internally on projects promoting a culture of performance and professional development, ensuring a better work/life balance and helping employees to deal with stress.

Developing a sustainable company and carrying out sustainable business has always been our most important business principle as a trusted partner for our clients, employees and other stakeholders. We carry out our business activities with a clear focus on financial stability. Moreover, our clients' trust depends on the products and services we provide and on the personal conduct of our employees and sales representatives. We listen to the voice of our customers: we have clear instruments and procedures to collect their feedback and to receive their complaints.

Compliance is also a key area of focus because it is essential to create a culture of integrity – one of our company values. We therefore have several different programmes in place, from whistleblowing to anti-corruption and compliance training for our employees.

Allianz-Tiriac is also focused on corporate citizenship to ensure we contribute to the communities in which we operate. In 2015 the main focus of our CSR activities is on children and their development in a safe environment. We launched a partnership with SOS Children's Villages and the Romanian Olympic Foundation. In this way, we aim to contribute to the safety and development of underprivileged children living in SOS Villages and to provide scholarship support to the most promising young sportspeople who have no financial means.

This is our way of giving something back to local communities, by investing in their future. Our CSR programme is more than sponsorship. We support and encourage the engagement of our people with our CSR partners, granting five days per annum for volunteering.

A link with the business

Those activities we carry out in partnership with SOS Children's Villages are also very closely linked to our business – Allianz-Tiriac insures the houses in the Villages and actively contributes to the children's education on risk-management issues.

Incentivising sustainability

In our opinion, the most important incentive is actually a prerequisite for every company that wishes to develop a sustainable business: legislative stability and predictability. A coherent and stable legal framework ensures business stability and the long-term strategies that contribute to economic growth.

Identifying the obstacles

The main risk facing companies' efforts to become properly sustainable is represented by the legal framework, which changes more frequently than we would like. For a company to be able to develop in a sustainable manner, we need the predictability and stability of the surrounding legal framework and economic environment.

Kyivstar

By ***Peter Chernyshov****, CEO*
Ukraine

Key areas of focus

Kyivstar was created by Ukrainians for Ukraine and is deeply integrated within the country. We understand that every direction our business takes leaves its mark on the community, and that we should use the opportunity to influence society positively.

Our company's approach to corporate responsibility rests upon three main factors: services to society, community engagement and environmental efficiency. We consider these are the most important areas of sustainable development, and all our activities are undertaken in accord with them.

For me personally, one of the most important things is to raise the level of education in Ukraine. For example, Kyivstar is a partner of Academic Olympics in the subjects of natural sciences, radio engineering and finance. This summer we gave kids the opportunity to enhance their knowledge, bringing in two top mathematicians to organise additional tuition. We also provided the location for study, covered travel expenses and made sure they had the chance to acclimatise before the International Mathematical Olympiad.

In another initiative, we organised a series of meetings with international experts in economics and social disciplines for students and people starting their own businesses. This was part of the Kyivstar Business Hub programme that helps to develop an entrepreneurial spirit and technological skills among young people.

We also actively help local communities to solve some of the crucial problems faced by cities, especially where we have the opportunity to involve telecommunications facilities. This means creating electronic travel guides, equipping main sights and attractions with Wi-Fi spots and QR codes, introducing new innovations for managing infrastructure and more.

Kyivstar has served the Ukrainian people since 1997 and has a long history of modernising the Ukrainian telecommunications network. We are currently building a 3G communications infrastructure, while also focusing upon improving energy efficiency. For example, we are upgrading our base stations using Single RAN architecture, enabling single wireless access for all mobile standards. It helps us minimise the number of base stations we need and reduce electricity consumption by 20 per cent.

Reasons for pride

The things we do are the things we believe in. We are proud of how well the young Ukrainian national mathematicians' team performed in the International Olympiad in Thailand, placing Ukraine 11th in the world. Among other achievements is the European-level recognition received by mobile applications for preventive health care, developed with the involvement of Kyivstar and now of great value for tens of thousands of Ukrainians. Our mobile application that aims to prevent diseases of the eye, 'Dobre Bachy' ('Seeing well') was acclaimed as the best mobile application in the international Digital Communication Awards 2014 in Berlin. It is the first Ukrainian application to reach such a level of competition. With the launch of 3G technology, our company has also increased the ability of Ukraine to digitise administrative services. We are participating in nationally significant development of programmes for solutions including e-government and MobileID.

Incentivising sustainability

We believe that the Ukrainian government is now paying sufficient attention to the telecommunications market, although bureaucratic hurdles prevented us from being licensed to develop 3G communication until 2015. It is important that the government continues to introduce market deregulation and liberalisation measures and does not cease its support for technology development

Identifying the obstacles

I believe that obstacles preventing companies from applying social and environmental good practice are rooted in outdated bureaucratic management.

For example, it is tax policy of charity projects using the funds of mobile connections networks. We think that such aid should be tax-exempt. Also, when it comes to the social use of telecoms, it should be noted that new technologies and high-speed internet have just started to be used in this area. However, this is only the beginning. After receiving the license for 3G in early 2015, Kyivstar has already built and brought into operation high-speed mobile internet networks in 250 communities. Later, with the help of the new dynamically developing mobile technologies, we will be more efficient in helping society via developments in education, medicine and ecology.

NIBULON

*By **O. O. Vadaturskyy**, General Director*
Ukraine

Key focus areas

The goals that predetermine NIBULON's sustainable development strategy are ensuring the balanced development of society and business and preserving the cultural heritage and natural resources of our country for future generations. Our company's social activities' framework is based on the step-by-step, targeted implementation of initiatives relating to mutually beneficial employee relationships, environmental protection, charitable support and cooperation with the community.

Our environmental policy aims to ensure the effective and efficient use and recovery of natural resources, environmental protection (against air and water pollution and soil contamination) and ensuring environmental safety. To this end, we apply advanced technologies, install cutting-edge equipment, support public initiatives like the Ukraine-wide 'Stop Phosphates' campaign, collect home waste that can be used as energy sources and transfer them to SE Argentum for disposal.

We established our chemical and technological laboratory to implement the company's environmental policy; its accreditation field allows us to monitor the natural environment located within the area where our production activities take place.

Our HR policy is about establishing long-term and mutually beneficial relationships with employees, ensuring fair salary levels, social security and steady career progress.

We base our charitable activities around implementing our own initiatives and developing local infrastructure. In doing so, we are not after immediate results. Rather, we target comprehensive and fundamental positive change in Ukrainian people's lives in such areas as education, health care, social infrastructure, environmental protection and more.

Reasons for pride

Since 2009, NIBULON has been successfully implementing a patriotic investment programme to revive the Dnieper and Pivdennyi Buh rivers as the shipping arteries of Ukraine. As part of this initiative, we have developed a network of modern, high-tech trans-shipment terminals and elevator systems, bringing the total volume of our own elevator capacities to 1.7 million tons.

In addition, as part of this investment programme, we have rapidly built and acquired a cargo fleet, becoming the first Ukrainian agricultural company to build its own vessels since Ukraine's independence. But this project grew into something bigger than just completing business tasks. We revived the Dnieper, the most significant navigable waterway of the country, which is very valuable to Ukraine and Europe as a whole.

We are also helping to ensure global food security. NIBULON supplies agricultural products to 64 countries (from Mexico to Japan). Our activities contribute to increasing the importance of Ukraine in global food industry, confirmed by its leading position in the grain export market. We have also become the only Ukrainian company that successfully supplies wheat to countries experiencing famine within the framework of the UN's World Food Program.

Setting sustainability standards

NIBULON is an example of successful implementation of responsible/sustainable business practices in Ukraine. On the ecology front, since the implementation of the Investment Project (2009-2014), we have spent over UAH 125 million on protecting the environment.

In terms of education, the NIBULON Standard Project, which aims to ensure appropriate conditions for education and to improve the educational and cultural standards of young Ukrainians, has been implemented since 2006. The programme systematically embraces dozens of schools and higher education institutions to ensure permanently improved levels of education for children and young people.

A considerable part of our charitable activity involves solving healthcare-related issues by providing help to medical institutions across Ukraine. In 2012 to 2015, for example, NIBULON implemented a comprehensive re-equipment initiative in the Mykolayiv Children's Hospital No.2. This included repair works and the installation of advanced medical equipment, furniture and appliances in the infant department, as well as buying modern medical equipment for other departments in the hospital.

We also provide considerable support to educational and medical institutions as part of our social partnership agreements with city, town and village councils. These agreements aim to enable the implementation of social and economic programmes to develop, conserve and enrich historical traditions and cultural heritage. By initiating and entering into such agreements every year, NIBULON also enables every village council to have an additional budget for developing local infrastructure. This covers factors ranging from road repairs, street lighting and installing heat, water and gas supply facilities to giving assistance to cultural, educational and medical institutions.

Overcoming the obstacles

The main obstacles to implementing social and environmental projects and initiatives are the overregulation and corruption of the Ukrainian administration. This is mainly concentrated in central government, in the shape, for example, of the need to obtain numerous approvals. We therefore have to rely on our own resources, efforts and experience. We do not waste time – we seek to implement the best achievements available.

That is why I would advise people not to rely on the state, but rather to think more about what they can do for the state. Once we all start working to benefit the state, then all the laws the state and people need alike will be adopted.

UNIQA ASIGURARI SA

By ***Paul Cazacu****, CFO, Vice-President*
Romania

Key focus areas

The three main areas on which we plan to focus our attention over the next year are risk management (including crisis management and business continuity) and corporate governance, compliance and HR management.

Reasons for pride

We have initiated a fully-fledged HR programme to develop the capabilities of our employees, as well as supporting a feedback culture, enabling performance management and developing a talent pool and succession planning, combined with a fair-pay framework based on job evaluation and grading.

We have also launched a culture-change programme for the whole company, with a focus on customer-centricity, an attitude driven by performance and quality, and the need to achieve a balance between bottom-line and top-line results.

Incentivising performance

Factors that would enable us to become a more sustainable business include the impetus that a market backwind and a more competitive environment would give us, along with higher tax benefits for health and life insurance products. In terms of how our organisation could perform better, we would gain from an enhanced quality of claims management together with smarter tariffing and better client segmentation as well as being faster to market when launching new products or adapting existing ones.

Identifying the obstacles

The barriers that prevent organisations from achieving better performance include diverging interests, company culture, market behaviour and the legal framework within which they operate.

RAIFFEISEN BANK SA

*By **Corina Vasile**, Communication and Public Manager*

Romania

The key areas of focus

Looking ahead to 2016, the financial education of people of all ages remains a priority. We will also support alternative means of urban transportation, including cycling as a means of transport as well as a sport for a healthier lifestyle. We will promote Romanian arts and culture by supporting high-quality cultural events.

We will encourage our colleagues to carry out volunteer work for their communities and to share their expertise and knowledge. We will further invest in our employees' professional development and personal development, with the aim of helping them pursue a healthier and happier life. We will continue to finance our customers and their companies, following our established prudent and sustainable lending policies.

Reasons for pride

Raiffeisen Bank is proud of every initiative it takes that has the power to contribute to the sustainable development of the communities where it operates and to improve the quality of life of those who benefit. Every year since 2009, the bank has published a voluntary responsibility report for its stakeholders. This transparently provides valuable data on how we invest in communities and the outcomes of our responsibility/sustainability activities.

Incentivising sustainability

We believe that a range of public policies promoting the principles of responsible business conduct, such as in public procurement criteria, would help successfully to encourage more investment in sustainable development.

The value of transparency

We believe that transparency is one of the most efficient ways to be successful, whether we are talking about responsible business or any other kind of business activity. In Romania, a growing number of companies are reporting on their community engagement activities and initiatives. For us, these are the champions of sustainable business.

Identifying the obstacles

We believe that the barriers in the way of companies becoming more sustainable include a lack of understanding of the need for them to become involved in community development. There is also a lack of awareness of the fiscal incentives available for any enterprise to undertake sustainable practices and an absence of public policies capable of driving sustainability.

Compania Națională de Transport al Energiei Electrice 'Transelectrica' SA

*By **Cristina Stoian**, Financial Strategy and Treasury Division Director*

Romania

Key areas of focus

Transelectrica has been committed since its founding to employees and shareholders, but also to the local community and surrounding environment, always acting with honesty and integrity.

Besides its economic performance, management quality and communication policy, Transelectrica wants actively to participate in the development of the society in which it operates through its CSR activities addressing employees, the environment and education.

Environmental protection is an important objective in terms of lasting sustainable development for Transelectrica. Our environmental protection policy is therefore an integral element of our wider policies, aiming to support and enable an effective environmental-management system that incorporates more eco-friendly products and services, prevents and reduces pollution in compliance with national and European legal requirements.

We are actively working to reduce the environmental impact of our operational and maintenance activities, and also carrying out construction/installation work to lower the impact of our investments. From the perspective of operational responsibility, the three most important topics are ensuring the stable, reliable supply of electricity, enabling further cross-border interconnectivity and safely integrating new renewable electricity sources (RES) into the grid.

Reasons for pride

To support the key pillars of education and innovation in the renewable energy sources sector, Transelectrica has joined EfdeN's team of 70 student volunteers in the Solar Decathlon Bucharest association to represent Romania in the final 'Solar Decathlon Europe 2014', the most important international competition for solar architecture and integrated technologies. This involved designing, building and operating a house prototype that uses only smart electricity to be both sustainable and efficient in energy terms.

The team was one of 20 from 16 countries that qualified for the finals. It submitted an energy-efficient house prototype for urban environments that integrates spaces to realise the 'urban farming' concept.

By sponsoring this project, Transelectrica supported Romanian innovation and delivered education on environmental protection while actively participating in the development of communities, sustainable industrial products and energy efficiency.

The integration of the Romanian electricity market into the European internal market is a major national objective, closely related to the ambitious and demanding strategic objective of creating a European internal energy market. The target of a pan-European 'day-ahead' internal market for electricity will involve coupling national markets through a price based on a single European coupling mechanism.

A key sustainable development initiative and first step towards the future energy union, started in 2014, when the 4Market Coupling project was successfully launched with the Czech Republic, Slovakia and Hungary, applying the coupling mechanism and using the price coupling of regions (PCR) solution to calculate interconnection capacity. Ensuring the rapid and effective implementation of this successful project involved close cooperation between each country's transmission system operators (CEPS, SEPS, MAVIR and Transelectrica), power exchanges (OTE, OKTE, HUPX and OPCOM) and national energy regulators (ERU, Urso, Mekhi and ANRE) to develop the necessary framework, mechanisms and solutions.

Incentivising sustainability

The National Power Grid consists of high-voltage electric installations, mainly overhead lines and transformer and connection substations. The health of the network depends on the condition of its components, which in turn influence the scale of network losses. Transelectrica's massive effort to develop new overhead lines, modernise and refurbish substations and reinforcement of the grid is a lengthy process that ultimately has a substantial impact on the sustainable grid development that enables the more efficient use of electric energy.

Transelectrica is a highly regulated company and regulatory support is much needed to help implementing the modernisation process and providing an important incentive that would enable a solid development for a more sustainable Power Grid.

An example to follow?

A power and utility company that stands out as one of the most successful in the area of responsible business is National Grid from the UK. They understand that future prosperity depends on present involvement and dedication to reduce carbon emissions. This challenge guides and informs their community engagement and shapes their impact on the environment, affordability, and education of younger generations.

The company has managed to touch upon a wide range of social and environmental issues, with a high degree of visibility and stakeholder involvement in their market, presenting all their efforts and endeavours in a transparent and comprehensive way.

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Client service responsibilities are a key element of our partners' roles. Their commitment to quality and integrity in leading client service teams ensures we deliver excellence to our clients.

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