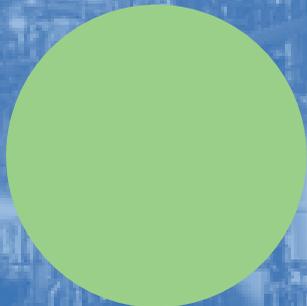




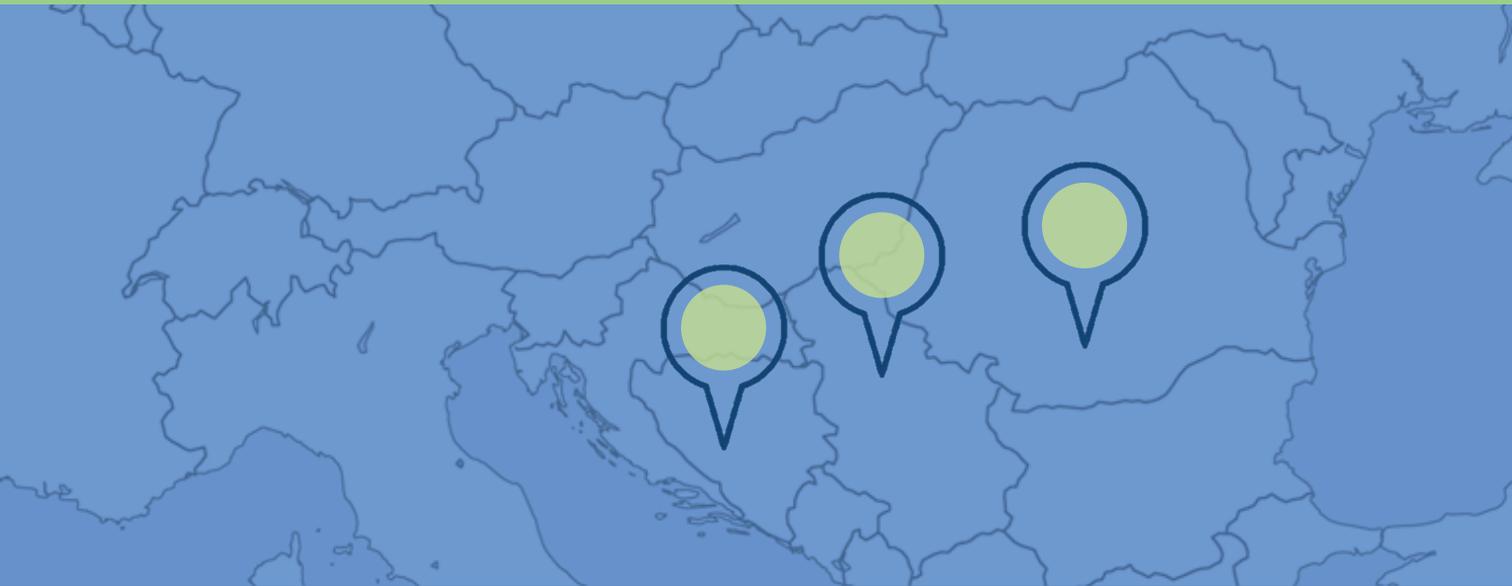
NIS
GAZPROM NEFT

FUTURE
AT WORK

COMPANY PROFILE



ABOUT NIS



NIS Group is one of the largest vertically integrated energy systems in Southeast Europe. A team of more than 11,000 employees is the company's most important resource and strength for achieving notable business results. The company's headquarters and its main production facilities are located in the Republic of Serbia: oil and gas fields, Pančevo Oil Refinery, warehouses, as well as a network of petrol stations. NIS aims to be an example to others in terms of business efficiency and respect for the principles of sustainable development, as well as to provide new values for shareholders, employees and the community in which it operates in challenging macroeconomic circumstances.

The main activities of the NIS Group include exploration, production and refining of crude oil and natural gas, trade in a wide range of petroleum and gas products, as well as the implementation of projects in the field of energy and petrochemistry.

NIS is developing its business in Serbia and in neighboring countries in the Balkan region. Regional expansion is taking place in two main directions - in the field of oil and gas exploration and production (in Romania and Bosnia and Herzegovina) and through the development of a retail network (in Bosnia and Herzegovina, Bulgaria and Romania). In the Balkan market, NIS operates a network of over 400 petrol stations under two brands - NIS Petrol and the premium brand GAZPROM. Moreover, NIS is active in the field of electricity trading, where, in addition to Serbia, it is also present in the regional markets.

ABOUT NIS



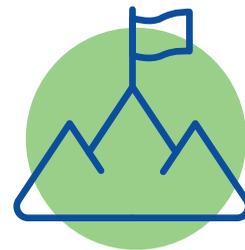
In addition to its business activities, NIS constantly strives to support the local communities in which it operates and make lives of the people there better. To that end, it has been implementing numerous socially responsible projects, with more than 290 million dinars invested in 2020 alone. The company's efforts in this area are especially focused on young people.

In 2020, NIS operated under the influence of unfavorable macroeconomic circumstances, primarily the fall in oil prices and the COVID-19 pandemic. As a responsible company, NIS has taken all necessary measures to protect the health of its employees, associates, and consumers and was among the first companies in Serbia to form a crisis team that cooperated with the competent state authorities and implemented the recommendations of health experts. In addition, despite significantly difficult working conditions, NIS managed to maintain stability in the Serbian market and to preserve the company's liquidity. One of the priorities of NIS in 2020 was to support the community, primarily medical workers and health institutions throughout Serbia.

ABOUT NIS

MISSION

By responsibly using natural resources and modern technologies, to provide the people of the Balkan region with energy to move for the better.



VISION

NIS will be a recognized leader in the Balkan region in its field of business, in terms of the dynamics of sustainable development and increasing efficiency, while demonstrating a high level of social and environmental responsibility, as well as modern standards of customer service.

VALUES

RESPONSIBILITY

Our results and safety, my responsibility! A responsible company and employees who rationally use resources for the common good.

TRANSPARENCY

Open to each other! Through open and fair communication, in which we are all equal, we create a transparent work environment.

INNOVATION

Start your curiosity! We find and support new and always better solutions, so that we can constantly improve ourselves and remain leaders in the industry.

PROFESSIONALISM

Knowledge creates our future! Everything we create is based on our expertise that inspires changes throughout the community.

ACTIVITIES

A blue-tinted photograph of an industrial facility, likely a refinery or chemical plant. The image shows a complex network of metal scaffolding, walkways, and pipes. In the foreground, a worker in a white protective suit is visible on a platform. The background features a large, cylindrical storage tank. The overall scene is industrial and technical.

EXPLORATION AND PRODUCTION

NIS is the only company in Serbia engaged in oil and gas exploration and production and most of the oil fields are located in Serbia, while in the region exploration works are being carried out in Romania and Bosnia and Herzegovina. The oldest foreign concession of the Company is in Angola, where production has been in progress since 1985. The main goal of the NIS Exploration and Production Block for 2020 was to fulfill the plan for oil and gas production, to implement geological exploration projects and increase the efficiency of geological and technical activities.

NIS upstream facilities also include a plant for natural gas processing, LPG production, and CO₂ removal, located in the town of Elemir. The plant has the projected capacity of 65,000 tons of LPG and natural gasoline per year. Elemir is also home to the amine treatment plant, where natural gas is processed using the high pressure acid gas capture technology (HIPACT). This technology fully eliminates any carbon dioxide emissions into the atmosphere.



In 2020, the total production volume achieved amounted to

1.259 million standard tons

of oil and gas from the fields in Serbia and the concessions abroad.

In addition,

38 development and 3 exploration wells

were drilled in Serbia, as well as 1 development well in Romania.

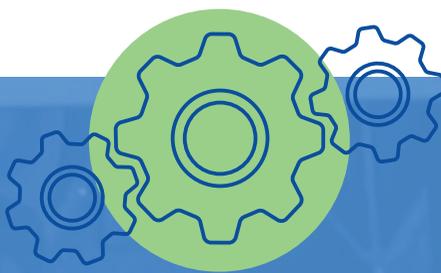
SERVICES

NIS has its own service capacities, which fully meet the needs of the Group in the field of oil and gas exploration and production, but also provide services to third parties. Services in the field of exploration and production of oil and gas include geophysical testing, drilling, well equipping and repairing, as well as by conducting special operations and measurements on wells.

Other services include maintenance of upstream equipment, construction, repair, and maintenance of oil and gas facilities, cargo and passenger transportation services, and equipment rental. Thanks to modern equipment, continuous investment in equipment modernization and experienced staff, they have performed works in many countries around the world (Egypt, Turkmenistan, UAE, Russia and others), and are currently engaged in Bosnia and Herzegovina and Romania.

The company's goal for this part of its business is to strengthen its presence both locally and internationally by prioritizing equipment modernization and quality of services.

In addition, it is of great importance to increase technical and technological efficiency and engagement growth in NIS, but also in other companies.



REFINING



Pančevo Oil Refinery is one of the best in the region, with a maximum projected capacity of **4.8 million tons per year.**

More than 800 million euros

have been invested in the modernization of this factory since 2009, including significant funds allocated for environmental protection projects.

Pančevo Oil Refinery produces: Euro-5 standard motor fuels, aviation fuel, liquefied petroleum gas, petroleum coke, raw materials for the petrochemical industry, heating oil, bitumen and other petroleum products.

REFINING

In 2020, a new step forward was made in improving the competitiveness of Pančevo Refinery upon the start of operation of a Bottom-of-the-Barrel plant with delayed coking technology, worth more than

300 million euros.

The bottom-of-the barrel technology brings numerous business benefits:

- Increasing the depth of refining in the refinery to 99.2 percent, which is in the rank of the world's best refineries,
- Obtaining larger quantities of the most valuable market derivatives (diesel, petrol and liquefied petroleum gas),
- Start of production of petroleum coke in Serbia,
- Strengthening the leading position in the domestic market of petroleum products and improving competitiveness in the region,
- Incentive to the domestic economy because the locally engaged workforce on the project accounted for more than 80 percent of the contractors during construction.

REFINING

The bottom-of-the-barrel unit also brings significant environmental benefits through



Cessation of production of fuel oil with high sulfur content



Reduction of SO₂ emissions by 98.8 percent



Improving the energy efficiency of the Refinery



Increasing the security of work processes

In 2020, Pančevo Oil Refinery processed

3.613 million tons

of oil and semi-finished products, which is 7% more than in 2019.

SALES AND DISTRIBUTION

NIS's Sales and Distribution activity includes foreign and domestic trade, retail sale of petroleum products and other goods, as well as wholesale of petroleum products. However, within this activity, NIS has been developing special business directions: supply of aviation fuel, bunkering, trade in lubricants and bitumen. All types of fuels undergo strict and regular system quality control and meet the requirements of domestic and international standards.

In Serbia and in the region (Bosnia and Herzegovina, Bulgaria and Romania) NIS manages a retail network of over 400 retail outlets and operates in the market with two brands: NIS Petrol and the premium petrol station brand - GAZPROM. The company is constantly striving to improve its business, which is reflected in the modernization of the retail network.

Thus, in 2020, despite very challenging circumstances, NIS put into operation

14 modern petrol stations-

eight in Serbia, one in Romania, and five in Bosnia and Herzegovina.



SALES AND DISTRIBUTION

Aware of the needs of its clients, the company has recently launched the Drive.Go mobile app. Now clients can pay for the fuel at NIS Petrol and Gazprom stations through the app, without going to the point of sale.

Also, 2020 was marked by other significant projects in the field of Sales and Distribution, including:

- Automatic parcel terminals - service that allows you to pick up packages at as many as 60 NIS petrol stations, in cooperation with D Express,
- IPS (instant payment) - an innovative method of payment at petrol stations introduced in cooperation with the National Bank of Serbia and the Bank "Poštanska štedionica" which provides consumers with the online payment option, i.e. payment via a QR code,
- Remote activation of the "On the Road with Us" card - NIS enabled its consumers to activate the loyalty card quickly and efficiently without going to the point of sale, following the instructions provided on their mobile phone.

NIS Petrol and **GAZPROM** petrol stations are synonymous with the quality of services and goods - they are modern facilities built to the highest environmental, safety and technological standards. A special place in the NIS's retail sale network belongs to modern highway petrol stations, such as "Novi Sad 16", which was put into operation in 2020. These petrol stations follow the latest trends in the field of retail sale and possess the state-of-the-art digital technology.

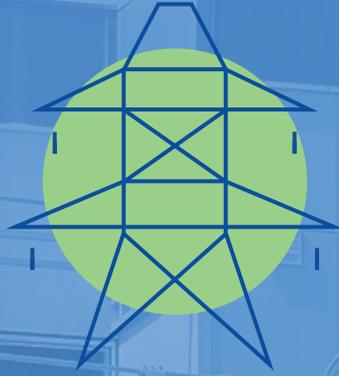
In 2020, the total volume of turnover amounted to

3.538 million tons

of petroleum products, with 7 percent increase in exports.



ENERGY



NIS is engaged in the development of investment projects for electricity and heat generation from conventional, renewable and alternative energy sources. Also, this activity of NIS includes procurement, sale and management of the natural gas portfolio, production and sale of compressed natural gas, sale of natural gas, electricity trading, development and introduction of strategically important energy and associated environmental projects. Of particular importance are the development and implementation of projects to increase energy efficiency.

The key project of NIS in the field of energy is the construction of the **Pančevo Thermal Power Plant**

which is being realized in cooperation with the Russian company “Gazprom Energoholding”. Despite very unfavorable circumstances, the construction of this plant continued in 2020, and commissioning is expected in 2021. The new power plant will produce thermal energy for the needs of Pančevo Oil Refinery, while the produced electricity will be directed to the Serbian energy system.

ENERGY

Since 2013, in the oil and gas fields at eight locations in Serbia, NIS has put into operation a number of small power plants with a nominal capacity of 14.5 MWe. The energy, environmental and economic advantage of using these plants lies in the electricity and heat generation from gas that was not previously used due to the large amount of carbon dioxide and nitrogen or could not be valorized due to the lack of gas infrastructure. Electricity production is also carried out at the Jimbolia gas field in Romania.

NIS is also developing electricity trading, and in addition to the Serbian market, it is also present in the regional markets.

The program of measures to reduce energy consumption and increase energy efficiency in NIS during 2020 achieved energy savings of

5,758 toe.

The value of the savings amounts to

291 million dinars.





COMPANY DEVELOPMENT

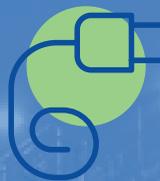
STRATEGY 2025

Further development of NIS is based on the Corporate Strategy 2025, which aims to ensure further growth and profitability for shareholders, employees and the wider community.

The main strategic goals of NIS are:



Maintaining production levels and expanding the resource base



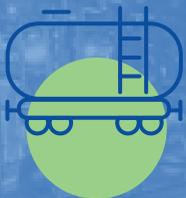
Diversification of operations by building new capacities for electricity production



Increasing the depth and efficiency of refining



Optimization of operational performance



Increasing the sale of petroleum products through its own sales channels and modernization of the retail network

INVESTMENTS



In 2020, NIS's financial and operational indicators were strongly influenced by the market crisis caused by the coronavirus pandemic. Despite the need to achieve significant savings at the expense of capital and operating costs, NIS has maintained investments in development projects at a high level of

25.3 billion dinars.

Most funds were invested in the field of exploration and production, i.e. further development of oil fields in Serbia and the region. Also, significant investments were allocated for further modernization of Pančevo Oil Refinery, and development of the NIS retail network.



In addition, NIS remained a stable source of income for shareholders and paid

4.4 billion dinars

in dividends from the 2019 profit. The accrued liabilities of the NIS Group on the basis of taxes and other public revenues in 2020 amount to

179.5 billion dinars.



Despite the negative trends, EBITDA remained positive and reached

15.8 billion dinars,

with the cash flow of

29.7 billion dinars.

Despite numerous challenges, the NIS Group recorded a net profit of

2.7 billion dinars

in the second half of the year, but unfavorable circumstances from the first six months contributed to NIS ending 2020 with a loss of

7.6 billion dinars.



DIGITALIZATION



The company's digital portfolio consists of

110 projects and initiatives

in all areas of business. The digital transformation is based on continuous improvement of knowledge and skills needed to implement innovations, make long-term and short-term plans for each business block, define goals and tools for achieving them and hire experts who make it possible for all tasks to be completed successfully and on time.

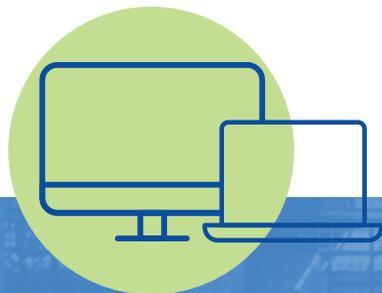
NIS started cooperation with the Faculty of Electronics in Niš, the Faculty of Electrical Engineering in Belgrade and the Faculty of Technical Sciences in Novi Sad, with an aim to exchange knowledge and connect the academic and business sectors, in order to successfully implement new projects and products intended for the modern market. In addition to cooperating with universities, NIS fosters partnerships with IT companies, startups and the IT community as a whole.

CORPORATE GOVERNANCE

NIS is committed to the application of high standards in the field of corporate governance based on internationally accepted principles and global best practices. The efficient work of NIS's governing bodies ensures the stable development of the Company and is the foundation of trust of shareholders, investors and partners. For the purpose of more efficient communication with shareholders and investors, NIS has offices for dealings with minority shareholders in Belgrade and Novi Sad, an investor relations service, a special call center, an e-mail address and a website. NIS also applies the highest standards in terms of informing stakeholders, respecting the principles of transparent two-way communication. In 2020, NIS was ranked first for its communications with media in a study involving 200 journalists and organized by the Pragma PR agency. NIS also received a Top 50 Online award from the PC Press magazine for its LinkedIn presence.

Top 50 Online award

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SOCIAL RESPONSIBILITY

In 2020 NIS prioritized solidarity, unity and cooperation as a way to overcome the year's challenges. Support to the health care system of Serbia and assistance to the community, especially to the most vulnerable categories of the population, were the focus of socially responsible projects of the Company and its employees.

Quickly responding to the new challenges, as soon as a Covid-19-related state of emergency was declared in Serbia, the company donated

270 tons of aircraft fuel

for the national airline Air Serbia. In this way, flights were made that delivered the necessary medical equipment and devices to our country, and transported citizens who found themselves outside the borders of Serbia at that time. Moreover, the majority shareholder of NIS, the company "Gazprom Neft" donated

1,500 tons of fuel

for the needs of public services of the Government of the Republic of Serbia.

Also, in cooperation with UNICEF, NIS provided

56 oxygen flow meters

for hospitals in Belgrade, which are used in the treatment of patients with COVID-19.

SOCIAL RESPONSIBILITY

As a way to express appreciation of the outstanding work of healthcare professionals during the pandemic, NIS:

- Donated 500 sets of surgical uniforms to the Clinical Center of Serbia and the new hospital in Batajnica,
- Funded the procurement of SARS-Cov-2 diagnostic equipment for the Torlak Institute of Virology, Serums, and Vaccines, and the purchase of new computes for the Čačak General Hospital,
- Donated a passenger vehicle for the transport of mothers and babies to the Clinical Center of Vojvodina,
- For all patients and employees in the Clinical Center of Serbia, KBC “Zvezdara”, KBC “Bežanijska Kosa”, hospital “Dr Dragiša Mišović”, Special Hospital for Lung Diseases “Dr Vasa Savić” from Zrenjanin and temporary hospital in Belgrade’s “Arena”, NIS provided about 60,000 liters of “Jazak” drinking water.



SOCIAL RESPONSIBILITY

The NIS Volunteer Club including over 1700 company employees also joined in supporting the health institutions, as well as the entire community. In 2020, they realized more than 2,000 volunteer hours, during which, among other things, they visited healthcare institutions in partner municipalities and cities supported by NIS through the Together for the Community program and arranged and decorated their premises and environment. In addition to the health institutions, the activities of the NIS Volunteer Club were aimed at supporting the most vulnerable categories of the population, i.e. people over 65 years of age.

During the state of emergency, the members of the Club helped them with the procurement of food and medicine, and the assistance was also provided by NIS firefighters from Kikinda, who participated in the disinfection of public areas in that city.

Although the main activity was focused on support in combating the epidemic, NIS remained engaged in other fields when it comes to community support, so members of the Volunteer Club participated in arranging a children's playground in Leskovac, as well as in packing "Jazak" water which the Company provided for the citizens of Blace and Ivanjica who suffered damage due to floods.



SOCIAL RESPONSIBILITY



In cooperation with the Ministry of Internal Affairs and the Ministry of Education, Science and Technological Development of the Republic of Serbia, NIS conducted the competition “Common cause Community 2020”, in which 72 projects were selected in 12 partner local governments. In this way, NIS has invested 114.5 million dinars in the implementation of projects that improve the digitalization of the teaching process and increase the safety of children and teachers in schools throughout Serbia.

The importance and correctness of NIS’s decision to support digitalization in education was proven during the Coronavirus epidemic, because a large number of students attended classes remotely, i.e. through digital platforms, for which good equipment of domestic schools is crucial.

In 2020, the implementation of the “Energy of Knowledge” program continued, through which NIS cooperates with educational and scientific institutions in the country and abroad. NIS has signed Memoranda of Cooperation with the Faculty of Electrical Engineering in Belgrade and the Faculty of Technical Sciences in Novi Sad, which provide for the exchange of knowledge and experience in areas of interest for NIS business. At the Faculty of Electronics in Niš, with the support of NIS, a co-working zone with valuable computer equipment was opened, intended for the realization of joint projects in the field of digitalization and new technologies. Over 35 guest lectures by NIS experts were realized at the partner faculties of the University of Belgrade and the University of Novi Sad.

SOCIAL RESPONSIBILITY

Due to the situation caused by the COVID-19 pandemic, the lectures were organized online. In 2020, the development of a textbook for the beginner Russian language course for adults “Ni puha ni pera!” was completed, resulting from the cooperation between the Center of the Russian Geographical Society in Serbia and NIS.

In 2020, NIS remained a reliable partner to its long-term associates. Thus, the cooperation with the Basketball Club “Partizan” continued, and the Company again supported a unique international cultural event - the Belgrade Game Festival, as well as the Science Festival in Belgrade, which was held on digital platforms due to the epidemiological situation.

At the end of the year, NIS and the Company’s employees continued their long-standing practice - to make children happy all over Serbia. This time, personalized gifts were given to the children in orphanages in Belgrade, Novi Sad and Kragujevac, as well as to schools for children with developmental disabilities in Belgrade, Pančevo and Niš.

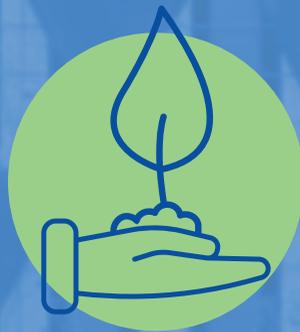




SUSTAINABLE DEVELOPMENT

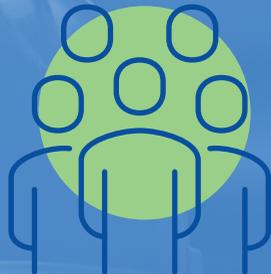
SUSTAINABLE DEVELOPMENT

In 2020, NIS marked a significant jubilee - 10 years of reporting on sustainable development according to the highest international standards. The publication of the verified report, despite all the challenges brought by 2020, represents a new great success of NIS in this area. On this occasion, a unique interactive version of the Report on Sustainable Development for 2019 was published on the external website of NIS.



In the Report, NIS recognizes the 12 goals of Sustainable Development of the United Nations and contributes to their fulfilment through its business and presents in a transparent way to all interested parties its business successes, the way they are achieved, and efforts to strengthen the community in which the company operates. In future work, the goals of UN Sustainable Development will be a guide and inspiration for NIS in its efforts to further strengthen the community and contribute to the general well-being.

HUMAN RESOURCES



In the research “Talent X” conducted by the specialized portal Infostud, NIS was chosen as the most desirable employer in Serbia. It is a great honor to carry this title, especially in the period of changes, instability and constant adjustment to new living and working conditions. At the same time, this success is a sign that NIS is keeping up with the times and caring for new generations. Reliability and continuity in work, listening to the needs of employees and working to improve their satisfaction and commitment, will remain the priorities of HR practice of NIS.

NIS’s long-term goal is to increase the commitment of its employees and improve human resources practices, which will provide employees with the best possible work experience. Following the needs and expectations of employees in the conditions of the “new reality”, but also the global trends of the best employers in the world, NIS has adopted modern flexible models of work. These models provide employees with the opportunity to work from home, a gradual return from maternity leave to work, the opportunity to collect and use overtime hours within the “hour bank” as well as to work in the so-called “co-working” offices of the employer in their place of residence, in case their workplace is located in another city.

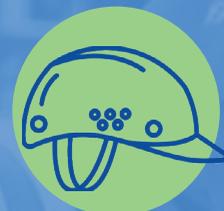
Despite the numerous challenges brought by 2020, NIS managed to maintain the continuous development of employees in all business segments. Thus, in 2020, in cooperation with external associates, 2,305 trainings were organized, attended by 3,366 participants. The conducted trainings had a positive impact on the development of both professional and personal skills, as well as leadership skills, necessary for the successful team management.

SAFETY AND ENVIRONMENTAL PROTECTION

In 2020, NIS continued to responsibly treat natural resources, and also to implement a significant number of environmental projects in all business segments. More than 200 million dinars was invested in environmental protection projects.

Safety and health protection of employees, contractors, third parties, local population and the environment is a priority for NIS. In the field of HSE (Health, Safety, Environment), NIS sets the most ambitious goal - zero injuries at work and the absence of negative impacts on the work environment and environment in general. In order for the goal to be implemented in practice, NIS has implemented 12 "Golden HSE Rules" which must be adhered to by all employees, as well as by other persons at NIS's sites, in order to increase safety at work.

In 2020, NIS improved the safety of work processes, and the lost time injury frequency (LTIF) rate was reduced by eight percent compared to 2019. This success is also a confirmation that economic development, along with the improved safety at work and environmental protection, constitutes one of the Company's priorities.





NIS
GAZPROM NEFT

**FUTURE
AT WORK**

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