



 **NIS** FUTURE
AT WORK

COMPANY PROFILE



About Us



NIS is one of the largest vertically integrated energy companies in Southeastern Europe, with over

€3.8 billion

invested in its development since 2009.

Its core activities include **exploration, production and refining of oil and natural gas, sales and distribution of a wide range of petroleum products, and implementation of projects in the field of petrochemicals and energy.**



The company's most valuable asset and its driving force is its team of nearly **12,000 employees**. The company, which has been one of the most desirable employers in Serbia for years now, has a long-term goal to enhance the dedication of its employees and improve HR practices in order to be able to provide its employees with the best possible work experience.

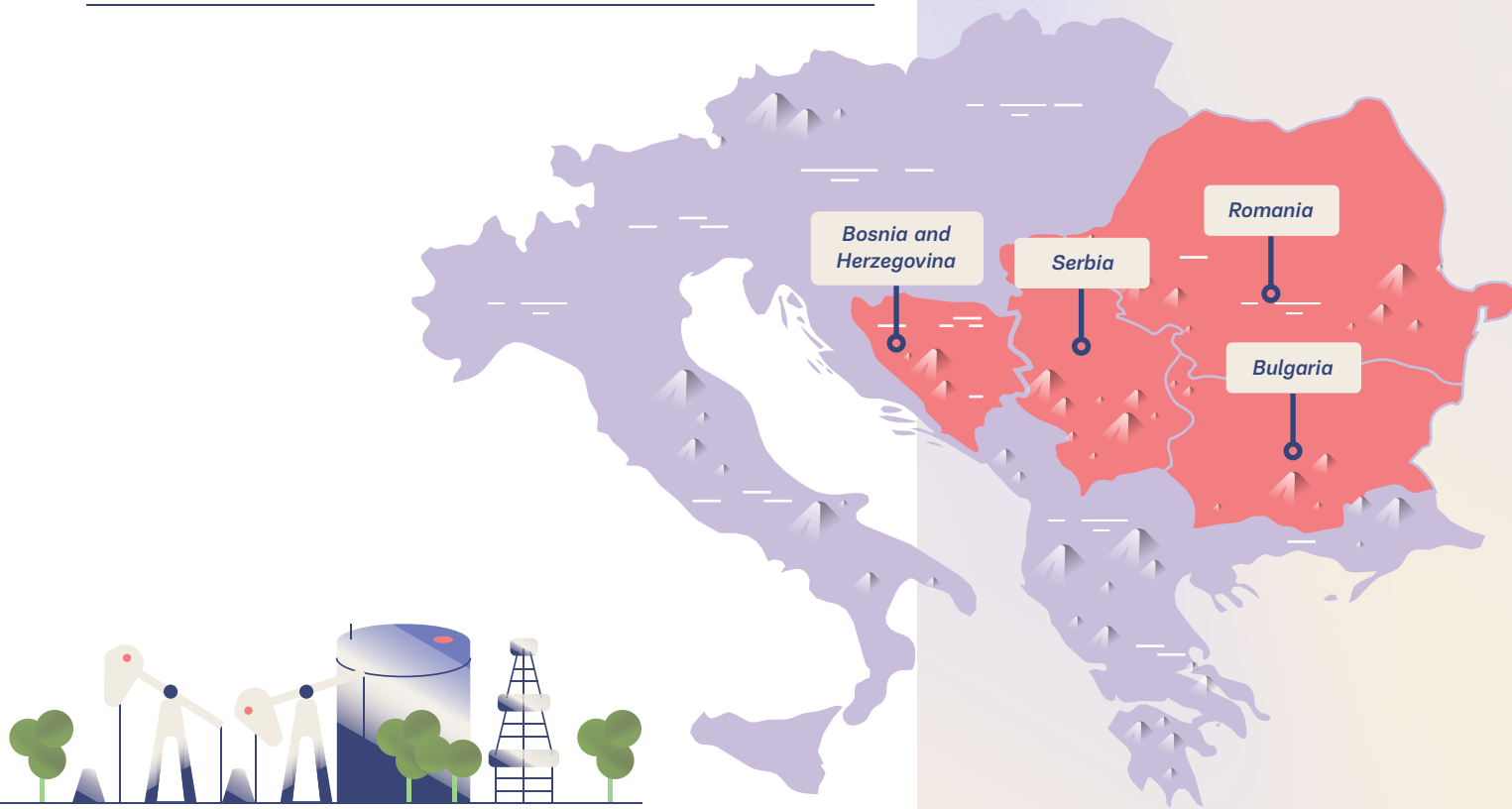
In addition to business activities, NIS has been implementing many social responsibility projects, with the aim of supporting community development and improving its fellow citizens' quality of life. Young people, being the drivers of future development, have been in the focus of these activities of NIS, which has invested over

RSD 4.9 billion

in the community since 2009 through social responsibility projects and sports support.



The head office of NIS and its main production facilities are in **Serbia**. However, the company develops its business in the region, as well. Regional expansion has been taking place in the field of exploration and production of oil and gas **(in Romania and Bosnia and Herzegovina)** and through the development of a retail network **(in Bosnia and Herzegovina, Bulgaria and Romania)**. Moreover, NIS also trades in **electricity in Serbia and the regional market**.





MISSION

- Responsible use of natural resources and modern technologies to provide the people of the Balkan region with energy to move towards the better.
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VISION

- NIS will be the recognised leader of the Balkan region in its department in terms of the dynamics of sustainable development and increased efficiency, demonstrating a high level of social and environmental responsibility, as well as modern customer service standards.



VALUES

● RESPONSIBILITY

Our result and safety are my responsibility!

A responsible company and employees who use resources effectively for the common good.

● TRANSPARENCY

Open towards each other!

Only through open and fair communication of equals can we create a transparent working environment.

● INNOVATIVENESS

Awaken your curiosity!

We find and support new and consistently better solutions to continually improve ourselves and remain the industry leader.

● EXPERTISE

Knowledge creates our future!

Everything we create is based on our expertise, which inspires change throughout the community.

ACTIVITIES



**EXPLORATION
AND PRODUCTION**



SERVICES



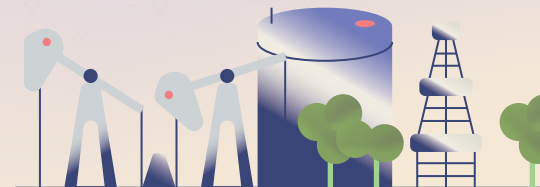
REFINING



**SALES
AND DISTRIBUTION**



ENERGY



Exploration and Production

In the field of exploration and production, NIS has established its presence not only in Serbia, but also in Angola, Romania, and Bosnia and Herzegovina. Most of the company's oil fields are in Serbia, but its oldest foreign concession is in Angola, where production has been taking place since 1985. In 2022, which marked the 70th anniversary of the discovery of the first oil field in Serbia, Jermenovci, 46 development and exploration wells were drilled in Serbia, Romania, and Bosnia and Herzegovina, with the total production volume amounting to 1.169 million tonnes of oil and gas equivalent.

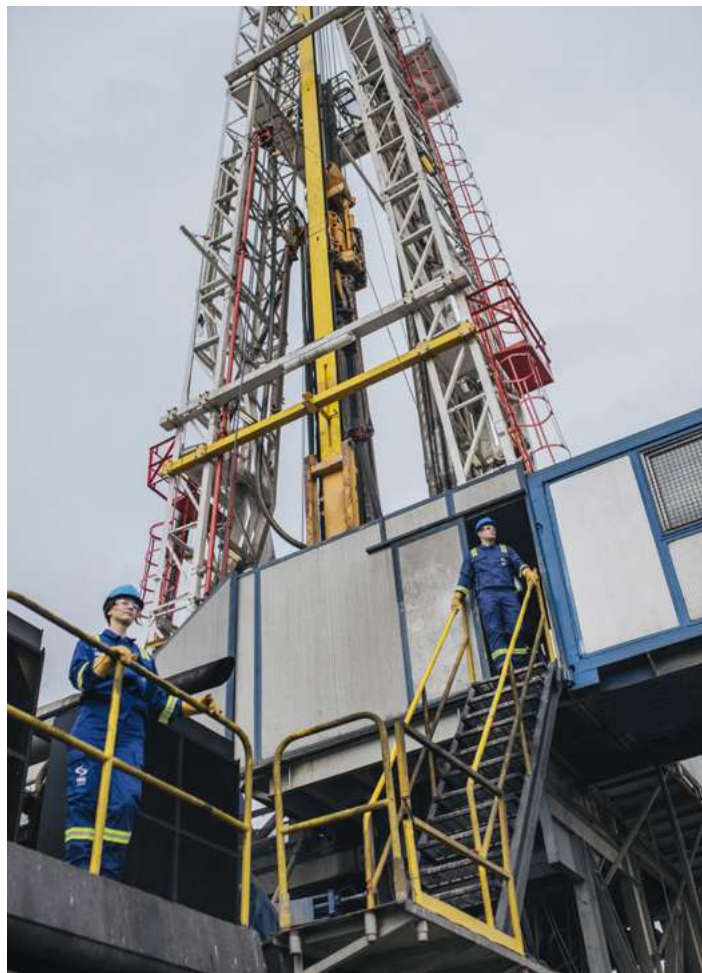
The Natural Gas Preparation, LPG and Gasoline Production and CO₂ Removal Unit and the Natural Gas Treatment Amine Unit operate as part of the Exploration and Production in Elemir. The HiPACT (High Pressure Acid-gas Capture) technology is applied in the Natural Gas Treatment Amine Unit. The selected gas refining method entirely prevents carbon dioxide emissions to the atmosphere, which is conducive not only to operational but also substantial environmental benefits.

NIS also has a modern Training Centre in Elemir for petroleum industry worker training. It is a unique complex featuring modern equipment, where training is provided in real conditions and where any tasks that workers may come across in the oil and gas production, preparation, and transport process can be simulated.



Services

NIS has its own service capacities to meet the Group needs and offer service provision to third parties. The Services provide services in the field of oil and gas exploration and production in the form of geophysical surveys, well drilling, completion and workover, and performance of special well operations and measurements. The activities of the Services also include maintenance of equipment, and construction and maintenance of oil and gas systems and facilities. As the company intends to strengthen its presence in the international market when this segment of business is concerned, its primary focus is on modernising its equipment, improving service quality and enhancing technical and technological effectiveness and engagement both in NIS and other companies.



Refining

Modernisation of refining capacities and boosting of refining efficiency are the objectives in this segment of business. Given that continuous investment is a prerequisite to achieve this, over €800 million has been invested in modernising Pančevo Oil Refinery since 2009. A significant amount of funds has been earmarked for environmental protection projects, owing to which in 2017 Pančevo Oil Refinery became the first energy plant in the Republic of Serbia to obtain the IPPC permit from competent government authorities, confirming that production is fully compliant with the strictest national and European environmental protection standards.

The Refinery produces Euro-5 motor fuels (petrol, diesel, liquefied petroleum gas), jet fuel, petroleum coke, petrochemical feedstocks, fuel oil, bitumen and other petroleum products. The plant's maximum design capacity is 4.8 million tonnes per year.

In 2022, the Refining priority was continuous production of petroleum products to ensure smooth market supply in challenging circumstances. Record results were achieved: in May, we saw the highest monthly output of 416,000 tonnes of crude oil and intermediate products, i.e., the best annual result in the history of NIS of 4.421 million tonnes of crude oil and intermediate products.

A new step was taken towards the future development of Pančevo Oil Refinery – conditions were provided for the third stage of modernisation, which features the key project of revamping of the Fluid Catalytic Cracking (FCC) Unit and construction of the ETBE Production Unit to increase the production of propylene and get a high-quality bio-component for motor petrol blending.

Additional environmental protection projects, further digitalisation, and energy efficiency improvement remain among the other priorities of the Refining.



Sales and Distribution

NIS has constantly been investing in the development of its retail network and improvement in the quality of its goods and services. Over RSD 1.5 billion has been invested for this purpose in 2022 alone. In Serbia and the region, NIS manages a network of over 400 petrol stations, 80 of which are beyond the borders of Serbia. NIS has two retail brands in the market: NIS Petrol and GAZPROM (a premium brand), and NIS Group petrol stations are synonymous with high-quality fuel and non-fuel products, and modern customer-tailored services.

In 2022, 10 new or reconstructed retail facilities were put into operation. As part of its efforts to develop communication with customers, NIS additionally improved its digital retail projects – Drive.Go application and On The Road With Us loyalty programme. The Drive.Go application received a special award from the PC Press magazine – Top50 Online Content in the Digital Innovation category. Payment by UnionPay card was enabled at NIS petrol stations in 2022, making NIS a pioneer in offering this type of service in the domestic petroleum product market.

In addition to the retail of finished petroleum products, liquefied petroleum gas, and a range of related products, NIS sales and distribution also includes deliveries of petroleum products and gas in the domestic and foreign wholesale markets. Special lines of business include deliveries of jet fuel, bunkering, and sales and distribution of lubricants and bitumen. All types of fuel regularly undergo strict laboratory control and meet the highest national and international standards.

2022 saw the record volume of sales of 4.363 million tonnes of petroleum products.



Energy

This activity involves the generation of electricity and heat from conventional and renewable sources, production and sales of compressed natural gas, sales of natural gas, electricity trading, and development and implementation of strategically important energy-related projects and energy efficiency improvement projects.

2022 saw the formation of the Energy at NIS to accelerate its energy transition and expand its operations in electricity generation and trading. That is also when the commercial production began at Pančevo CCPP gas power plant, which NIS built together with Gazprom Energoholding. Pančevo CCPP is the first gas and steam power plant in Serbia designed for the combined generation of heat and electricity and powered by natural gas, one of the most environmentally friendly fuels. The entire 2022 output was delivered to the national electricity system, which is how NIS further contributed to Serbia's energy security.

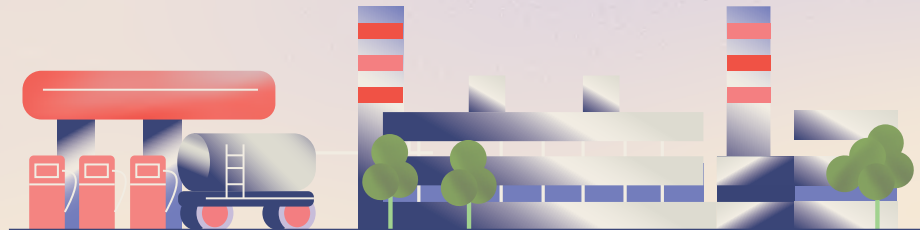
As part of its green agenda, NIS commissioned solar photovoltaic power plants at eight petrol stations in Serbia. The electricity generated is mostly used for petrol station purposes or exchanged with the electricity distribution grid. The plan is to make an annual saving in the purchase of electricity of nearly 300 MWh, deliver approximately 40 MWh to the distribution grid and make an annual reduction in carbon dioxide emissions of 375 tonnes. NIS is going to continue installing solar panels at its sites, guided by the principles of sustainable development and implementation of its green agenda, which calls for investment in renewables in order to reduce carbon dioxide emissions and global warming.

Since 2013, NIS has commissioned small power plants with the maximum output of 14.5 MWe at eight locations of oil and gas fields in Serbia. These plants have an environmental advantage of generating electricity and heat from gas that did not use to be utilised due to a large amount of carbon dioxide and nitrogen or could not be valorised due to the inexistence of gas infrastructure. The electricity generated is used both to meet NIS' needs and for sale in the market. Electricity is also generated at the gas field Jimbolia in Romania and then sold in the local market.

NIS trades in electricity in the market in Serbia and in regional markets, too.

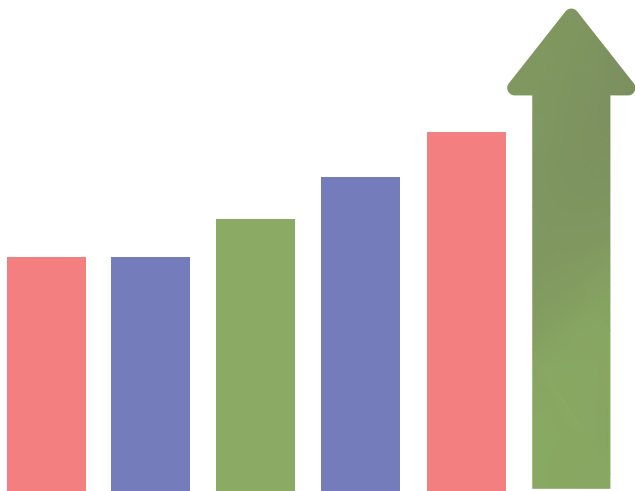


COMPANY DEVELOPMENT



Financial Indicators

As a result of geopolitical developments and volatility in the energy market, 2022 was extremely challenging for NIS. Its main goal was to ensure constant supply of petroleum products to the market and contribute to Serbia's energy stability. However, owing to high oil prices and record business results, NIS managed to have a good financial performance, as well. The net profit was RSD 92.4 billion and the investment in developmental projects was RSD 22.1 billion, a 9-percent increase compared to the amount invested in 2021. The EBITDA was RSD 136.2 billion and NIS Group liabilities for taxes and other government revenues were RSD 251.2 billion, a 15 percent increase year on year. Shareholders were paid out a little over RSD 5.7 billion in dividend for 2021.



Digitalisation

Since digital transformation is a tool for achieving strategic objectives, the company has been working hard to introduce digital technologies, which increase market competitiveness, help to improve customer communication, and enhance employee training and work process safety. Digitalisation is very important in the retail segment, where new technologies helped to improve user experience and implement services in keeping with the latest developments, such as paying for fuel without going to the cash register, the loyalty programme digitalisation, etc.

The company's digital portfolio has over 100 projects and initiatives in all business segments. Digital transformation of NIS is based on constant improvement of employee skills and knowledge, preparation of short- and long-term plans for every business block, formulation of objectives and tools for their achievement, and engagement of experts who ensure effective and timely completion of all tasks.

In 2022, studies on new opportunities to use digital technologies were conducted in the field of advanced analytics and automatic well identification, which will be subject to geological and technical activities (GTA). Predictive Maintenance and Digital Twin technologies were applied at the Refinery as part of the digitalisation of the Aero Services operations. In addition, digital transformation programmes and projects were run at the HSE, and Internal Audit and Risk Management.

To share knowledge and connect the academia and the business, NIS collaborates with leading national faculties, such as Faculty of Electronic Engineering in Niš, Faculty of Electrical Engineering in Belgrade, and Faculty of Technical Sciences in Novi Sad. Apart from collaboration with universities, NIS fosters partnerships with IT companies and start-ups, and the entire IT community. In the years to come, NIS will continue to focus on this form of partnership as it is a fast track to the digitalisation of its business processes.



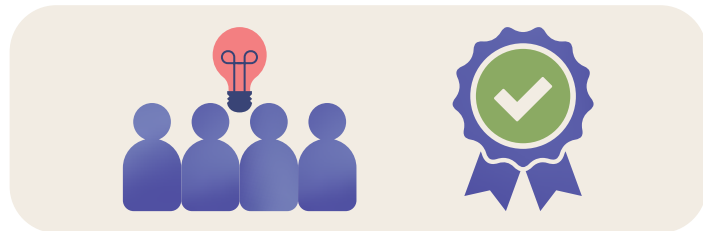
Human resources

NIS has been one of the most desirable employers in Serbia for years now. The company employs nearly 12,000 motivated experts and the future of NIS begins with the arrival of every new fellow colleague. That is why the company seeks to provide the best possible working conditions, a stimulating work environment, and continuous professional development. NIS has a long-term objective to boost employee satisfaction and attract top-quality experts in the labour market. Besides, the company is committed to giving a chance to young people and has in place several attractive programmes for them.

In keeping with this commitment, NIS has offered its employees flexible working models, which include, among other things, the right to remote work, gradual return to work after a maternity leave, and the possibility of working in the so-called co-working employer offices in their place of residence, if their place of work is in a different city.

As part of professional development of its employees, NIS provided many external and in-house training courses in 2022. A total of 3,407 external training courses were organised, with the duration of 95,879 hours and 9,961 participants. Moreover, the company continued to give a chance to young experts to make their first professional steps or do their traineeships at NIS within the framework of the programmes, 'NIS Entry' and 'NIS Calling' programmes.

Efforts of NIS are also recognised by the external audience – 2022 was yet another year when NIS was declared the most desirable employer in Serbia based on the survey results of the Poslovi.Infostud TalentX employment website group. The company was also awarded Employer Partner certificate, issued by the consultancy SELECTIO to organisations reaching the highest quality standards in human resource management.

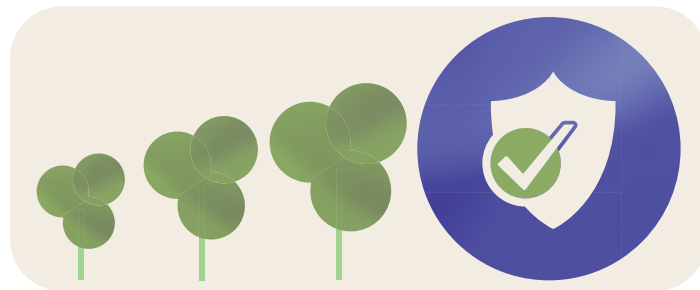


Health, Safety, and the Environment (HSE)

NIS' key focuses in 2022 included a responsible approach to natural resources and employee safety. An amount of RSD 314.6 million was earmarked for environmental protection projects.

NIS has also been continuously working to improve environmental process indicators, develop environmental awareness of its employees, and encourage the application of the best available methods and technologies in investment projects with a direct or an indirect environmental impact. The implementation of environmental projects and projects featuring environmental benefits has helped to improve the level of compliance with the legal requirements in the Republic of Serbia and the environmental protection system management. Since 2009, NIS has invested over EUR 900 million in the implementation of these activities.

HSE policy is an inherent part of all business processes at NIS. In 2022, the HSE underwent an organisational change, which resulted in adoption of a new HSE policy and revision of the Environmental Protection Strategy by 2030. The Lost Time Injury Frequency (LTIF) indicator was reduced by 15 percent compared to 2021. 2022 was yet another year when NIS took the first place in a competition for national occupational health and safety awards, organised by the Occupational Health and Safety Administration of the Ministry of Labour, Employment, Veteran and Social Affairs, in the «28 April» Charter category.



Social responsibility

Doing business responsibly and the desire to contribute to community development were among priorities for NIS in 2022. Over RSD 360 million was invested in social responsibility projects and in support of professional sports. Special attention was paid to an important national priority – reproductive health and birth rate improvement. NIS contributed towards the achievement of this goal by running the "Giving Birth to New Hope" campaign at a national level and supporting 40 health institutions in over 30 towns and municipalities in Serbia. The most substantial investments were made through "Together for the Community" programme: 22 projects were supported in 13 local partner communities. During the "Giving Birth to New Hope" campaign, the company supported maternity wards in less developed municipalities in the south and east of Serbia by providing funds for the purchase of necessary medical equipment for eight such institutions. The pinnacle of the campaign involved the company providing valuable gift packages for 15 newborn babies in 2023 at 15 selected maternity wards in Serbia.

2022 marked an important anniversary – 10 years of 'Energy of Knowledge', a corporate programme supporting the educational system, as part of which NIS cooperates with over 30 faculties in Serbia, the region and abroad. Moreover, scholarships were awarded to over 130 students, many of whom are now employed at NIS. Seeking to support all levels of education in Serbia, NIS helped to improve curricula, modify study programmes to suit business and labour market needs, and create more up-to-date learning conditions. The company helped to refurbish and equip over 60 classrooms and laboratories at faculties and in schools across Serbia. NIS also supports the development of sciences and participation of our young mathematicians, physicians and chemists in national and international knowledge olympiads. NIS is the first company to win the highest award for contribution to education in Serbia, the prestigious St. Sava Award, given by the Ministry of Education of the Republic of Serbia.

Members of NIS Volunteer Club also gave their contribution to community progress by organising a range of activities designed to support various initiatives and social groups, with a special focus on ecology and environmental protection. On the occasion of the World Environment Day, NIS volunteers took part in a campaign to clean the Sava riverbanks in Ada Ciganlija. In cooperation with the association 'From a Bottle Cap to a Smile', a series of workshops, 'Environmental Education for a Healthy Upbringing', was held for more than 450 primary school students. In addition, NIS firefighters gave a lecture on fire safety to secondary school students from Kikinda. An internal volunteer competition, 'Change Things in Your Surroundings', was held

in 2022. Landscaping work was done in a section of the embankment in the Tikvara Nature Park in Bačka Palanka and the park in Banatsko Veliko Selo, while the sports centre in Kula got maple tree seedlings as part of this initiative. Some vegetation was introduced to brighten up the premises of the Centre for the Protection of Babies, Children and Youth 'Zvečanska' and children's garden of medicinal herbs, which is of huge importance to the little ones, was restored. Park furniture was renewed in Block 21 in Belgrade. NIS employees also showed their humanity by donating their blood in a number of volunteer blood donation campaigns.

Sustainable Development

For years now, NIS has been publishing a verified sustainable development report, informing the public in a comprehensive and transparent manner about its business development activities, investment in social responsibility projects, environmental protection, occupational health and safety, and human resource development. The company is a pioneer in Serbia when it comes to sustainable development reporting, which is supported by the fact that last year it published its 12th consecutive verified Sustainable Development Report in compliance with the standards of the leading global organisation in doing business sustainably – Global Reporting Initiative (GRI). Being a company where all business activities are underpinned by sustainable development principles, NIS contributes to the achievement of 12 out of 17 sustainable development goals of the UN through its operations, and empowering the community where it does business is one of its strategic priorities.

