

SUSTAINABLE DEVELOPMENT REPORT 2022.

*Our sustainable
community*

Roe deer (*Capreolus capreolus*),
Gas refinery in Elemir

SUSTAINABLE DEVELOPMENT REPORT

2022

NIS Sustainable Development Report presents the company's performance in 2022. It explains how we follow sustainable development principles to achieve our strategic goals and is intended for all stakeholders.

The Report has been prepared in compliance with the international standards of the Global Reporting Initiative with an addendum on the Oil and Gas Sector, which entered into force in the beginning of 2023. The compliance of the Report with the GRI standard and the accuracy of information provided in the Report were assessed and verified by TPA Revizija doo Beograd, an independent auditing company.

This Sustainable Development Report has been prepared in Serbian, English, and Russian. In the event of any inconsistency, the Serbian version shall prevail.

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CEO'S FOREWORD



Kirill Tyurdenev,
CEO of NIS j.s.c. Novi Sad

Dear friends,

For NIS, sustainable development means progress and responsibility. In the present complex and challenging business environment our commitment to sustainability remains one of the key prerequisites for the long-term development of the company. It shows our accountability for environmental protection and the development of the communities we work with.

In the world that is rapidly changing we always try to find the most efficient solutions to the tasks we face. Like most petroleum companies, NIS is faced with the task of supplying the market with sufficient amounts of fuel at favourable prices to support further economic growth. At the same time, we are aware of the additional challenges related to the energy transition, need for digitalization and the pressure to reduce the carbon footprint to slow down climate change. For us, these challenges are not merely obstacles but also new opportunities. We focus on finding innovative solutions, adopting new technologies and streamlining our processes to minimize the environmental impact. We believe that sustainable practices are crucially important not only for our success in the industry, but for the well-being of future generations. This is why, every year we contribute as much as we can

to ensure a sustainable future for our society.

In that sense, the past year has been a true test for our business, as we found ourselves under the influence of multiple economic and geopolitical challenges beyond our control. However, I am pleased to say that we successfully faced that test and with the support of our partners from the Government of Serbia maintained the stability of the Serbian fuel market. Additionally, we took several important steps towards the further modernization of the company, having invested over RSD 22 billion. It is important to remember that progress in business is impossible without continuous investment. This is why NIS is launching a new investment cycle in 2023, where we will double our investments from last year. Our goal is to support the long-term development and financial feasibility of the company, improve our environmental and HSE performance, and move forward in terms of the energy transition process. This primarily involves reducing our carbon footprint and greenhouse gas emissions, as well as utilizing sources more efficiently. To achieve this, we will focus on better energy efficiency in all areas of business, use of cleaner fuels like natural gas, and projects in

renewable energy and CO2 capture and storage. In 2022 alone we invested almost RSD 315 million in environmental projects.

Last year, we made significant progress in terms of the company's energy transition. We have set up the Energy Block to manage all our activities in thermal and electrical energy industry, which we see as an area for development going forward. This is our response to the deep changes in the energy market and in the regulatory framework. NIS will do its part to help the Government of Serbia meet the obligations set by the new targets and standards.

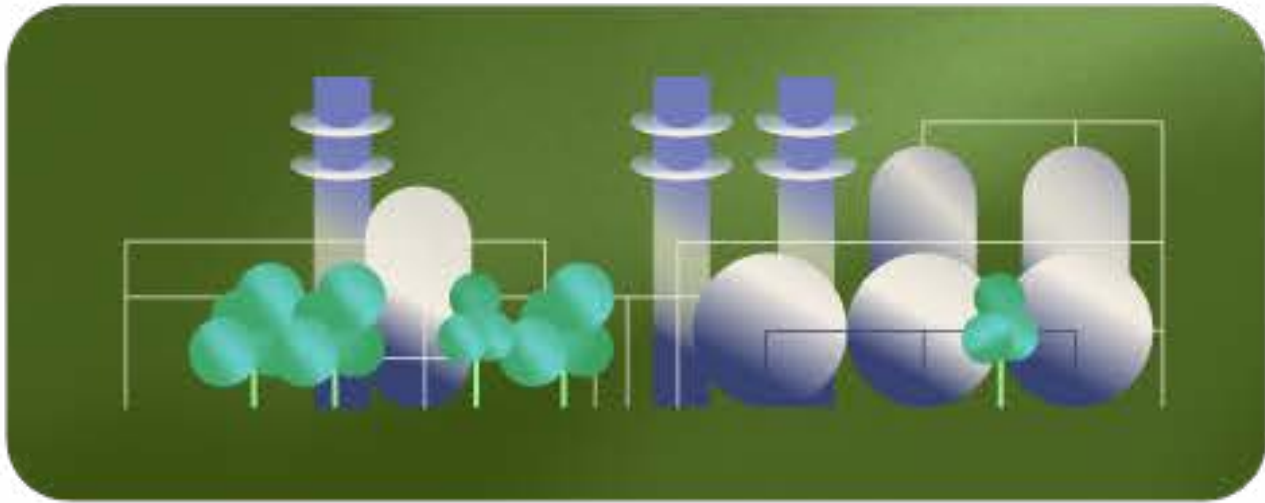
As for HSE, we are continuing to improve our performance through active cooperation and exchange of best practices with our partners. In 2022, the lost-time injury frequency rate decreased by 15% compared to the previous year YoY. NIS also won first place in the national occupational health and safety competition, for the second time in a row. We hosted the 13th Contractor Forum, where we exchanged experience and best practices in HSE with our partners. We will continue to put forth our best efforts to ensure the safety of our employees, contractors, and all other

people on our locations.

I would like to point out, that 2022 was exceptionally important for strengthening our cooperation with the local community. It has been an honour for us to support the state in its goal of increasing the birth rate. In terms of this we created a program under the title Let New Hopes be Born, where we donated state-of-the-art medical equipment to healthcare facilities. NIS team also contributed to the national goal: this year, our employees and their families welcomed 494 new babies.

I believe we can confidently say that in 2022 we successfully overcame all challenges and together contributed to the long-term sustainable development of NIS. Sustainability is achieved through day-to-day work and engagement of our team. This 2022 Sustainable Development Report serves as both an overview of our achievements and a list of priorities we will focus on going forward to achieve our goals and create value for our employees, shareholders, and society. By working towards these goals we also make a strong contribution to the UN Sustainable Development Goals and strive for a better future for all of us.

NIS Group



NIS Group’s core business activities include exploration, production and refining of crude oil and natural gas, sale of a broad range of petroleum and natural gas products, and implementation of petrochemical and energy projects.

The company’s seat is at 12 Narodnog Fronta, Novi Sad, Republic of Serbia. It has affiliated companies and representative offices in Bosnia and Hercegovina, Romania, Bulgaria, and Angola. The company’s biggest asset is its team of more than eleven thousand people.

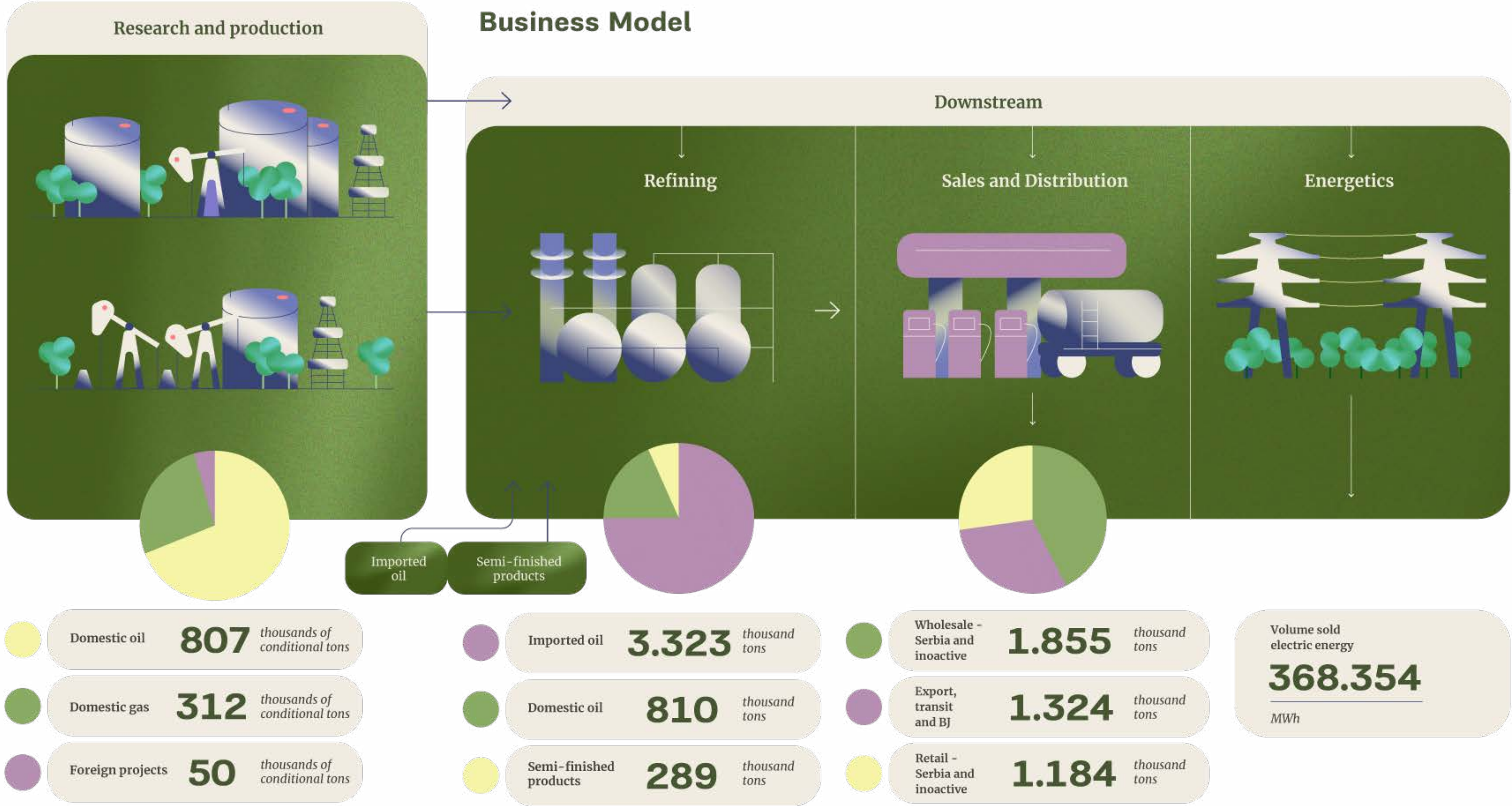
Alongside its business activities NIS is implementing numerous social responsibility projects aimed at improving the well-being of the local communities it works with. One of the focuses in the company’s social activity is supporting young people as the drivers of future development.

The company’s goal is to create new value for shareholders, employees, and local communities, and to contribute to the energy stability of the markets it operates on.

The NIS Group is committed to environmental protection and allocates significant funds for environmental projects. In terms of HSE, the company’s goal is to run its business without any injuries of its employees or negative impact on the environment.

Awards and recognitions

1. NIS was named the most popular Serbian employer according to the TalentX study held by the employment platform Poslovi.infostud.com.
2. NIS placed first in the National HSE Competition dedicated to the World Day for Safety and Health at Work, organized by the Ministry of Labour, Employment, Social Affairs and Veterans Affairs.
3. At the International Agricultural Fair NIS received an award in the nomination “Leader of Social Responsibility in Public Relations” and in the nomination “Best design” for its fair stand.
4. Consulting firm SELECTIO awarded NIS with an Employer Partner certificate for high quality standards in the field of human resources management.
5. NIS received two awards from the Serbian Association for Market Communications – gold in the “Creative Use of Media” nomination for its corporate values campaign and silver in the “Best Website” nomination for the Jazak Water website.
6. The PC Press magazine rewarded the quality of our digital media by including our website into the top 50 of best sites.
7. At the Cactus 2022 Integrated Communications Festival NIS won the award for internal communications for its Let’s Keep Our Word campaign dedicated to the promotion of corporate values. The campaign was created in cooperation with the Communis agency.
8. The Belgrade Sports Association of People with Disability honoured NIS for its contribution in the development of disability sports.
9. The Diplomacy and Commerce named our Let New Hopes be Born campaign organized as part of the Common Cause Community 2022 program, the best corporate social responsibility campaign.
10. NIS received special recognition in the Noblest Deed award held yearly by the Evening News to award people and organizations for their noble deeds and charitable work.
11. NIS Drive.Go app was listed in the PC Press magazine rating of top 50 best online resources, in the Digital Innovation category.



A photograph of a brown squirrel standing on a grey log, looking to the left. The image is framed by large, light green curved shapes on the left side of the page. The background of the page is a solid dark green.

MISSION

- By responsible use of natural resources and the state-of-the-art technology, supply the people of the Balkan region with the energy for making progress.
-

VISION

- Owing to its active sustainable development and efficiency increase, NIS will be a recognizable leader in the Balkan region in its field, showing a great level of social and environmental responsibility as well as the highest standards of service.



VALUES

● RESPONSIBILITY

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

● TRANSPARENCY

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

● INNOVATIVENESS

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

● EXPERTISE

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

ON THE REPORT AND REPORTING PRINCIPLES

Materiality Matrix

This Report focuses on the challenges NIS faced throughout 2022 and the key aspects of the company’s performance relevant for the stakeholders as defined by the Materiality Matrix.

Pursuant to Company’s normative and methodological documents, Materiality Matrix is update every two years through a structured process involving key stakeholders. This process helps identify topics that are of primary importance for the Company’s performance and future. The materiality matrix will be updated when preparing the next Sustainable Development Report.

The Company is committed to maintaining open communication with all stakeholders and regularly reviewing issues crucial to both parties. This Report includes additional indicators that are relevant for the operations of both the Company and interested parties, which goes beyond the basic requirements of the GRI reporting standards.

From January 1, 2023, a new GRI standard for the petroleum industry came into force. This standard specifies materially important topics that must be covered in a report of a petroleum company to ensure compliance. NIS has covered all the topics, listed as material in the GRI standard for petroleum companies in this year’s NIS Sustainable Development Report.

The scope of the report is limited to NIS j.s.c. Novi Sad. The report is published every year, during the second quarter of the following year.

The Report was prepared based on the following methodology, rules, and principles outlined in the GRI Standards:

Sustainability

The Report contains data on the activities of NIS on the territory of the Republic of Serbia. The Report presents the plans reflecting the Company’s commitment to sustainable development.

Completeness

The data presented in the Report refer to 2022. Where possible, comparable data for 2021 are included. Financial and economic indicators are derived from the consolidated financial statement (source: Annual report 2022, NIS).

The Report presents indicators describing NIS’ activities related to the crucial topics for the Company’s business operations as defined in the Materiality Matrix.

Balance

Information contained in the Report for 2022 reflects the results and achievements of the Company as well as the challenges it encountered during the year. Unbiased representation of data provides an opportunity for both positive and negative assessments.

Comparability

The Report has been prepared following the reporting methodology outlined in the GRI Standards, which allows for comparison with previous NIS Sustainable Development Reports, as well as with reports of other Serbian and foreign companies.

Accuracy

In its reports, NIS strives to present qualitative and quantitative data with the highest possible degree of accuracy. The Report lists the sources and methodology used for data collection, while financial and economic data can be found in the NIS’ Annual Report 2022.

Timeliness

This Report is published annually and ensures that all interested parties can make timely decisions about the Company and its business operations.

Clarity

The Report is suitable for all interested parties owing to its clear and accessible wording. All terms and abbreviations that might be unclear are explained in the Glossary.

Reliability

The compliance of the Report with the GRI standard and the accuracy of information provided in the Report were assessed and verified by „TPA Revizija doo Beograd“, an independent auditing company.

Chart: Materiality matrix of NIS j.s.c. Novi Sad

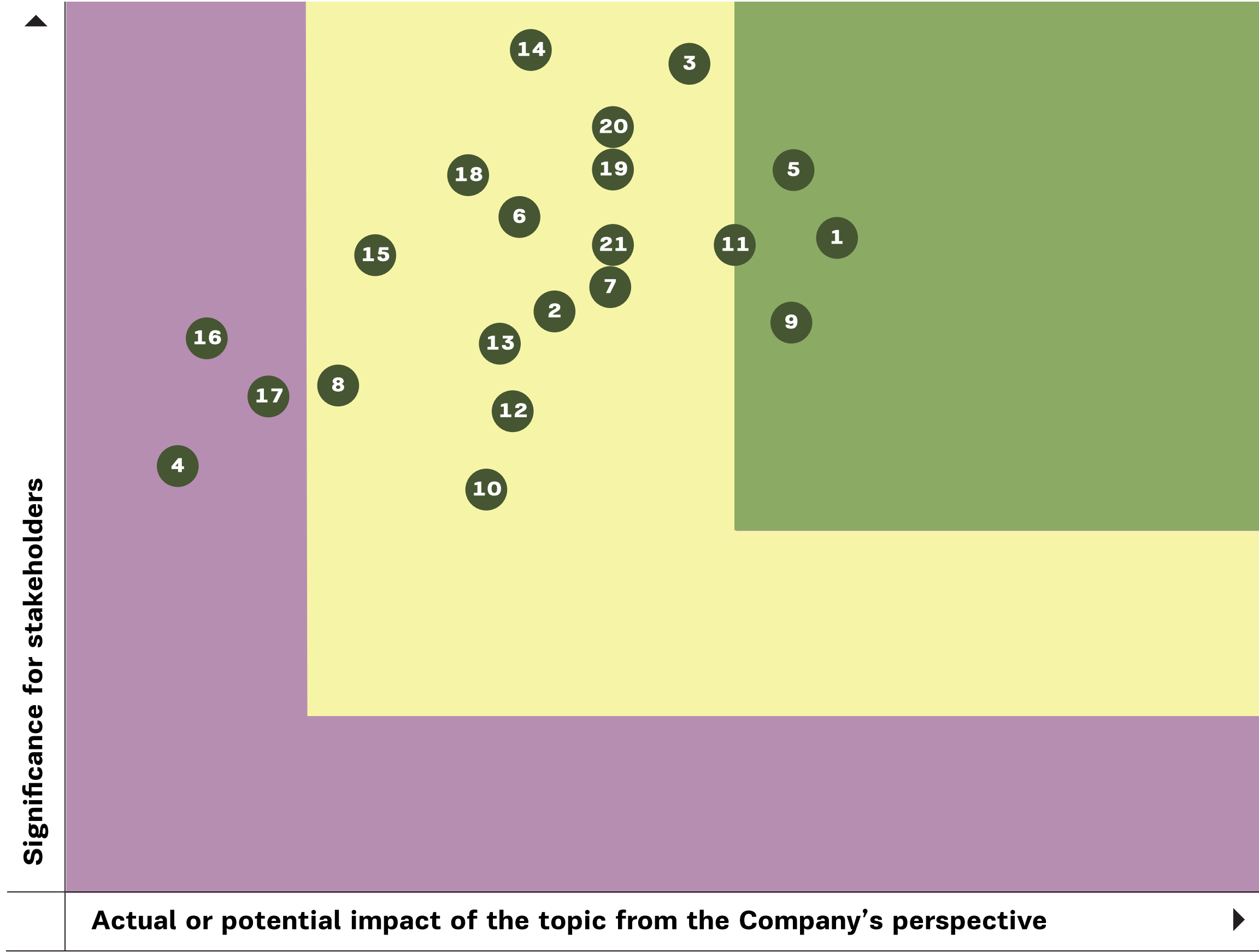


Table: connection between materially significant topics and sustainable development goals of the United Nations to which NIS j.s.c. Novi Sad contributes.

	3	4	5	6	7	8	9	11	12	13	15	16
1 Accidents												
2 Economic Indicators												
3 Air emissions												
4 Materials used												
5 Product quality												
6 Renewable energy sources												
7 Relations with employees												
8 Supplier relation management												
9 Customer relation management												
10 Legal issues												
11 Oil and gas reserves												
12 Cooperation with educational institutions												
13 Investments and impact on local communities												
14 Waste management												
15 Energy consumption management												
16 Technical management												
17 Transport management												
18 Water management												
19 Impact on biodiversity and ecosystems												
20 Occupational health and safety												
21 Land protection and remediation												

Dialogue with Stakeholders

NIS maintains regular communication with all stakeholders to make sure the public is adequately informed of the company’s activities. Wider public received information about the company’s operations in 2022 through numerous press releases issued by the NIS PR service and posts on the company’s social media accounts. After a two-year break cause by the COVID pandemic, on November 4, 2022, the Pancevo Refinery again hosted the NIS Investor Day. At the event the company’s management presented business results and ongoing and future development projects to the investors and financial community. We also held the 13th NIS Contractor Forum, where the company and its business partners exchanged experience and best practices in the field of HSE. NIS will maintain its focus on fostering a constructive dialogue with its stakeholders.

Memberships

In 2022, NIS actively participated in several business associations and chambers of commerce in Serbia and abroad, including:

- National Petroleum Committee of Serbia of the World Petroleum Council (WPC) – since 2011;
- Foreign Investors Council (FIC) – since 2011;
- Chamber of Commerce and Industry of Serbia – since 2005;
- American Chamber of Commerce and Industry in Serbia (AmCham Serbia) – since 2014.

NIS subsidiaries abroad in 2022 worked as part of the following associations:

- Bosnia and Hercegovina Oil Committee – G-Petrol d.o.o. Sarajevo has been a member since 2016;
- Foreign Investors Council Sarajevo – G-Petrol d.o.o. Sarajevo has been a member since 2013;
- Employer Association – G-Petrol d.o.o. Sarajevo has been a member since 2014;
- Banja Luka Regional Chamber of Commerce, Republika Srpska – NIS Petrol d.o.o. Banja Luka has been a member since 2014;
- CEEC Scout Group – NIS Petrol SRL Romania has been a member since 2014.

Relations with Shareholders and Investors

NIS remains committed to establishing and maintaining healthy long-term relations with the shareholder and investor community. In our communications we make sure that all users of information are treated equally and that the information is made available to all interested parties as soon and as simply as possible.

Investors and shareholders all have easy access to all relevant information on the company’s performance, shareholder rights, and other essential topics. The following organizational units are responsible for communication with this group of interested parties:

- Sector for Relations with Minority Shareholders, servis.akcionara@nis.eu (with a special call centre for minority shareholders at 011-22-000-55) and
- Section for Investor Relations, investor.relations@nis.rs

Presentations on the latest results, financial reports, audit reports, fiscal calendars, important news, information on shareholder rights and dividends, as well as other content is regularly published on the Investors page of the NIS corporate website at <https://ir.nis.rs>. All information within this section is available in Serbian, Russian, and English. When it comes to mandatory reporting, NIS goes a step further and organizes presentations of its results every quarter. In 2022, interested stakeholders could attend these presentations either through a conference call or in person. During such events representatives of the top management and investors work closely together to carefully analyse business activities and their effects.

NIS also opens its doors for Investor Days, where management presents important development projects. At last year’s Investor Day, we presented the performance report for nine months of 2022, and updates on the progress of the Pancevo Power Plant and HIP Petrohemija projects. Event included a visit to the Novi Sad – Dejton filling station, where representatives of the investor community could find out more about retail network modernization and digitalization projects, like the pay-at-the-pump Drive.Go app. We also presented the projects of solar panel installation at NIS filling station, and organized a tour of the HIP Petrohemija facilities and the Pancevo Power Plant.

Furthermore, NIS actively participates in investor conferences and is always willing to accommodate those who wish to obtain more information at face-to-face meetings.

NIS has a mechanism to prevent or settle potential conflicts between the company and minority shareholders. A three-person commission reviews and resolves all claims from minority shareholders. The duties of the commission and its operations are governed by a dedicated internal regulatory document. Detailed instructions on how to apply for dispute resolution are available at the NIS website.

Media Relations

Through the challenges of 2022, the main focus of the NIS Press Service was transparent and timely communication about the company’s activities and its efforts to ensure uninterrupted supply of all kinds of petroleum products. This helped keep the client community well-informed and the market relatively stable. We issued regular press-releases covering our business operations and social responsibility projects. We organized several press-tours of our facilities for Serbian media outlets, and responded to numerous inquiries, to support two-way communication. The Press Service keeps adapting its communication style to stay up-to-date with modern media trends. To reach a wider audience, we publish information about the company’s most important activities across multiple channels. Going forward, NIS will remain committed to maintaining transparent two-communication and fostering good relations with the media, and will work on honing its business communication styles to match different types of content.

Corporate Website

In 2021, NIS further improved the content of its corporate website www.nis.rs in line with the new industry trends. The website supports all devices and is designed so that content is easily readable and searchable. Key content is available in Serbian, Russian, and English. The Press Centre section contains regular updates on main events and key activities of the company. The website contains information for investors, information about the key development projects, career opportunities NIS offers, as well as the updates on tenders and procurement procedures. There are digital versions of annual reports and the Magazine section, where readers can access texts on culture, education, environmental protection, sustainable development, and HR, and learn more about NIS. In 2022, the PC Press magazine rewarded the quality of our digital media by including our website into the top 50 of best sites.

Consumer Websites

In the retail markets in Serbia and the region, NIS operates under two brands – NIS Petrol and GAZPROM.

The GAZPROM brand website <https://www.nisgazprom.rs/> contains relevant information on the services we offer, the locations of our petrol stations, as well as the products and promotions in the largest Serbia petrol station network. The section <https://www.nisgazprom.rs/brendovi/g-drive/> contains all information regarding the benefits of using the premium G-Drive fuel. The site is available in all countries, where NIS operates, in local languages, and in English.

Gazprom Petrol stations work in Serbia, Bosnia and Herzegovina, Bulgaria, and Romania. In Bosnia and Herzegovina the NIS Petrol brand operates alongside GAZPROM. Brand websites for the countries of the region are: Bosnia and Hercegovina – <https://www.gazprom-petrol.ba> and <https://www.zajednonaputu.ba>; Bulgaria – <https://www.gazprom-petrol.bg> and <https://www.snnp.bg>; Romania – <https://www.gazprom-petrol.ro/ro>.

Constant improvement of product quality and implementation of innovations made it possible for the NISOTEC brand to take the leading position in the Serbian lubricant market and become one of the leaders in the region. On the brand’s website (www.nisotec.rs), clients can see the entire NISOTEC product range, detailed information about oils, lubricants and technical fluids, tips on how to prepare the vehicle for the winter, and notifications of sales and special offers.

The website www.sanamanaputu.rs contains information on how to join the loyalty program, collect and use bonus points, and lists the benefits of this loyalty card and the current offers. Clients can also use the On the Road with Us mobile app to check their bonus points, transactions, card level, and other information. Instead of a loyalty card, clients can use a QR code generated by the app to collect and spend bonus points. New users can download the app and become a member of the loyalty program for free.

Jazak water is natural mineral water from a spring in the Fruška Gora national park. It is available on all NIS Petrol and GAZPROM filling stations as well across Serbia, in over 8000 outlets in total. As of 2022, Jazak water accounted for the fourth-largest market share in Serbia. The water has uniquely balanced PH value and is low in potassium. Since 2022, the Jazak water comes with the Чyбapкyшa label – a special mark

for products made in Serbia. This label confirms high quality and local origin, and was created to support Serbian products. In 2022, vitamin-rich Jazak water with flavours of elderflower, aloe vera, tangerine, and lemon comes in a new redesigned package. Jazak now also offers a new berry flavour. Since the end of the year, the water also comes in a 0.75-liter bottle with a convenient Smart Sport cap. Jazak is the first Serbian brand to use this spill-proof cap design. To see the full range of Jazak products, visit ww.jazakvoda.rs.

We post all current offers and news regarding the NIS Petrol and Gazprom network on the On the Road with Us accounts in Facebook, Instagram, and YouTube. G-Drive Serbia Instagram and YouTube account are dedicated to this line of premium fuel.

Mobile Applications

Drive.Go mobile application, launched in April 2020 enables pay-at-pump feature. This innovative service, available for the first time in Serbia, is a easy and safe way of paying for fuel. Most innovative technologies were applied in the creation and development of Drive.Go mobile application, and upgraded in line with best examples from the global practice, both in the sense of reliability and safety. The new pay-at-pump feature is supported across the NIS Petrol and Gazprom filling stations.

The app is available on Google Play, Apple, and Huawei Store. In 2022, the app had been downloaded by 99,103 users, issuing 396,324 checks had been issued and 8,481,717 liters of fuel sold.

Clients highly appreciate the convenience and ease of Drive.Go. Since its launch, the app has been downloaded over 250 thousand times with more than 16 million liters of fuel sold. In addition to the payment feature Drive.Go integrates with the On the road with Us loyalty program, allowing clients to collect and use bonus points even when paying at the pump. It also includes a station finder feature, displaying working hours, available fuel types and services on at filling stations. In 2022 a new feature was introduced, enabling users to send transaction receipts to a specific email address or issue invoices with specified TAX ID number saved in the My Business tab of the app, making it convenient for business owners. Another new feature is the fast-line payment option, allowing users to reserve funds for prepayment of fuel.

A new popular and convenient feature now available at all NIS Petrol and Gazprom stations is cash withdrawal. This feature first became availa-

ble to Master Card users, then to users of Dino cards, and finally to Visa users. Clients can withdraw cash from their bank account while paying for their purchase at the POS terminal at any NIS Petrol or Gazprom filling station. The maximum withdrawl amount is 5000 Serbian dinars, with no minimum limit.

Moreover, clients can now to pay their utility bills at all NIS Petrol and Gazprom filling stations using an IPS QR code issued by the National Bank of Serbia. This is a safe, simple and quick way to pay all utility bills at once. The client just needs to show a unique IPS QR code on the screen of a mobile device for a cashier to scan.

The implementation of this new service is another proof that NIS is committed to continuous modernization and implementation of innovative solutions to improve customer experience.

In February 2022 NIS introduced another offer for clients of the Postanska stedionica bank. Now holders of Post Card DinaCard can pay within 30 days after purchase or pay in two instalments - 30 and 60 days after the purchase. The offer applies to any purchases of fuel or other goods over 5000 dinars.

Thanks to collaboration between NIS, The National Bank of Serbia, NLB Komercijalna Bank AD Belgrade, and the Union Pay payment system, our filling stations have been accepting Union Pay card since October 2022. The Union Pay payment system was established in 2002 and, as of today, it represents the prevailing card system worldwide, with over 7.5 billion issued cards used in over 175 countries globally. NIS has pioneered this type of service in the domestic market of petroleum products.

Our Department for Regional Corporate Sales updated the NIS Corporate Clients app, available on Google Play Store and Apple Store since December 2022. The app now has a tab with QR code that acts as a virtual version of a corporate client card. This means that clients are free to use either the physical card or the app. We are planning further updates and functional improvements to our applications in 2023. The NIS Corporate Clients app will soon support the pay-at-pump feature which is currently available to Drive.Go users. This will further improve (enhance) the user experience for our corporate clients. The app includes two modules, a module for drivers and one for managers. Users can view transaction history, savings on fuel cards, map of filling stations, current product prices and easily contact the account manager from the app. paying attention to our client's feedback will continue to improve our apps based on the inputs.

Social Networks

As digital communications became more important than ever, NIS is continuously working on developing its social media presence. On one hand, social media create multiple opportunities, and on the other, it poses many challenges for corporate communications. It has become apparent that apart from accurately and promptly reporting on NIS activities the company must openly and transparently communicate with and respond to the public. Our Press Service now pays special attention to building a more personal and deeper connection with the public through NIS corporate accounts on social media, adding a human aspect to the company's image of a large employer, business entity, and social actor. We carefully craft the content that appears on our social media accounts and rely on best global practices to enhance our media presence. We engage with our clients on a daily basis through our On the Road with Us Instagram and Facebook channels, where we post about new promo campaigns, products, and services available on our filling stations. Clients can also visit the Instagram account dedicated to the G-Drive premium fuel and two YouTube accounts - one for the On the Road with Us program, and one for G-Drive Serbia. Additionally, we manage dedicated accounts on Instagram, Facebook, and YouTube for the Jazak water brand.

Internal Communications

Last year, our internal communications largely focused on the challenging geopolitical situation the company faced and the changes within NIS.

In line with industry trends and user expectations, we updated our corporate portal and its mobile version, the mPortal. In 2022 the corporate portal reached its all-time highest number of visitors. The mobile portal app is primarily intended for our field workers, but can be useful to all employees who want to be informed about the events in the company and stay connected to colleagues regardless of their location. The number of users last year increased by 70%.

Apart from informing, another important focus was the promotion of corporate culture. We continued promoting the NIS corporate values to explain their importance and to encourage employees to rely on the corporate values in their day-to-day work. This campaign won the award for internal communications at the Cactus 2022 Integrated Communications Festival.



Corporate Responsibility

Our goal is to contribute to economic development, better environmental protection, occupational health, human resource development and the well-being of the community. In 2022, NIS demonstrated its social responsibility through its efforts to maintain reliable fuel supply to the Serbian market despite challenging circumstances. Another priority was to preserve social stability of the company's employees as its most important resource. The company successfully achieved both goals, with supply to the market reaching record levels, selling over 4.3 million tons of fuel. NIS also put in operation the Pancevo Power Plant, which now supplies electricity to the national grid. This is another contribution NIS and its partners made to Serbia's energy stability. As a response to the growing living cost last year NIS offered additional bonuses and salary raises to its employees.

Simultaneously, the company continues to improve its business processes, thus contributing to the development of Serbian business. NIS invested 22.1 billion dinars in capital projects, which is 9% increase compared to the previous year. The company also remained a reliable source of income for its stakeholders, having paid out 5.78 billion dinars in 2021. NIS paid 251.25 billion dinars in taxes and other fees.

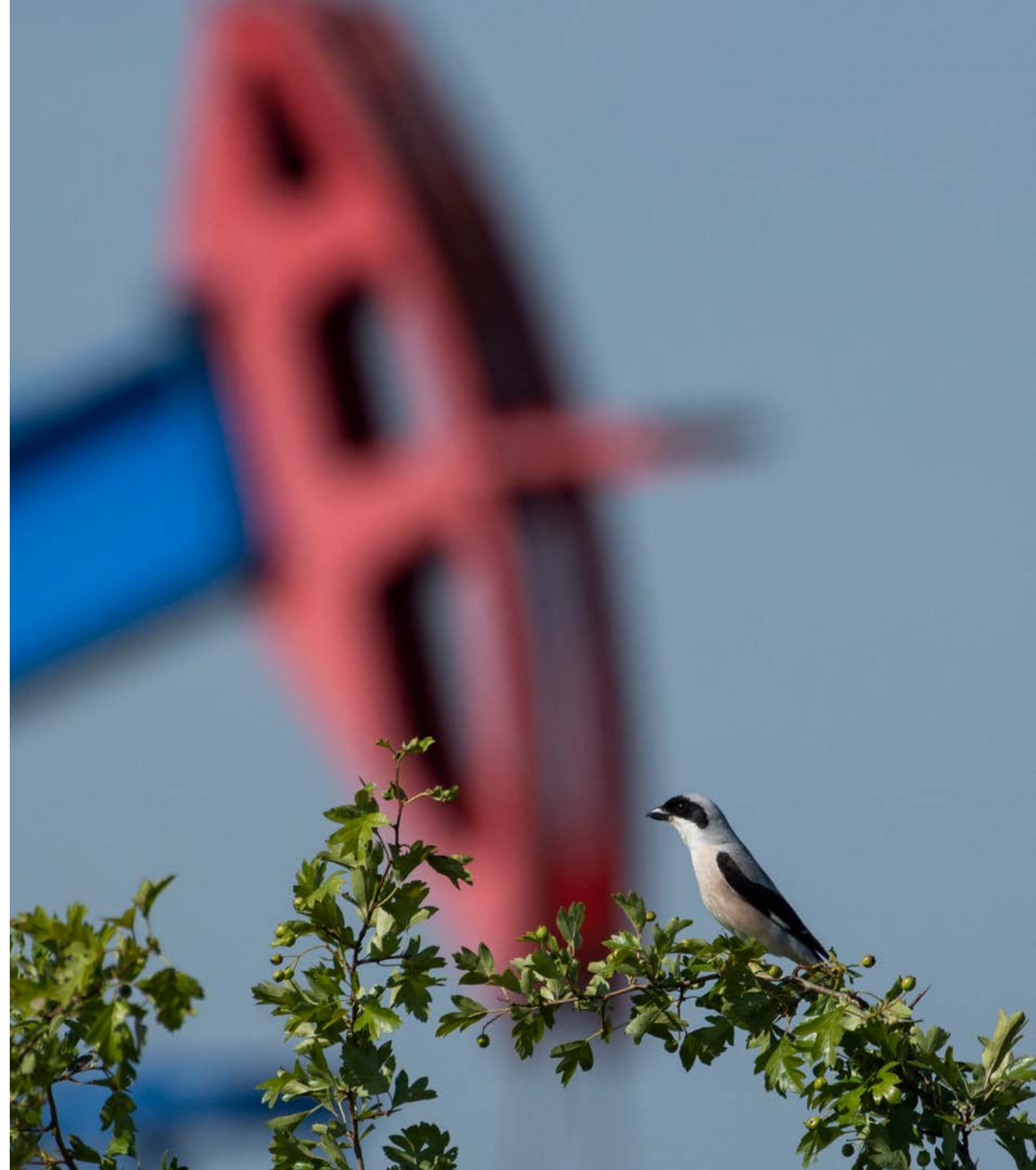
Another way the company demonstrates its social responsibility is by continuously investing in the development of its employee's enabling them to respond to the challenges of the modern business environment. NIS organized the total of 95,879 hours of training held by external providers. The total of 4,407 employees attended. Another 8,065 hours were spent on in-house trainings. Owing to its care for its team, NIS was named the most popular Serbian employer according to the employment platform Poslovi.infostud.com for the second time in a row.

NIS also places emphasis on environmental protection and health and safety. In 2022 the company invested RSD 314.6 million in environmental protection projects, a figure that would be significantly higher if it included investments with secondary environmental benefits. NIS works on improving energy efficiency, expanding its renewables portfolio by increasing the share of renewable in auxiliary consumption and installing solar panels on its filling stations, and implementing CO₂ dis-

posal projects Through the implementation of environmental projects and initiatives with environmental impact, the level of compliance with the requirements of the legal regulations of the Republic of Serbia has been raised and the environmental management system in the organization improved. This resulted in an upward trend of environmental indicators in 2022 (reduction of emission to air and water events).

Occupational safety remains a priority for NIS. For the second year in a row the company won the national HSE Competition dedicated to the World Day for Safety and Health at Work organized by the Ministry of Labour, Employment, Social Affairs and Veterans Affairs. In practical terms, the lost-time injury frequency rate decreased by 15% YoY.

Traditionally, the company invests a lot in supporting the local community and professional sport. In 2022, these investments reached 360 million dinars. The priority was our Let New Hopes be Born campaign dedicated to supporting the national goal of increasing the birth rate and improving reproductive health in the country. NIS donated state-of-the-art medical equipment to the total of 40 health institutions in more than 30 cities and municipalities in our country. The company also provided financing to some local governments so that they can subsidize the in-vitro fertilization process for couples.



SUSTAINABLE DEVELOPMENT GOALS

At summit in September 2015 the UN adopted Resolution A/RES/70/1 – Transforming our world: the 2030 Agenda for Sustainable Development. The 2030 agenda is universal and demands for the countries to mobilize all resources to achieve its goals by 2030. The 2030 Agenda includes 17 goals covering all three dimensions of sustainable development: economic growth, social inclusion, and environmental protection.

The goals are interconnected – often the key to success on one will involve tackling issues more commonly associated with another. They provide clear guidelines and targets for all countries to adopt in accordance with their own priorities and challenges.

NIS, in its sustainable development efforts also aligns with the global UN goals. This report highlights the company's contribution to the achievement of 12 out of 17 goals. For NIS sustainable development goes beyond being a strategic commitment. It is a comprehensive approach that permeates all activities within the aim of improving the well-being of the communities NIS works with, developing human resources and preserving the environment.



Good



Ensure healthy lives and promote the well-being for all at all ages.



Preserving health of employees and clients
and contributing to the development
of healthcare is the company's long-term
strategic priority despite the challenging
circumstances.



*White stork (Ciconia ciconia),
Elemir oilfield*

In 2022, NIS supported a total of 40 health institutions in more than 30 cities and municipalities in our country.

Investment in reproductive health and support to birth rate increase

Since long-term investment in health is a quality basis for future generations, in accordance with the guiding idea of the company «Future in Action», in 2022, NIS dedicated itself to the area of reproductive health and birth support as a part of the «Together to the Community» program. Funds in the amount of RSD 118,5 million were invested in the implementation of 22 projects that are implemented in 13 partner cities and municipalities: Belgrade, Novi Sad, Niš, Čačak, Pančevo, Požarevac, Kikinda, Zrenjanin, Kanjiža, Srbobran, Žitište, Novi Bečej and Veliko Gradište.

The selected projects are aimed at equipping health institutions at all levels of health care that deal with reproductive health, for the purpose of timely diagnosis and treatment, which directly contributes to the increase in the birth rate. The funds were donated to the supported institutions for the purchase of state-of-the-art ultrasound devices, CTG devices, equipment for embryological laboratories, equipment for surgical interventions, gynaecological tables and chairs intended for people with disabilities, as well as incubators for prematurely born babies. The company also provided financing to some local governments so that they can subsidize the in-vitro fertilization process for couples.

The fact that this year's program Common Cause Community was implemented under the slogan «Let new hopes be born» shows that NIS is fully (aligned with the national priority) committed to the topic, which is a national priority. In continuation of the campaign by the same name, the company has also provided support to maternity hospitals in less developed municipalities in the south and east of Serbia, by providing funds for the purchase of necessary medical equipment for eight maternity hospitals.

As New Year's holidays are the right time for giving, the peak of the campaign Let New Hopes be Born was the donation of 225 gift packages for first-born babies in 2023 in 15 maternity hospitals across Serbia. Gift packages containing essentials from domestic producers were given out to 15 first-born

babies each in maternity hospitals in Vranje, Zaječar, Leskovac, Kruševac, Bor, Čuprija, Paraćin, Knjaževac, Sremska Mitrovica, Užice, Pirot, Loznica, Šabac, Vršac and Valjevo. A great contribution to this holiday campaign was made by the members of the NIS Volunteer Club, who donated disposable diapers to add to the contents of the package provided by the company, and made sure the gift packages were delivered to the selected maternity hospitals on time.

Thus, during the campaign Let New Hopes be Born in 2022, NIS supported the total of 40 health institutions in more than 30 cities and municipalities in our country. This campaign received the award for the best socially responsible campaign from the Diplomacy&Commerce magazine.

Donation of Jazak water to the Batajnica COVID hospital

To aid patients and medical staff, NIS donated 10,000 liters of Jazak mineral water to the COVID hospital in Batajnica.

This donation is part of the long-term support the company provides to healthcare institutions across Serbia since the beginning of the pandemic.

Humanity at Work

The employees of the Company also showed their compassion by participating in voluntary blood donation campaigns organized since the previous year under the auspices of the newly founded of NIS Voluntary Blood Donors Club. During the eight campaigns the volunteers donated the total of 300 units of blood, which provided a significant contribution to the creation of stable reserves of blood and blood components in blood transfusion units.

Care for Health of Employees

The beginning of 2022 was still characterised by a substantial number of COVID-19 cases. In this period, the company continuously updated the "Instruction for SARS-CoV2 Procedure for Line Managers, HSE Specialists and Employees" to comply with the applicable changes in statutory regulations, create new procedure algorithms and measures to prevent the spread of the infectious disease. To boost collective immunity, in spring the company organised voluntary vaccination of employees and their families' members. In 2022 NIS updated its regulations covering the process of medical examinations of employees, introducing changes to the mandatory minimal scope of medical examination and strengthening the measures for protection of personal data and confidential documentation. NIS started digitalizing the pro-

cess of organising medical examinations, particularly for high-risk jobs, to improve monitoring of deadlines for provision of medical examinations.

Throughout the year NIS held several educational campaigns, spreading information on different relevant health-related topics through the corporate portal and bulletin boards and at meetings and seminars.

Corporate healthcare and team building

In 2022, NIS organized four programs to help employees improve their health, build healthy habits, and strengthen teamwork. The programs complement each other and are aimed both at healthcare, and at team building.

1. One of the programs was to help employee analyse their lifestyle and build healthy habits. Over 1900 employees attended appointments with healthcare professionals in eight towns to discuss their lifestyle and habits, assess current fitness level, and receive advice for improvement.
2. Following the fitness recommendations employees can choose between 11 sporting activities available at different locations in 17 towns, or opt for online workout program offered by the Kocovic Sports Academy. The online training option attracted over 1.500 employees.
3. Sports teams of NIS employees participate in competitions across Serbia with great results. Our teams won medals and awards in various competitions of 8 corporate sports leagues in Belgrade, Zrenjanin, Novi Sad, and Sabac.
4. Last year's annual NIS Sports Games gathered over 300 amateur athletes from all parts of the company. Eight teams of female and male athletes of all ages competed in 11 sporting events.

These programs attracted the total of 2.740 employees, which is 50% higher than forecast and 12% more than in 2019) 2019 is used for comparison due to the COVID pandemic in the two following years).

After a two-year break NIS resumed cooperation with recreational sports facilities in over 70 towns of Serbia to provide sponsored memberships to employees. On average, employees attend trainings seven times per month. Apart from improving fitness and health of employees this program also supports local businesses in Serbia.




Quality

EDUCATION

Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.



A close-up photograph of meadow sage (Salvia pratensis) flowers. The image shows two vertical stems of the plant, with clusters of small, two-lipped purple flowers. A honeybee is visible on the lower stem, and another smaller insect is on the upper stem. The background is a soft, out-of-focus green.

In 2022, NIS celebrated an important anniversary - ten years of the „Energy of Knowledge“ program.

*Meadow sage (Salvia pratensis),
Gas refinery in Elemir*

So far, NIS has supported the adaptation of more than 60 classrooms and laboratories in schools and colleges throughout Serbia and provided scholarships to over 130 students.

As part of the Energy of Knowledge program in 2022 NIS continued cooperating with scientific and educational institutions in Serbia and abroad and providing scholarships to the best students in accordance with the HR needs of the company and the market in general.

Last year, NIS celebrated an important milestone ten years of the Energy of Knowledge program. To commemorate this occasion we organized a gala event in the Serbia Palace to present the results of the program achieved over the years. The event was attended by representatives of the Serbian Government, educational and scientific institutions, NIS management, scholarship students and many other guests. Since 2012 through the Energy of Knowledge program NIS has supported the adaptation of more than 60 classrooms and laboratories in schools and colleges throughout Serbia. An important (integral part of our efforts is providing scholarships) effort is providing and scholarships to Serbian college students as an investment in young talent and long-term development. So far, NIS has provided scholarships to over 130 people, and more than 60 of them joined the company after graduation. In 2022, NIS employed one recent graduate who finished a university in Russia, and also granted scholarships for two Serbian students attending universities in Russia along with five scholarships to students of the Novi Sad University.

Last year we signed memorandum of understanding with nine educational institutions of strategic interest to our business: these institutions include the Faculty of Computing at the Union University, Traffic Faculty and Mathematics Faculty of the University of Belgrade, Faculty of Media and Communications of the Singidunum University, and the Philosophy Faculty in Novi Sad. In addition, the Company established cooperation in the field of occupational safety and health with the Faculty of Economics and Engineering Management in Novi Sad (FIMEK), the Academy of Technical Vocational Studies in Belgrade and the Faculty of Occupational Safety in Niš. In accordance with the Law on Higher Education, three NIS engineers have become regular lecturers on professional courses in the study program

«Industrial Engineering in Oil and Gas Exploitation» at the Technical Faculty «Mihajlo Pupin» in Zrenjanin.

NIS continued supporting the bilingual sections of the Jovan Popovic School, the Novi Sad Jovan Jovanovic Zmaj College, and the Aleksinac College. Funds were also donated to the Karlovci Grammar School for the adaptation of the Russian language classroom. NIS also funded Serbian language classes in the Russian school at the Embassy of the Russian Federation in Belgrade.

As part of its digital transformation efforts, in cooperation with the Faculty of Electrical Engineering in Belgrade, Electronics Faculty of Nis, and the Faculty of Technical Sciences of Novi Sad the company organized more than ten trainings in digital technologies for over (more than) 500 employees. NIS experts gave over 20 guest lectures to the students of our partner faculties of the Belgrade, Novi Sad, and Niš universities. Guest lectures are now also held during corporate HR and HSE days. Last year, over 25 such lectures took place. In cooperation with HR, a program of paid internships for students of the first generation of educational programs that have been adapted and accredited with the support of NIS has begun in secondary vocational schools in Pancevo (Machinist School Pancevo, Technical School 23. Maj and Electrotechnical School «Nikola Tesla») and Zrenjanin (Technical School Zrenjanin). NIS keeps donating to support knowledge competitions in Russian and natural sciences. This year, Serbian pupils showed impressive results in these competitions.



Gender

EQUALITY

Achieve gender equality and empower all women and girls.
Promote gender equality and the position of women and men
in the Republic of Serbia; contribute to strengthening the role
of women in business decision-making and society in general.



NIS equality policy is based on
the principles of care, diversity,
and equal opportunities for everyone.

*Tree sparrows (Passer montanus),
Gathering and gas station Medja*



NIS has over 11,000 employees, with women representing almost a third of them in all management levels.

The company prioritizes creating a culture where the equal rights of all employees are unconditionally respected and equal opportunities are available without any discrimination. Gender equality is a fundamental pillar of sustainable development, given that almost a third of NIS employees are women. Our employees enjoy numerous benefits that help them maintain a healthy work-life balance.

For instance, women undergoing in vitro fertilization (IVF) and prescribed bed rest can work from home during the process. Pregnant women and new mothers have the flexibility to work from home for more than 2 days per month, exceeding the quota for their employees. Gradual return to work is possible for those on parental leave, single parents of children under 12 can work from home for more than two days per month, and mothers of first-graders enjoy a day off on September 1. Workers on maternity leave, child care leave, or parental leave are reimbursed for the difference between the benefits amount determined by the municipal authorities and the basic salary of the employee for the month preceding the first month of the leave, plus past service benefit, insofar such difference does not exceed five average salaries in the Republic of Serbia, i.e. the maximum basic salary for contribution payments. All employees are offered equal opportunities in terms of professional growth and development. Women are well represented on all management levels, from entry-level jobs to top executive positions. Many women actively participate in talent and development programs. In the previous season of the NIS Calling internship program, out of 47 participants, over 65% were women. In the second season of the NIS Energy program offering one-year trial employment in key positions to young professionals, out of 15 participants 40% were women.

In addition to caring for employees and supporting the development of the community, NIS recognizes the importance of supporting social initiatives. The company became a sponsor to the Women's Centre association from the town of Užice. The centre was founded in 1998 to assist women from various sensitive groups, like women with disabilities, women experiencing domestic violence, single mothers,

women over 45, and women living in rural areas. The centre now focuses on economic empowerment and provision of services to women in situations of violence. One of the organization's initiatives is Retex, is an innovative centre for the collection and recycling of textiles. It employs women from vulnerable groups in an effort to establish an economically sustainable model of textile recycling and disposal of communal and industrial textile waste.

Given that Retex employs women with disabilities, caters to a specific market niche, relies on volunteer labor for the collection and sorting of textiles, and is not yet self-sustaining, NIS has decided to provide financial support to ensure its stable operation and secure employment of the women working there.



CLEAN WATER

and Sanitation

Ensure availability and sustainable management of water and sanitation for all.





NIS only uses water from the least sensitive sources. Wastewater is cleaned to achieve a set standard and water treatment processes are constantly improving.

Zaovine Lake, Tara mountain

Aware of limited water resources and water quality challenges, NIS strives to be a rational and responsible user.

Considering that the significant use of water resources is necessary for the production processes, fire protection, cooling, water testing, water bottling, washing of vehicles and equipment, watering and sanitary needs, NIS takes 84% of the water it needs from the least sensitive source – surface water. In this way the company proves its responsible attitude towards water resources and contributes to the saving of water intended for public water supply.

NIS pays great attention to wastewater treatment, especially considering that a number of facilities discharge treated wastewater into waterways. We protect the public sewage systems and final consumers by bringing (ensuring that the water meets the legally required quality level) the water up to the legally required quality level. Oil-contaminated wastewater and atmospheric water could pose a real risk for recipient bodies, so the company makes sure all water is properly treated. As a responsible water user, in 2022 NIS continued the construction and modernization of wastewater treatment facilities. The company currently operates 408 such facilities.

The company regularly monitors the quality of treated wastewater and groundwater to make sure the treatment process is efficient and meets the applicable regulations, and process activities have minimal impact on soil and groundwater. In 2022, the company installed 15 new separators and 23 pressure gauges.

The largest water consumer and emitter out of all NIS facilities is the Pančevo Refinery. The total volume of water withdrawn in 2022 was 20% higher YoY as a consequence of a higher volume of refining. The refinery withdraws 0,95 million cubic meter of water per a million tons of processed oil and emits 0,44 million cubic meters, which is in line with the BREF standard.

One of the company’s accompanying activities is bottling and sale of potable water from the Jazak spring. The high-quality mineral-rich spring water originates from one of the purest natural water springs on Fruška Gora, located near Jazak Monastery in Vojvodina. It is produced according to the most stringent technological, industrial, and safety standards in this segment.




Affordable and Clean

ENERGY

Ensure access to affordable, reliable, sustainable,
and modern energy for all.





NIS contributes to macroeconomic stability
of Serbia by reliably supplying the market
with petroleum products despite the
challenging geopolitical environment.

Nature reserve Ritovi Donjeg Potisja (Swamps of Lower Potisje)

In line with the green agenda, in 2022, NIS started installing solar panels at its filling stations in Serbia.

The company also prioritized enhancing energy efficiency by expanding its portfolio of renewable energy sources, increasing the proportion of renewables in auxiliary consumption, installing solar panels at its filling stations, and implementing projects for CO2 disposal.

If we take 2012 as a reference year, in the period from 2012 to 2022 the Company achieved the total increase in energy efficiency of 33%.

In 2022 NIS initiated a pilot project to install solar panels at its filling stations. The first phase of the project involved installing solar panels at eight NIS Petrol and GAZPROM stations in Serbia. This initiative is expected to result in significant energy savings of approximately 300 Mwh, a reduction in carbon dioxide emissions by 375 tons per year, and the delivery of around 40 MW of power to the distribution network. The generated electricity will primarily power the filling stations, with any excess energy being fed back into the grid. If the initial phase proves successful, NIS plans to expand the installation of solar panels to other stations. Furthermore, NIS is exploring the possibility of installing solar generation facilities at the Pancevo Refinery, the Belgrade and Novi Sad offices, Jazak water plant and the Novi Sad tank farm. This will be another step towards business diversification and energy transition.

The Plandiste Wind Park Company, co-owned by NIS, is also dedicated to the principle of sustainable energy.

In 2022 the company fully optimized the Plandiste 1 wind farm project implementing new technologies and state-of-the-art high-power turbines.

In February 2022 the Plandiste local council approved the amendments to the detailed plan of the Plandiste 1 wind farm project, which now includes up to 20 wind turbines with the maximum capacity of 7 MW. The next step involves the development of project technical documentation. In September 2022 the Provincial Secretariat for Energy, Construction and Transport issued a land permit for the project. The positive report of the Audit Committee for the preliminary project issued in November of the previous year, allowed for the preparation of technical documentation for the amendment of the building permit. Additionally, the revision of

the environmental impact assessment study for Plandiste Wind Park 1 has commenced.

We started updating and adjusting all other permits necessary for the construction of the wind park as well as updating the design of the grid connection with the approval and support of the state distribution company Elektromreza Srbije.

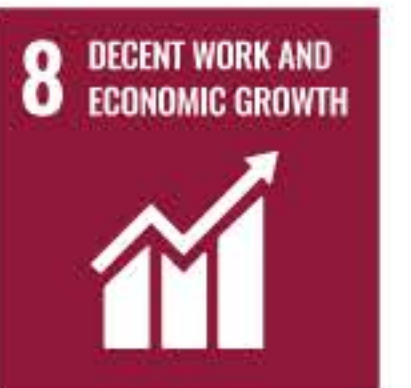
Plandiste Wind Park is a regular and active member of Serbia's Renewables Association, and participates in all industry events as well as the events held by Wind Europe, Europe's largest wind power association.



Decent Work and

ECONOMIC GROWTH

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.



NIS continuously invests in the professional development of employees, with 95,879 hours dedicated to training in 2022 alone.

*Common redstart (Phoenicurus phoenicurus),
Gathering station Mihajlovo*

In 2022, NIS was named the most popular Serbian employer according to the TalentX study held by the employment platform Poslovi.infostud.com.

The questionnaire on the most desirable Serbian employer published by Poslovi.infostud.com last year was filled out by over 11,000 respondents. For the second time in a row, NIS placed first.

Furthermore, NIS was awarded the Employer Partner certificate by the consulting firm HR Excel. This certificate is granted to companies that demonstrate excellence in various HR processes and tools throughout the entire employment cycle, including candidate attraction, selection, onboarding, training and development, talent and performance management, benefits, corporate culture and employee engagement management.

In 2022, NIS focused on its HR management priorities, aiming to maintain its status as one of the most attractive employers in Serbia and enhance employee satisfaction. The company continued monitoring trends in the labour market and adapting to the expectation of employees and the needs of the business. In the challenging environment NIS focused on retaining its position as one of Serbia's top employers, attracting and developing young professionals, employee motivation and training, and the promotion of the culture of respect in the company.

Our long-term goal is a further increase employee engagement and improve our HR practices to create best work experience for our employees. To achieve this in 2022 we kept investing in developing employee engagement (we invested in developing employee engagement through a detailed action plan..) by implementing a detailed action plan based on the latest engagement assessment and the company's strategic goals (objectives). Among other efforts, NIS has started the Engagement Academy with the goal of developing a new generation of leaders.

The company's HR strategy, new corporate values, NIS employer value proposition, focus on diversity and inclusion, the employer brand development strategy (branding strategy) and training and development strategy were reflected in a wide range of projects and initiatives that focus on improving the employee experience and the compensation and

benefit system.

In response to modern trends and employee expectations the company introduced new work formats. Workers can now work from home, gradually come back to work after a parental leave, collect and later use overtime hours, and work in the company's offices in their town even if their workplace is located in a different town. We also extended the number of categories that qualify for working from home to include most sensitive groups of employees, so that now there is 12 categories.

Regarding professional development, our employees received training from leading international providers, such as Apave Mare, Yokogawa, COTRUGLI Business School, Tomsk University, Siemens, and Petroskils, as well as the best Serbian educational institutions and organizations like The Institute for Nuclear Sciences Vinča, Tehpro, Institute for Prevention, Faculty of Mechanical Engineering Belgrade, Faculty of Technology Novi Sad, Faculty of Electronics Niš, Project Management Serbia, GI Group, Omega Consulting, HR Centre and many others. These trainings covered both, professional and personal competencies as well as leadership skills.

In 2022, in collaboration with external providers, we organized 3,407 trainings with 9,961 participants, including 4,407 employees. The total training hours amounted to 95,879 and the total cost to 234,3 million dinars. There were 1,565 in-house trainings were organised attended by 6,571 participants, of which 4,284 employees. The total training hours amounted to 8,065.

NIS successfully completed the sixth season of the NIS Calling program, which targets talented students and graduates, involving 50 participants. The NIS Energy program for employment of new graduates and master students completed its second season. All twenty participants were employed.

Another program for young candidates was launched last year as part of the Energy of Knowledge program. It offers six-month paid internships to graduates of vocational schools. partnered with NIS. The first season started in July 2022. 17 people participated, 11 were employed by NIS after completing their internship.

Under the Young Energy 2.0 (YEE) initiative, young employees of NIS had the opportunity to become certified energy scouts. The project was implemented under the auspices of the European Climate Initiative, Federal Ministry for the Environment, Nature Protection and Nuclear Safety of Germany, and aims to enable young professionals from Serbia

(aims to enhance competencies of young professionals from Serbia.), Bulgaria, Greece, Croatia, Poland, Slovakia, the Czech Republic and Macedonia to improve their competencies in the field of energy efficiency and resource optimization.

Thanks to the support of the German-Serbian Chamber of Commerce the initial phase of YEE 2.0 in Serbia was completed in early 2022. Participants underwent theoretical and practical training to identify and utilize opportunities for energy and resource saving. Together

with trainers from MACS Energy&Water, Siemens, Jugo-Impex and CPI International Consulting participants analysed climate change, applicable regulatory framework in the EU and Serbia, and also learned how to evaluate the impact of climate change. The program covered a range of topics, including occupational health and safety, potential savings from general-purpose technologies, processes, facilities, and buildings, efficiency of abiotic and biotic raw materials, and the implementation of paperless workflow.



Industry, Innovation, and **INFRASTRUCTURE**

Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.





NIS continued developing to develop its business processes and supporting industry in Serbia. NIS invested 22,1 billion dinars in capital projects, which is 9% more than the previous year.

*Sunflower (Helianthus annuus),
Synthetic rubber factory in Elemir*

NIS prioritizes continuous modernization of equipment and the introduction of new technologies to improve user experience, increase business efficiency, and contribute to environmental protection.

Our goal is to use the best equipment and technologies to supply the Serbian market with energy produced in a way that preserves the environment (environmentally friendly manner). In 2022, NIS invested 22,1 billion dinars in modernization projects. Last year, NIS drilled the total of 46 exploration and production wells in Serbia and other countries of the region.

The company will continue to develop its Pancevo Refinery, one of the top (one of the leading) refineries in this part of Europe. As part of the third stage of the Refinery modernization in 2022 NIS worked focused on the reconstruction of the FCC unit and the construction of a new ETBE unit. In 2022 the company reached the highest volume of refinery production since 2009. The refinery processed 4,4 million tons of crude oil and intermediate products and increased the refining depth up to 91,46%. Further development of the refinery will be driven by digitalization and improvement of energy efficiency.

All units of the refinery operated reliably and without faults. As a facility with an integrated management system, the Pancevo refinery is continuously improving its efficiency and energy performance. NIS as a regional energy leader monitors the key energy efficiency indicators and implements solutions to reduce energy consumption to maintain compliance with all applicable legal requirements. By significantly reducing energy consumption and improving energy efficiency the company cuts operating costs and improves process efficiency.

Supply to the market reached record levels with over 4,3 million tons of fuel sold. The company continued developing its retail infrastructure to make sure its clients have access to best service, state-of-the-art facilities, quality fuel and a wide range of goods. In 2022, NIS invested 1,5 billion dinars in such development. Nine newly constructed or renovated filling stations were added to the network, including the Backi

Vinogradi 1 station, one of our flagships. NIS continuously upgrades its retail facilities. A new LPG unit has been installed at the Ledena Stena filling station. All obsolete facilities within the NIS network are regularly replaced. When planning and preparing its investment projects NIS observes all applicable regulations in the area of construction, energy efficiency, land access, and environmental protection.

In 2023, NIS plans to build three new filling stations and refit (refurbish) six. Existing ones. One more filling station will be leased long-term. At larger filling stations like Backi Vinogradi 1 NIS will install solar collectors for heating of sanitary water and chargers for electric vehicles. Furthermore, NIS will install containers for waste sorting at all of its filling stations.

To further diversify its business and accelerate the energy transition, NIS established the Energy Block in 2022.

In December 2021, NIS signed a strategic cooperation agreement with HIP Petrohemija. According to the agreement NIS will increase its share in HIP Petrohemija from 20,86% to 90%. NIS undertakes to contribute 150 million euro into the company's equity and within six years construct a polypropylene production unit with the capacity of at least 140,000 tons per year. The period before the deal is completed and all prerequisites fulfilled is the transition period. The deadline for the completion of the deal has been extended till June 30, 2023.

Digital transformation remains a key focus area of the company's development with over a hundred ongoing projects. Priorities in this field include continuous improvement of business processes, adoption of digital solutions and technologies enhancing performance of its business activities, and continuous work to improve competencies, and a strong focus on employee safety.

NIS remains committed to its strategic direction in digital transformation, including the introduction of new formats of interaction with clients and the implementation of digital platforms and products for more efficient operations.

Relying on the good results of 2022, NIS will be able to keep up its ambitious investment policy. In 2023 the investments will be doubled.

Modernization across all segments of the business remains a priority.



Sustainable cities and COMMUNITIES

Make cities and human settlements inclusive, safe, resilient and sustainable.
Turn business success into general prosperity, support community development
of the environment.



Our success would be incomplete without helping the community. This is why, since 2009 the company has implemented a large number of social responsibility projects and has invested over 4,9 billion dinars in the development of the local communities.

NIS received special recognition in the Noblest Deed award held yearly by the Evening News to award people and organizations for their noble deeds and charitable work.

In 2022, NIS continued its strong support for community development, by investing in socially responsible projects and support to professional sport. In the past year, 360 million dinars were invested in these areas, with the total investment of 4,9 million since 2009. The company's dedication and contribution to the community did not go unnoticed. NIS received special recognition in the Noblest Deed award which is held annually yby the Evening News to award people and organizations for their noble deeds and charitable work. The award ceremony took place in the Belgrade City Assembly.

NIS carefully monitors the needs of local communities and has kept up the Common Cause Community program in cooperation with partner towns and villages throughout Serbia for 14 years now. By the implementation of this program, NIS has invested more than 1,5 billion dinars so far in improving the quality of living conditions for the citizens of Serbia through more than 1,000 realized projects.

Thanks to the enthusiasm and great commitment of the Company's employees, members of the NIS Volunteer Club, other actions were also implemented, aimed at supporting various initiatives, with a special focus on ecology and environmental protection.

In order to educate the youngest members of our community about the importance of preserving a healthy environment as one of the main goals of sustainable development, NIS, in cooperation with the Association Cap to a Smile, realized the educational cycle of workshops Ecological education, healthy growing up! for more than 450 students of primary schools from Niš, Kikinda, Kovilja, Čačak and Belgrade. The workshops included interactive lectures on recycling and engaging creative activities conducted by the Volunteer Club members. Additionally NIS firefighters delivered a lecture on fire protection and prevention of carbon monoxide poisoning to high school students in Kikinda.

In 2022, NIS hosted a volunteer competition called «Change your

environment». Our volunteers cleared up a part of the embankment in Bačka Palanka within the Tikvara Nature Park, held the campaign «Let's beautify our village together» in Banatsko Veliko Selo, where they cleaned up the local park and planted new trees, also decorated the new sports and recreation centre in Kula with maple seedlings. NIS volunteers also contributed to the beautification of the Centre for the Protection of Infants, Children and Youth in Zvečanska street. Added greenery and replanted the medicinal herb garden, and conducted recycling workshops for children. They also held a workshop to teach children about recycling. The volunteer club also refitted the park in Block 21 of Novi Beograd: installed new park furniture, planted new trees, and together with the graduates of the nearby Mijhailo Pupin Grammar School painted the fence between the park and the school yard.

NIS remains a reliable supporter to the most vulnerable categories of the society. Within the framework of its cooperation with the organization SOS Children's Villages Serbia, NIS held a cycle of workshops aimed at empowering and educating young people from socially disadvantaged communities, so that they could prepare to enter the job market.

NIS also helped refit the facilities of the Disabled Sports Association in the Ada Ciganlia area of Belgrade.

In 2022, NIS sponsored over 30 projects, maintaining its strong partnerships with long-term collaborators. The company continued its support to the Basketball Club «Partizan» in sport, the «Belgrade Dance Festival» in the cultural domain, and the «Festival of Science» in scientific field. NIS attaches particular significance to youth sports and nurturing future champions.



Responsible consumption and **PRODUCTION**

Ensure sustainable consumption
and production patterns.





Investments in environmental projects and efforts to protect the natural resources of Serbia remain our standing commitment.

*St. John's Wort (Galium verum L),
Boka oilfield*

Responsible attitude towards natural resources, the environment, and occupational health and safety are the key priorities in every business process within NIS.

Since 2009, NIS invested 900 million euros in environmental protection projects and projects that have a positive environmental impact. NIS demonstrates its commitment to the environment through its mission, vision, values and HSE policy making environmental activity and investments a strategic focus and daily practice. The implementation of environmental projects and projects with environmental impact has increased compliance with local regulations of the Republic of Serbia and improved the environmental management system within NIS. This had led to a positive trend in environmental indicators, including reduction in air and water emissions and the prevent of major accidents.

One of the company priorities is continuous modernization, not only to achieve financial results, but also to improve environmental conditions in Serbia. As part of the second stage of the Pancevo refinery modernization, NIS has successfully commissioned a delayed cookingunit, resulting in significant reductions in overall emissions, especially (particularly) emissions of sulphur compounds. According to the applicable environmental regulations, after the new unit had been put in operation NIS submitted all the necessary documentation for a new IPPC licence, which is expected to be obtained in 2023.

In addition, the focus was on the implementation of energy efficiency projects, aimed at reducing consumption and loss of energy resources (steam, gas, electricity). NIS continues implementing its green agenda by installing solar panels on eight of its filling stations in Serbia. In this way the company will save on power and decrease carbon dioxide emissions by 375 tons per year. This project also increases the share of renewable energy sources in the company's portfolio. Another environmentally friendly effort (practice) is disposal of CO₂ by injecting it in oil and gas wells. NIS constantly monitors monthly fuel consumption by the Pancevo refinery to reduce atmospheric emissions of pollutants, such as SO₂, NO_x and PM. To that end we exceedingly use natural gas as the

primary fuel.

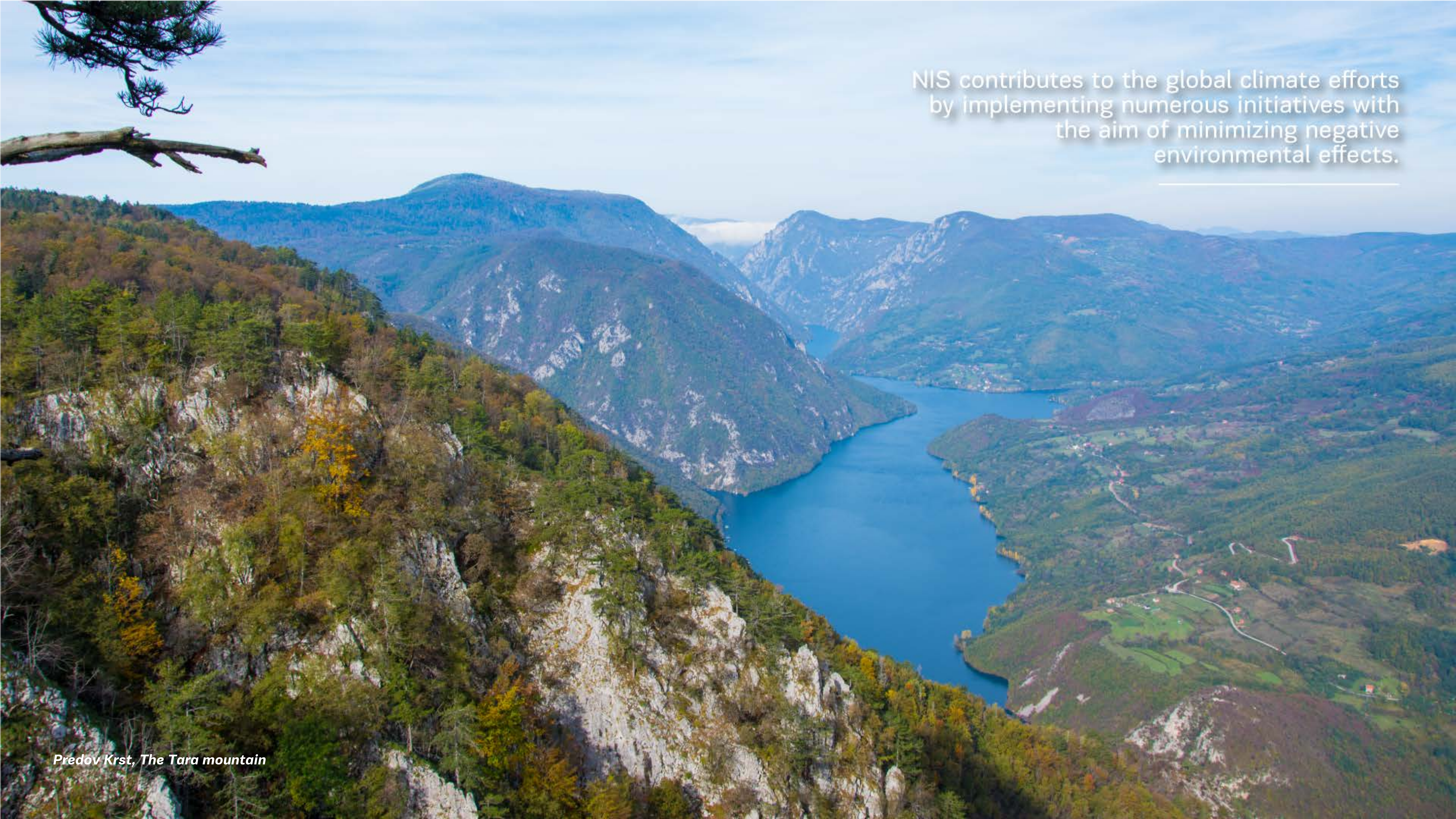
NIS invests a lot in occupational health and safety. For the second year in a row NIS won the national HSE Competition dedicated to the World Day for Safety and Health at Work organized by the Ministry of Labour, Employment, Social Affairs and Veterans Affairs. In 2022 the company adopted a new HSE policy. NIS increased the number of fire-fighters in its fire units. The company established connections with technical universities across Serbia to exchange knowledge and experience in the area of HSE. It also started working on the digitalization of HSE processes and set priority targets in this area. On the practical side, lost-time injury frequency rate decreased by 15% YoY.



CLIMATE Action

Take urgent action to combat climate change and its impacts.



A wide-angle landscape photograph showing a deep mountain valley. In the foreground, a steep, rocky slope covered in dense forest with some autumn-colored trees descends towards a large, calm blue lake. The lake is nestled between high, forested mountains. In the distance, more mountain ranges are visible under a clear blue sky. A small village with a winding road is visible on the right side of the lake. The overall scene is a beautiful natural landscape.

NIS contributes to the global climate efforts
by implementing numerous initiatives with
the aim of minimizing negative
environmental effects.

Predov Krst, The Tara mountain

In 2022 the company accelerated its progress towards energy transition and decarbonisation.

Climate change will remain a burning topic for the petroleum industry, as the sector is very energy-intensive and faces increasing pressure from both the public and the scientific community to reduce the greenhouse gas emissions. The industry is influenced by climate policies as its entire value creation chain, from production to refining and final consumption, has an environmental impact.

NIS is committed to playing its part in addressing the climate change. The company has been working on a series of projects on its green agenda for a long time now. NIS is also working on raising the environmental awareness of its employees and encourages the application of the best available technologies in its investment projects. The company's approach to counteracting the climate change is threefold: it implements environmental projects, conducts business initiatives with significant environmental effects and participates in environmental efforts of other actors.

In 2022, NIS successfully launched its TE-TO Pančevo power plant, the first gas-steam power plant in Serbia that generates both electricity and thermal energy from natural gas, which is an environmentally acceptable fuel. The new power plant uses state-of-the-art technology that guarantees energy efficiency. It will produce thermal energy for the Pancevo refinery and power that will be delivered into the Serbian grid. This is another way NIS contributed to Serbia's energy stability.

NIS continues the implementation of the wind park project. Moreover, we plan to install 20 MW worth of solar panels on the premises of the Pancevo refinery, Novi Sad tank farm and other facilities.

In 2021, the Republic of Serbia passed the law on Climate Change , establishing a legal framework for monitoring, reporting and verification of greenhouse gas (GHG) emissions, while in 2022, the Decree on Types of Activities and Greenhouse Gases was adopted, which stipulates the obligation to obtain a GHG emissions permit for NIS units.

Since 2022 NIS, monitors and reports on GHG emissions on a quarterly basis, enhancing accuracy. NIS and its subsidiaries calculate GHG emissions according to the protocols for Scope 1 and Scope 2. Direct

CO2 emissions (scope 1) amounted to 1,478,927.1 tons in 2022. GHG gas emissions from imported electricity and heat used by the Company and its subsidiaries in Serbia stood at 314,220.7 t tons of CO2 equivalent.

Following the GHG Protocol, Scope 3 GHG emissions which include other indirect GHG emissions, in most cases resulting from the use of company products. In 2022, for the first time NIS calculated its scope 3 emissions (category 1 - purchased goods and services, category 2 - means of production (steel, cement), and category 11 - use of sold products). The result was 9,589,010 tons of CO2 equivalent.

To ensure accurate assessment of the company impact on climate change, NIS organized employee trainings on GHG emissions calculation and is working on establishing a GHG emissions monitoring and reporting system.

Reducing carbon intensity remains a significant challenge going forward. Among other opportunities, NIS is considering projects in geothermal energy, green hydrocarbon, CO2 capture and storage in depleted oil and gas reservoirs.



LIFE on Land

Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.



In 2022 NIS invested almost 315 million dinars
in environmental projects, thus contributing
to the better environment in Serbia.

*Great grey shrike (Lanius excubitor),
Itebej oil and gas field*

Environmental efforts are not only a strategic commitment, but a practical goal our employees are working towards.

NIS focuses on improving process environmental indicators, developing the environmental awareness of its employees and using the best available practices in investment projects. In 2022 the company set long-term objectives through Environmental Strategy until 2030. In order to decrease the negative environmental impact (reduction of carbon intensity, reduction of other emissions – NOx, SOx, PM, VOC, and use of resources) were revised, as well as the estimated investments needed to achieve the objectives and compliance with the requirements of the RS and EU regulations.

We completed a study on the projection of greenhouse gas emissions until 2030, which includes an analysis of technical and technological measures for emission reduction. The study identifies the major sources of greenhouse gas emissions and proposes possible ways to reduce emissions with a projection extending to 2030.

NIS continuously improves its environmental performance.

In accordance with the applicable waste management regulations, the Company uses the services of 40 duly authorized waste management operators holding the waste management licenses, issued by the competent authorities of the Republic of Serbia. To increase the awareness of employees and clients of the importance of waste sorting, together with a waste handling companies NIS planted birch trees at the Sokolici filling station.

Many other environmental and energy efficiency initiatives were implemented in cooperation with the community. NIS employees actively volunteer in environmental campaigns. NIS volunteers clean lake and river banks, public spaces and recreational areas, plant trees, and educate children on the importance of environmental protection. In 2022 on the World Environment Day NIS volunteers cleaned the banks of the Sava River Island called Ada Ciganlija.

In 2022, we invested 314,6 million dinars in projects aimed at reducing the negative environmental impact, particularly in the areas of air, water, soil protection, and water management, will continue in the future.



Peace, Justice, and Strong INSTITUTIONS

Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.



NIS is committed to improving the employment conditions in Serbia through participation in the legislative process and active cooperation with the business community.

*Common kestrel (Falco tinnunculus),
Elemir oilfield*



NIS is willing to contribute its experience and knowledge to improve the business environment in Serbia.

Through permanent cooperation with business associations, NIS exchanges knowledge, experiences, information and best business practices with the wider business community, identifies needs and opportunities for improving business conditions and contributes to the creation of a better business climate, which results in a broader and clearer understanding of the current business environment and more efficient development of the energy sector and the company itself.

In 2022, NIS again participated in the preparation of the White Book by the Council of Foreign Investors, where the company's recommendations for the oil and gas sector, as well as recommendations on how to counteract illegal trade were included as part of measures to improve business conditions.

NIS reviews amendments to regulations, participates in public hearings, and takes part in the preparation of draft laws and by-laws that regulate the areas of environment, energy and finance, striving to contribute to regulatory activities as much as possible.

In 2022, NIS provided its input during the creation of a number of important regulations: Law on Amendments to the Law on Fiscalization, Law on Amendments to the Law on Electronic Invoicing, Law on Amendments to the Law on Tax Procedure and Tax Administration, Law on Amendments to the Law on Republic Administrative Fees, Law on Amendments to the Law on taxes, the Law on Amendments to the Law on Value Added Tax, the Regulation on the conditions, manner and procedure for granting state-owned agricultural land for use for non-agricultural purposes and others.

NIS also carefully analysed the laws offered for public hearing. The most important ones were: Draft Law on Amendments to the Law on Waste Management, Draft Law on Environmental Impact Assessment, Draft Law on Strategic Environmental Impact Assessment and Draft Law on Management of Business Companies Owned by the Republic of Serbia.

NIS will keep working on the improvement of the business environment by participating in the law-making process and providing the best quality of goods and services for its clients.



GRI Content Index – Sustainable Development Report NIS j.s.c. Novi Sad 2022					
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GRI 1 Standard used		GRI 1: Base 2021			
Applicable GRI Sector Standard		GRI 11: Oil and gas sector 2021			
GRI STANDARD / OTHER SOURCE	INDICATOR	INDICATOR LOCATION	OMISSION OF INDICATORS		
			OMITTED REQUEST(S)	DIFFERENCE	EXPLANATION
General indicators					
GRI 2: General indicators 2021	2-1 Organizational details	Page 4 of Sustainable Development Report	A gray cell indicates that the reasons for the omissions are not allowed for disclosures or that the reference number of the GRI sector standard is not available.		
	2-2 Entities included in the organization's sustainability reporting	Page 8 of Sustainable Development Report			
	2-3 Reporting period, frequency and contact point	Page 8 and last page of Sustainable Development Report			
	2-4 Restatement of information	Page 57 of Sustainable Development Report			
	2-5 External assurance	Pages 81 of Sustainable Development Report			
	2-6 Activities, value chain and other business relationships	2022 Annual Report (pages 26–35)			
	2-7 Employees	GRI 401: Employment			
	2-8 Workers who are not employees	GRI 401: Employment			
	2-9 Governance structure and composition	2022 Annual Report (pages 118–149)			
	2-10 Nomination and selection of the highest governance body	2022 Annual Report (pages 118–149)			
	2-11 Chair of the highest governance body	2022 Annual Report (pages 118–149)			
	2-12 Role of the highest governance body in overseeing the management of impacts	2022 Annual Report (pages 118–149)			
	2-13 Delegation of responsibility for managing impacts	2022 Annual Report (pages 118–149)			
	2-14 Role of the highest governance body in sustainability reporting	2022 Annual Report (pages 118–149)			
	2-15 Conflicts of interest	2022 Annual Report (pages 118–149)			
	2-16 Communication of critical concerns	2022 Annual Report (pages 118–149)			
	2-17 Collective knowledge of the highest governance body	2022 Annual Report (pages 118–149)			
	2-18 Evaluation of the performance of the highest governance body	2022 Annual Report (pages 118–149)			
	2-19 Remuneration policies	2022 Annual Report (pages 118–149)			
	2-20 Process to determine remuneration	2022 Annual Report (pages 118–149)			
	2-21 Annual total compensation ratio	GRI 201-1; GRI 202-1;			
	2-22 Statement on sustainable development strategy	Page 6 of Sustainable Development Report (Vision)			
	2-23 Policy commitments	Page 57 of Sustainable Development Report			
	2-24 Embedding policy commitments	Page 57 of Sustainable Development Report			
	2-25 Processes to remediate negative impacts	Page 57 of Sustainable Development Report			

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GRI STANDARD / OTHER SOURCE	INDICATOR	INDICATOR LOCATION	OMISSION OF INDICATORS		
			OMITTED REQUEST(S)	DIFFERENCE	EXPLANATION
	2-26 Mechanisms for seeking advice and raising concerns	Page 57 of Sustainable Development Report			
	2-27 Compliance with laws and regulations	Page 57 of Sustainable Development Report			
	2-28 Membership of associations	Page 10 of Sustainable Development Report			
	2-29 Approach to stakeholder engagement	Pages 10 and 11 of Sustainable Development Report			
	2-30 Collective bargaining agreements	GRI 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees			
Material topics					
GRI 3: Material topics 2021	3-1 Process to determine material topics	Pages 8 and 9 of Sustainable Development Report	A gray cell indicates that the reasons for the omissions are not allowed for disclosures or that the reference number of the GRI sector standard is not available.		
	3-2 List of material topics	Pages 8 and 9 of Sustainable Development Report			
	3-3 Management of material topics	Pages 8 and 9 of Sustainable Development Report			
Economic Performance					
GRI 201: Economic Indicators	201-1 Direct economic value generated and distributed	Page 57 of Sustainable Development Report			
	201-2 Financial implications and other risks and opportunities due to climate change	Page 57 of Sustainable Development Report			
	201-3 Defined benefit plan obligations and other retirement plans	Page 58 of Sustainable Development Report			
	201-4 Financial assistance received from the government	Page 58 of Sustainable Development Report			
Market presence					
GRI 202: Market presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	Page 58 of Sustainable Development Report			
	202-2 Proportion of senior management hired	Page 58 of Sustainable Development Report			
Indirect Economic Impacts					
GRI 203: Indirect Economic Impacts 2016	GRI 203-1 Infrastructure investments and services supported	Page 59 of Sustainable Development Report			
	203-2 Significant indirect economic impacts	Page 59 of Sustainable Development Report			
Procurement practices					
GRI 204: Procurement Process 2016	204-1 Proportion of spending on local suppliers	Page 59 of Sustainable Development Report			

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Applicable GRI Sector Standard		GRI 11: Oil and gas sector 2021			
GRI STANDARD / OTHER SOURCE	INDICATOR	INDICATOR LOCATION	OMISSION OF INDICATORS		
			OMITTED REQUEST(S)	DIFFERENCE	EXPLANATION
Anti-corruption					
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Page 59 of Sustainable Development Report			
	205-2 Communication and training about anti-corruption policies procedures	Page 60 of Sustainable Development Report			
	205-3 Confirmed accidents of corruption and actions taken	Page 60 of Sustainable Development Report			
Anti-Competitive Behavior					
GRI 206: Anti-Competitive Behavior 2016	206-1 Legal action for anti-competitive behavior, anti-trust, and monopoly practices	Page 60 of Sustainable Development Report			
Taxes					
GRI 207: Taxes 2019	207-1 Approach to tax	Page 60 of Sustainable Development Report			
	207-2 Tax governance, control, and risk management	Page 60 of Sustainable Development Report			
	207-3 Stakeholder engagement and management of concerns related to tax	Page 61 of Sustainable Development Report			
	207-4 Country-by-country reporting	Page 61 of Sustainable Development Report			
Materials used					
GRI 301: Materials 2016	301-1 Materials used by weight and volume	Page 61 of Sustainable Development Report			
	301-2 Recycled input materials used	Page 61 of Sustainable Development Report			
	301-3 Reclaimed products and their packaging materials	Page 61 of Sustainable Development Report			
Energy					
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Page 62 of Sustainable Development Report			
	302-2 Energy consumption within the organization		Yes	Information unavailable/incomplete	For all activities outside NIS j.s.c. Novi Sad (services, repair work, transport, distribution, waste treatment, studies, etc.), third parties are engaged under Contracts, in which energy consumption for the contracted activity is not specified. For this reason NIS does not posses information as for the energy spend on such activities. NIS is working with contractors to make sure this data will become available in the future.
	302-3 Energy efficiency	Page 62 of Sustainable Development Report			
	302-4 Reduction of energy consumption	Page 62 of Sustainable Development Report			
	302-5 Reductions in energy requirements of products and services	Page 63 of Sustainable Development Report			

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Applicable GRI Sector Standard		GRI 11: Oil and gas sector 2021			
GRI STANDARD / OTHER SOURCE	INDICATOR	INDICATOR LOCATION	OMISSION OF INDICATORS		
			OMITTED REQUEST(S)	DIFFERENCE	EXPLANATION
Water Management					
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Page 63 of Sustainable Development Report			
	303-2 Management of water discharge-related impacts	Page 63 of Sustainable Development Report			
	303-3 Total water withdrawals	Page 63 of Sustainable Development Report			
	303-4 Water discharge	Page 64 of Sustainable Development Report			
	303-5 Water use	Page 64 of Sustainable Development Report			
Biodiversity					
GRI 304: Biodiversity 2016	304-1 Location and size of sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Page 64 of Sustainable Development Report			
	304-2 Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas with high biodiversity value outside protected areas	Page 64 of Sustainable Development Report			
	304-3 Habitats protected or restored	Page 65 of Sustainable Development Report			
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations, by the level of vulnerability	Page 65 of Sustainable Development Report			
Emissions					
GRI 305: Emissions 2016	305-1 Direct GHG emissions (Scope 1)	Page 65 of Sustainable Development Report			
	305-2 Indirect GHG emissions from energy usage (Scope 2)	Page 65 of Sustainable Development Report			
	305-3 Other indirect GHG emissions (Scope 3)	Page 65 of Sustainable Development Report			
	305-4 Intensity of GHG emissions	Page 65 of Sustainable Development Report			
	305-5 Reduction of GHG emissions	Page 65 of Sustainable Development Report			
	305-6 Emissions of ozone-depleting substances	Page 66 of Sustainable Development Report			
	305-7 Nitrogen oxides (NOx), sulphur oxides (SOx), and other significant air emissions	Page 66 of Sustainable Development Report			
Waste management					
GRI 306: Waste 2020	306-3 Generated waste	Page 66 of Sustainable Development Report			

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GRI STANDARD / OTHER SOURCE	INDICATOR	INDICATOR LOCATION	OMISSION OF INDICATORS		
			OMITTED REQUEST(S)	DIFFERENCE	EXPLANATION
Employment					
GRI 401: Employment Practices 2016	401-1 New employee hires and employee turnover	Page 67 of Sustainable Development Report			
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Page 68 of Sustainable Development Report			
	401-3 Return to work and retention rates of employees that took parental leave, by gender	Page 68 of Sustainable Development Report			
Labour/management relations					
GRI 402: Labour/management relations 2016	402-1 Minimum notice periods regarding operational changes (including information whether it is defined by the Collective Bargaining Agreement)	Page 69 of Sustainable Development Report			
Occupational health and safety					
GRI 403: Occupational health and safety 2018	403-1 Occupational health and safety management system	Page 69 of Sustainable Development Report			
	403-2 Hazard identification, risk assessment, and incident investigation	Page 69 of Sustainable Development Report			
	403-3 Occupational health services	Page 70 of Sustainable Development Report			
	403-4 Employee participation and communication on occupational health and safety	Page 70 of Sustainable Development Report			
	403-5 Worker training on occupational health and safety	Page 71 of Sustainable Development Report			
	403-6 Promotion of worker health	Page 72 of Sustainable Development Report			
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Page 72 of Sustainable Development Report			
	403-8 Workers covered by an occupational health and safety management system (OHS system)	Page 72 of Sustainable Development Report			
	403-9 Safety indicators	Page 73 of Sustainable Development Report			
	403-10 Work-related ill health	Page 73 of Sustainable Development Report			
Training and Education					
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee, per employee gender and category	Page 73 of Sustainable Development Report			
	404-2 Programs for upgrading employee skills and transition assistance programs	Page 75 of Sustainable Development Report			
	404-3 Percentage of employees receiving regular performance and career development reviews	Page 75 of Sustainable Development Report			

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			OMITTED REQUEST(S)	DIFFERENCE	EXPLANATION
Diversity and equal opportunity					
GRI 405: Diversity and equal opportunity 2016	405-1 Diversity of governance bodies and employees	Page 75 of Sustainable Development Report			
	405-2 Ratio of basic salary and remuneration of men and women	Page 75 of Sustainable Development Report			
Non-discrimination					
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Page 75 of Sustainable Development Report			
Freedom of association and collective bargaining					
GRI 407: Freedom of association and collective bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Page 75 of Sustainable Development Report			
Child Labour					
GRI 408: Child Labour 2016	408-1 Operations and suppliers at significant risk for incidents of child labour and measures taken to effectively prevent child labour	Page 75 of Sustainable Development Report			
Forced or compulsory labour					
GRI 409: Forced or compulsory labour 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour and measures taken to effectively prevent all forms of compulsory labour	Page 75 of Sustainable Development Report			
Rights of indigenous people					
GRI 411: Rights of indigenous people 2016	411-1 Incidents of violations involving rights of indigenous people	Page 76 of Sustainable Development Report			
Local community					
GRI 413: Local community 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Page 76 of Sustainable Development Report			
	413-2 Operations with significant actual and potential negative impacts on local communities	Page 76 of Sustainable Development Report			
Supplier social assessment					
GRI 414: Supplier assessment 2016	414-1 New suppliers that were screened using social criteria (corruption, lobbying, anti-competitive practices, legal non-compliance)	Page 76 of Sustainable Development Report			
	414-2 Negative social impacts in the supply chain and actions taken	Page 76 of Sustainable Development Report			
Public policy					
GRI 415: Public policy 2016	415-1 Political contributions	Page 77 of Sustainable Development Report			

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			OMITTED REQUEST(S)	DIFFERENCE	EXPLANATION
Customer health and safety					
GRI 416: Customer health and safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Page 77 of Sustainable Development Report			
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Page 77 of Sustainable Development Report			
Marketing and labelling					
GRI 417: Marketing and labelling 2016	417-1 Requirements for product and service information and labelling	Page 77 of Sustainable Development Report			
	417-2 Incidents of non-compliance concerning product or service information and labelling	Page 78 of Sustainable Development Report			
	417-3 Incidents of non-compliance concerning marketing communications	Page 78 of Sustainable Development Report			
Customer Privacy					
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Page 78 of Sustainable Development Report			
Sector addition – oil and gas industry					
	Volume and type of estimated proved reserves and production	Page 78 of Sustainable Development Report			
	Volume and disposal of formation or produced water	Page 78 of Sustainable Development Report			
	Significant spills	Page 78 of Sustainable Development Report			
	Volume of flared and vented hydrocarbon	Page 78 of Sustainable Development Report			
	Benzene, lead and sulphur content in fuels	Page 78 of Sustainable Development Report			
	Closure and rehabilitation of wells and facilities	Page 78 of Sustainable Development Report			
	Number of process safety events, by business activity	Page 78 of Sustainable Development Report			
	Volume of biofuels produced and purchased meeting sustainability criteria	Page 79 of Sustainable Development Report			
	PSE (Process safety events) 2022-2021.	Page 80 of Sustainable Development Report			
Topics in the current GRI sector standard that are not determined as material within the 2022 Sustainable Development Report of NIS j.s.c. Novi Sad					
SUBJECT			EXPLANATION		
GRI 11: Oil and gas sector 2021					
Conflict and security			Taking into account the requirements of the sectoral GRI standard, and in the process of detailed analysis and comparison of the requirements of the GRI standard 11: Oil and gas sector 2021 (with regard to the material topic Conflict and security), with the activities and business processes of the company NIS a.d. Novi Sad on the broadest level, it was determined that this topic is not materially significant for NIS.		

GRI indicators

GRI 2-4 Restatement of information

The 2022 sustainable development report does not contain significant changes to the information provided in previous reports.

GRI 2-23 Policy commitments

There is a system of internal regulatory and methodological documents, strategies, and policies that largely regulate the ways NIS conducts business. Our commitment to corporate social responsibility and sustainable development are outlined in the 2021-2025 Social Responsibility Strategy.

Our approach to socially responsible business is to integrate the economic, social, and environmental aspect into our day-to-day operations. To that end we have developed many programs to enforce the positive values in the society and create positive change in the society.

The most important ones are:

- Common Cause Community,
- Energy of Knowledge,
- Volunteer Club and charity work,
- Sponsorships and donations,
- Environmental programs.

Every year NIS develops action plans based on the social responsibility strategy. These action plans determine measures and activities, deadline, beneficiaries, and success indicators in terms of the implementation of the strategy.

GRI 2-24 Embedding policy commitments

The company's commitment to sustainable development is recorded (embedded) in its vision. All adopted strategies, policies, and other internal regulations are delegated to the responsible organizational units that will enforce their implementation. In this way the requirements set out in the regulatory documents are implemented in the day-to-day practice and all business processes based on the engagement principle.

GRI 2-25 Processes to remediate negative impacts

NIS j.s.c. Novi Sad approaches every objection, claim, dispute or lawsuit from members of the public, competent state authorities, or employees of the company with full care, in a systemic and structured manner.

GRI 2-27 Compliance with laws and regulations

Monetary value of significant fines and the total number of the non-cash penalties due to incompliance with environmental laws and regulations

In 2022, the company did not have any liabilities related to the offence pertaining to the failure to comply with environmental regulations.

Mechanism of settlement of disputes related to environmental impact

The Company processes all complaints in relation to the environment responsibly and with due care, which is enabled by formal complaint mechanisms, as well as through the Call Centre. In 2022, the company received no complaints through the Call Centre.

Number of filed, processed and resolved complaints related to the Labour Law

In 2022, 29 new labour disputes were initiated against the Company (excluding disputes initiated with regards to mobbing), while 134 labour disputes from the previous period remain open.

Out of the total number of labour disputes in 2022, resolution was reached for 50 disputes from the previous period, 24 in favour of the Company and 26 to the detriment of the Company, with the negative effect of RSD 36,633,639.84.

Number of complaints which refer to violation of human rights, processed and settled through official mechanisms for complaints

During 2022, two new disputes were initiated in the Company concerning mobbing, and 11 disputes were carried over from the previous period.

Out of total number of disputes in 2022, eight from the previous period were resolved, five with a positive and three with a negative outcome for the Company. The total cost of the disputes resolved with a negative outcome for the Company amounted to RSD 1,993,450.00.

Monetary value of significant fines and the total number of the non-cash penalties due to incompliance with the laws and regulations

In 2022, there were no large penalties or financial fines for the Company due to non-compliance with laws and regulations.

Number of filed, processed and resolved complaints related to the Company

In 2022, no complaints were received through the SOS line. The Respect above All program launched on February 1, 2022, reviewed 17 cases, and resolved 16 of them in 2022. The Ethics Consultant reviewed 54 cases as part of the Respect above All program and resolved 53 of them.

Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services

In 2022, there were no penalties for non-compliance with laws and regulations concerning the provision of services and use of the Company's products.

GRI 201: Economic Performance

GRI 201-1 Direct economic value generated and distributed

Distributed economic value in thousand RSD	2021	2022
Directly generated value	295,693,643	516,551,517
Distributed economic value	258,009,645	412,283,774
Operating costs	223,587,393	361,205,198
Employee earnings and other remuneration	28,841,346	32,190,314
Interest on received loans and paid dividends	2,482,542	7,253,281
Taxes*	2,964,333	11,472,951
Investments in the community	134,031	162,030
Increase in the economic value of the Company	37,683,998	104,267,743

* Indirect taxes are not included in the given amount.

GRI 201-2 Financial implications and other risks and opportunities due to climate change

Aware of the climate change risks, last year the company focused on improving energy efficiency, extending its renewables portfolio by increasing the share of renewable in auxiliary consumption and installing solar panels on its filling stations, and implementing CO2 disposal projects.

In 2022 NIS launched a pilot project to install solar panels at its filling stations. During the first stage of the project solar panels were installed

at eight NIS Petrol and GAZPROM stations in Serbia.

NIS continues its EOP project, which includes injection of CO2 separated from natural gas in the amine unit of the Oil and Gas Preparation Plant in Elemir into the Rusanda formation, with an aim of maintaining its formation pressure and boosting production. The total of 78,666,416 cubic meters of CO2 was injected in 2022. Instead of flaring off the gas with high CO2 content and creating additional GHG emissions and a negative environmental impact, NIS treats the gas to meet the quality requirements and supplies it to the distribution network of Srbijagas. The Elemir amine plant captures CO2 out of gas and injects it into the wells of the Rusanda oilfield to maintain production.

NIS pays special attention to the use of renewable energy sources, especially geothermal energy. The company implemented several projects where its geothermal resources were used for heating of buildings, preparation of sanitary hot water, heating of indoor and outdoor pools, heating of greenhouses and industrial heating. In 2022 NIS supplied 34,436 GJ of geothermal energy to its consumers. Geothermal projects are an additional way to increase energy efficiency. Implementation of energy efficiency measures and use of modern technologies has a positive impact on climate change. By investing in these areas, the Company extends its energy generation operations and adheres to environmental principles.

GRI 201-3 Defined benefit plan obligations and other retirement plans

The Company allocates funds for the fulfilment of obligations related to severance and retirement payments to employees and for work anniversary bonuses according to the collective agreement.

GRI 201-4 Financial assistance received from the government

In 2022, according to the Regulation on the Approval of the Program of Financial Assistance to Subjects of Fiscalization the state paid 12,120,436.00 dinars to the account of NIS j.s.c. for the harmonization of activities with the new Law of Fiscalization. The company received no other financial assistance from the government.

GRI 202: Market presence

GRI 202-1 Ratios of standard entry level wage by gender compared to local minimum wage

The minimum monthly basic gross salary in NIS is higher than the minimum gross salary in Serbia.

GRI 202-2 Proportion of senior management hired

Employees up to a level of department director – age structure, gender structure and nationality									
	Number/Level	Chief Executive Officer	CEO Advisers and Deputies	Function / Block Director	Function / Block Director Advisers and Deputies	Subsidiary Director	Department Director	Department Director Advisers and Deputies	Representative Office Director
Age	NIS j.s.c. Novi Sad	1	2	14	3	0	66	1	0
	<30	0	0	0	0	0	0	0	0
	30–50	1	0	9	1	0	48	0	0
	>50	0	2	5	2	0	18	1	0
	Representative offices and branches	0	0	0	0	0	0	0	1
	<30	0	0	0	0	0	0	0	0
	30–50	0	0	0	0	0	0	0	1
	>50	0	0	0	0	0	0	0	0
	Subsidiaries in Serbia	0	0	0	0	5	7	0	0
	<30	0	0	0	0	0	0	0	0
Sex	30–50	0	0	0	0	3	4	0	0
	>50	0	0	0	0	2	3	0	0
	NIS j.s.c. Novi Sad	1	2	14	3	0	66	1	0
	Men	1	2	11	2	0	49	1	0
	Women	0	0	3	1	0	17	0	0
	Representative offices and branches	0	0	0	0	0	0	0	1
	Men	0	0	0	0	0	0	0	1
	Women	0	0	0	0	0	0	0	0
	Subsidiaries in Serbia	0	0	0	0	5	7	0	0
	Мушкарци	0	0	0	0	5	6	0	0
Citizenship	Жене	0	0	0	0	0	1	0	0
	NIS j.s.c. Novi Sad	1	2	14	3	0	66	1	0
	Serbian	0	2	3	1	0	41	1	0
	Foreign	1	0	11	2	0	25	0	0
	Representative offices and branches	0	0	0	0	0	0	0	1
	Serbian	0	0	0	0	0	0	0	0
	Foreign	0	0	0	0	0	0	0	1
	Subsidiaries in Serbia	0	0	0	0	5	7	0	0
	Serbian	0	0	0	0	3	5	0	0
	Foreign	0	0	0	0	2	2	0	0
Total		1	2	14	3	5	73	1	1

* The management category includes: top management, senior management and middle management. Lower management (section managers and lower) is not included in the from Managers category.

GRI 203: Indirect Economic Impacts

GRI 203-1 Infrastructure investments and services supported

In 2022 NIS continued with strong support to community development, by investing in in socially responsible projects and support to professional sport. In the past year, RSD 360 million was invested in these areas, with the total investment of 4,9 million since 2009. NIS actively monitors carefully the needs of local communities and implements the Common Cause Community program for 14 years in a row, in cooperation with partner cities and municipalities throughout Serbia. By the implementation of this program NIS has invested more than 1,6 billion dinars so far in improving the quality of living conditions for the citizens of Serbia through more than 1,000 realized projects. In 2022 as part of the Common Cause Community program NIS invested in the area of reproductive health and birth rate increase. Funds in the amount of RSD 118,5 million were invested in the implementation of 22 projects that are implemented in 13 partner cities and municipalities. Throughout the year the company implemented over 30 sponsorship projects, remaining a reliable supporter to its long-term partners. In the field of sports, cooperation with the Basketball Club «Partizan» has continued, in the field of culture, with the «Belgrade Game Festival», and in the field of science, with the «Festival of Science». Of particular importance to the Company was youth sports and support to the development of future champions. To help patients and medical staff, NIS donated 10,000 liters of Jazak mineral water to the COVID hospital in the town of Batajnica.

NIS Volunteer Club also does a lot to support the well-being of the community. In 2022 to support various environmental and social initiatives the Club held 11 volunteer events, donating 679 volunteer hours.

GRI 203-2 Significant indirect economic impacts

NIS continued to develop its business processes and support the industry in Serbia. NIS invested 22,1 billion dinars in capital projects, which is 9% more than the previous year. Last year, NIS drilled the total of 46 exploration and production wells in Serbia and other countries of the region. The company remained a reliable source of income for its stakeholders, with a payment of 5,78 billion dinars for 2021. NIS paid 251,25 billion dinars in taxes and other fees. Furthermore, NIS holds the distinction of being one of Serbia’s largest exporters and employers. It engages many domestic providers of goods and services, which is a positive impact on their operations.

GRI 204: Procurement practices

GRI 204-1 Proportion of spending on local suppliers

Following the latest trends, NIS is working to fully digitize the procurement process. We use several digital channels to inform potential providers about the ongoing and upcoming tenders.

- With the help of our SRM SAP NetWeaver portal tender participants can submit their tender proposals.
- The mTenderi mobile app offers updates on the ongoing and completed tenders, qualifications, and auctions. In the app users can access all documentation for each specific tender.
- NIS also publishes updates on the ongoing and future tenders, qualifications, and auctions on its website. Here users can also find guidelines on how to use the digital solutions and receive technical support.

With a view to further improving cooperation with contractors, NIS conducts an annual survey and regular workshops with key suppliers. Using quantitative and qualitative research mechanisms the organization identifies and examines all potential problems the suppliers encounter in the procurement procedure. This effort strives to establish a balance between the needs of our suppliers and NIS adhering to core procurement principles and standards of the company.

Procurement structure						
Year	Total procurement value in in thousand RSD	Total number of suppliers of the Company	Total procurement value of local suppliers in thousand RSD	Total number of local suppliers	Percentage of procurements from local suppliers - value	Percentage of local suppliers in total number of suppliers
2021	221,006,901	2,187	81,192,317	1,859	37%	85%
2022	273,256,868	2,235	106,905,008	1,955	39%	87%

GRI 205: Anti-corruption procedures

GRI 205-1 Operations assessed for risks related to corruption

The chief corruption-related risks are continuously analyzed in all organizational units of the Company. Indicators of corruption* are continuously monitored, particularly in the area of procurement of goods and services and customer relations, as well as through the verification of job applicants and candidates for managerial and other senior positions in the Company. Additionally, we screen business entities prior to forming contractual relations with them and ensure that our agreements and normative-methodological documents are aligned.

* The term corruption implies the definition used for the analysis which is taken from the National Anti-Corruption Strategy: Corruption is the practice of abuse of authority in the public and private sector with a view to acquiring personal benefit or enabling third parties to acquire such benefit. This involves a broader understanding of the concept of corruption, which cannot be reduced to a general opinion that it involves giving or receiving a bribe, but it also implies any action that originates, partially or fully, from socially unacceptable motives.

The area of business activities that is especially exposed to the corruption-related risk is procurement of goods and services, considering the direct communication with the suppliers and significant cash flow, and the fact that corruption may be initiated either by bidders or by clients. Criminal motivation may cause corruption on any phase of the procurement process. The organizer of the procurement process may despite the clearly defined standards procedures provide preferential treatment to individual bidders by disclosing confidential information regarding the procurement process, manipulating terms of reference to limit the number of bidders, adding uncompetitive tender conditions, or seeking personal remuneration.

Corruption is also present in the field of customer transactions – this is mostly reflected in preferential treatment of so-called ‘large’ clients. The most prevalent form of preferential treatment of customers happens by awarding contracts or delivering large quantities of goods regardless of the outstanding financial obligations arising from previous contracts and deliveries.

In 2022, several indications were analyzed in relation to possible corruption, particularly in procurement units. The corporate risk register includes the risk of corruption and malpractice.

Goals for the future:

1. Building and raising employee awareness and ability to recognize damaging forms of corruption;
2. Monitoring and preventive activities, which would improve the work atmosphere and reduce the possibility of corruptive actions;
3. Training courses and professional workshops as a form of expert assistance to management in identifying corruption elements;
4. Participating in the development and approval of internal documents with the aim of implementing control mechanisms to minimize the possibilities of corruption;

- 5. Control over the implementation of anti-corruption and other measures to prevent unlawful activity;
- 6. Cooperating, improving and coordinating measures and anti-corruption activities with competent government authorities.

GRI 205-2 Communication and training about anti-corruption policies procedures

Governing bodies

Members of NIS's governing bodies have been instructed on anti-corruption rules and procedures in accordance with the Resolution of the CEO which adopts the standard form of the Anti-Corruption Agreement. All members of governing bodies, i.e. members of the Board of Directors, CEO Advisory Board, the Board of Directors' committees (Audit Committee, Nomination Committee and Remuneration Committee) and Shareholders' Assembly Board for business activity supervision and reporting to shareholders are thoroughly familiar with current rules and procedures aimed at combating corruption.

New Employees

In 2022, 1,572 potential hires were verified. Besides, all new employees participate in induction training that includes anti-corruption rules and procedures.

Employees

To prevent corruption, the company takes efforts to educate all employees to identify signs of corrupt activity.

In 2022, the Company organized direct training of employees on information protection training courses. The training also addressed ways of disclosing confidential data and transfer of confidential data, personal data protection, the role and significance of human factor in the cyber security. Several additional training were held on request of the employees or based on the results of phishing and/or awareness campaigns. The trainings in question covered a total of 626 employees.

During internal compliance audits the responsible organization unit within the company suggests improvement measured and educates employees in anti-corruption activities.

The company also put a lot of efforts into education and training of

employees in organizational units responsible for anti-corruption activities. In 2022 the following trainings took place:

- ISO 31000 / Audit of risk management systems;
- Training for risk assessment in the protection of persons, property and business;
- ISO 19011:2018 Guidelines for checking management systems;
- Certification of employees for access to secret data of special interest to the Republic of Serbia. As a result, NIS now has 13 employees certified to access strictly confidential data.

Business Partners

The company's operational procedures require the Anti-Corruption Agreement to be concluded with all business partners involved in contractual relationships. The purpose of this Agreement is to preserve and ensure a favourable business environment through preventive and specific actions against corruption and/or other illegal activities. The CEO's Resolution also outlines the procedure applied in cases where a business partner refuses to sign the Agreement. In these cases, the initiator of the Agreement within NIS informs the competent bodies, which is followed by undertaking measures and actions to determine the actual reasons behind the refusal to sign the Agreement and adopting a harmonized decision on further steps. The Corporate Security Function is responsible for control activities (conducting control) in the anti-corruption domain, reviewing the contract compliance and verifying the existence of Anti-Corruption Agreements.

Commitments and goals for the future:

1. The Company will pursue implementation of systemic anti-corruption measures in order to protect its business operations.
2. The measures will include continuous education and exchange of experience and good practices with Company's management and employees, particularly in the organizational units in charge of procurement and sale of goods and services.

GRI 205-3 Confirmed accidents of corruption and actions taken

In 2022, responsible managers received 47 proposals to initiate disciplinary proceedings against employees whose actions or omissions resulted in damaging consequences for the Company. However, none of these cases

involved bribery or corruption-related motives. No corruption-related claims were filed against the company or its employees by third parties.

The Company pressed criminal offence charges against 144 persons – one employee and 143 third parties.

Out of the 144 charges:

- 40 are related to theft,
- 39 are related to major theft,
- 3 are related to robbery,
- 52 are related to petty theft and fraud,
- 3 are related to embezzlement,
- 4 are related to Unauthorized use of someone else's business name and other special marks of goods or services; false representation; unauthorized organization of games of chance and possible criminal offence of fraud,
- and 3 to other charges.

Because of the above-mentioned criminal offences, the Company suffered damages to the total financial amount of 34,5 million dinars. 17 employees were fired from the Company on the grounds of proven corruption activities. One of them was a middle manager, and 16 were front-line employees: engineers, technicians and workers.

In 2022, there were 112 cases where the Company terminated or decided against renewing existing contract with business partners.

- The reasons include unprofessional treatment of contractual obligations, failure to fulfil contractual obligations within stipulated deadlines and low quality of performed works;
- Breach of financial obligations/foreign currency debt (liability at risk) towards the organization or its subsidiaries.

GRI 206: Anti-Competitive Behaviour

GRI 206-1 Legal action for anti-competitive behaviour, anti-trust, and monopoly practices

No claims of anti-competitive behaviour, anti-trust or monopoly practices were filed against the company in 2022.

GRI 207: Taxes

GRI 207-1 Approach to tax

Taxes serve as a crucial source of income and play a central role in fiscal policy and macroeconomic stability in every country. As one of the leading companies in the region, NIS has a special social responsibility in this regard. Sustainable development is not just compliance with regulations, but the awareness that NIS, according to its function, has a key role in the development and creation of value in the environment in which it operates. NIS has a centralized Tax Function that works with the CFO.

The taxes we pay result from the business decisions to develop operations taking into account economic and social factors. Business decisions are not influenced by tax reasons. Given that it operates and pays taxes in several jurisdictions, where tax regulations and interpretations often change, NIS carefully monitors changes in tax regulations to adjust and improve its operations to comply with legal provisions.

Any non-compliance with tax regulations is rectified.

The company's transfer pricing policy aims to adequately reflect the distribution of profits between entities in the NIS Group, taking into account their economic role, function, assets and risks. Transactions between related parties are based on the arm's length principle, otherwise adequate corrections are made in the tax balance.

GRI 207-2 Tax governance, control, and risk management

In accordance with the Code of Corporate Governance, NIS makes great efforts to comply with tax regulations.

NIS has a dedicated organizational unit, whose exclusive competence is to manage the taxes of the NIS Group. Its primary objective is to ensure that NIS operates in compliance with tax regulations. The Tax Function is regularly audited and upgraded.

When considering new projects and investments or implementing new business solutions, the tax team is involved to identify potential tax risks at an early stage and mitigate them before implementation.

If there are uncertainties about the correct tax treatment or if the case is complex, NIS seeks advice from independent tax consultants. Consultants are selected based on knowledge, experience, and pay.

When necessary, NIS seeks opinions from dedicated regulatory bodies.

GRI 207-3 Stakeholder engagement and management of concerns related to tax

Government relations are as important for NIS shareholders as tax compliance.

The company takes active part in public hearings on new tax regulations and uses all opportunities for direct communication with the tax authorities.

NIS communicates with state bodies in an open and transparent way providing all the necessary support. We remain constructive and professional, and act in good faith.

As a member of commercial and industry associations NIS engages in improving the tax environment by highlighting challenges and offering solutions to make tax regulations as clear and transparent as possible.

GRI 207-4 Country-by-country reporting

According to the tax regulations of the Republic of Serbia, NIS is not obliged to submit CBC reports, but for the needs of the parent company, it collects the reports of members of the NIS Group and submits them in a timely manner for a specific tax year.

2022 tax obligations are listed below:

NIS j.s.c. Novi Sad	
Direct tax	23,2 billion
Indirect tax	204,3 billion
Total	227,5 billion
Subsidiaries in Serbia	
Direct tax	1,8 billion
Indirect tax	2,3 billion
Total	4,1 billion
Subsidiaries outside Serbia	
Direct tax	7,2 billion
Indirect tax	12,8 billion
Total	20,0 billion
NIS Group total	251,6 billion

* In Serbian dinars without deferred tax

GRI 301: Materials used

GRI 301-1 Materials used by weight and volume

Materials used			
Raw materials/materials	UOM	Quantities used	
		2021	2022
Domestic crude oil	t	808,958	793,126
Imported crude oil	t	2,800,596	3,339,800
Natural gas*	t	117,143	128,675
Geothermal water**	m³	427,425	428,048
Raw water***	m³	45,065	63,724
* For hydrogen production			
**Water sold to external clients			
***Water used as a raw material for the production of drinking water			
Materials used in the production processes originate from non-renewable resources and can be found in the final product, petroleum products, energy sources and drinking water.			
Due to the nature of its operations, the Company does not use recycled materials as feedstock.			
Overview of domestic and imported crude oil			
Raw materials/materials	UOM	Quantities used	
		2021	2022
Light waxy crude oil	t	497,791	495,280
Heavy waxy crude oil	t	71,297	75,003
Imported naphthenic crude oil	t	239,870	222,843
REB crude oil	t	108,177	990,502
Bosnian crude oil	t	1,205	911
Kirkuk crude oil	t	1,840,584	1,691,370
Novy Port crude oil	t	508,283	616,842
Temisoara crude oil	t	7,112	16,299
Iran heavy crude oil	t	267,378	8,847
Johan Sverdup crude oil	t	57,487	4,961
Crude oil blend	t	10,370	10,038
Crude oil - Azeri	t	0	30

Overview of Intermediates			
Intermediate products/materials	UOM	Quantities used	
		2021	2022
Pyrolysis gasoline	t	104,387	114,746
MTBE	t	7,407	4,603
Isobutane and gasoline from Elemir Plant	t	1,105	1,055
Imported vacuum gas oil (VGO)	t	29,581	91
Additives and polymer mass	t	1,231	729
Slop (including degraded products)	t	71	144
The intermediate products presented in the table are external products used for refining and slop (produced in processes of refining and hand-ling in refineries).			

GRI 301-2 Recycled input materials used

Overview of packaging materials			
Material	UOM	Quantities used	
		2021	2022
Paper and cardboard	t	116	127
Wood	t	188	206
Plastic	t	727	807
Metal packaging	t	164	208

Materials used in the production processes originate from non-renewable resources and can be found in the final product, petroleum products, energy sources and drinking water.

Due to the nature of its operations, the Company does not use recycled materials as feedstock.

GRI 301-3 Reclaimed products and their packaging materials

NIS fills and handles packaging materials, so it engages a licensed waste management system operator engaged by the Company. For the purpose of meeting national objectives set for 2022, packaging waste taken over and collected in 2022 was re-used, recycled and disposed of.

The Company bottles mineral water and juices in Jazak and produces various brands of oils and lubricants in the Lubricants Production and Logistics Unit in Novi Sad.

All larger facilities of the Company as well as all filling stations are equipped with labelled bins for paper, PET containers and cans.

Overview of packaging placed on the Serbian market						
Material	UOM		2021		2022	
			Jazak	Oil and Lubri-cants Produ-ction and Logistics Unit	Jazak	Oil and Lubri-cants Produ-ction and Logistics Unit
Plastic	PET	t	419	27	479	19
	Other plastic		93	188	108	201
Metal	Iron	t	0	164	0	208
Paper and cardboard	Paper and cardboard	t	67	49	81	46
Wood	Pallets	t	149	39	158	48
Total		t	1,195		1,348	

GRI 302: Energy

GRI 302-1 Energy consumption within the organization

Overview of energy consumption											
Energy type	UOM	Quantities used		Quantities used, in toe		Energy by source					
		2021	2022	2021	2022	Produced		Purchased		Sold	
						2021	2022	2021	2022	2021	2022
Natural and associated gas	m³	279,516,176	232,828,789	222,571	187,820	401,050,084	373,131,353	170,126,883	169,163,087	13,678,897	4,897,770
Fuel for own consumption (gasoline, diesel)	t	4,470	4,169	4,697	4,382	4,470	4,169	0	0	0	0
Fuel – own consumption (light fuel oil, refinery gas, coke, torch oil, offgas)	t	348,452	415,738	164,363	222,783	348,452	415,738	0	0	0	0
LPG	t	275	237	289	249	93,870	109,232	11,845	2,386	105,735	111,381
Steam (in the form of high-pressure steam)	t	1,059,436	1,018,569.69	81,678	78,580	1,059,436	1,018,569.69	0	0	0	0
Electricity purchased	MWh	348,980	393,590	30,007	33,843	0	0	348,980	393,590	0	0
Electricity produced	MWh	68,241	63,836	5,868	5,488	130,601	118,517	0	0	65,398	52,100
Thermal energy	MWh	8,858	8,055	762	693	0	0	8,858	8,055	0	0

In 2022, energy consumption was 5,5 percent higher than the consumption predicted in the business plan and 4,7 percent higher YoY due to the increased volume of oil processing and the sale of oil derivatives.

GRI 302-3 Energy efficiency

The best indicator of continuous improving of energy efficiency in the area of intense energy consumption is the EII – Energy Intensity Index, which represents the ratio between the actual energy consumption and standard energy consumption. The standard energy consumption is the consumption projection at HSB Solomon Associates LLC (the most widely used methodology of benchmarking of oil refineries in the world that covers over 85 per-cent of the refining capacity in over 70 countries around the world).

If we take 2012 as a reference year, in the period from 2012 to 2022 the Company achieved the total increase in energy efficiency of 33%.

Associated gas, which used to be flared off, is now used in the production of electricity and thermal energy in cogeneration plants built in the period from 2013 to 2016.

The share of electricity produced from cogeneration in the company’s total electricity consumption is 16%. With the production of electricity from the counter-pressure turbogenerator at the Pancevo Refinery, as well as eight solar panels on filling station roofs, the company’s own electricity production in relation to the total consumption of electricity in NIS during 2022 is 30%.

For brevity, part of the required data according to GRI 302-3 is disclosed within GRI 302-4.

GRI 302-4 Reduction of energy consumption

The most significant projects completed and launched in 2022 are:

- Operation of the back-up instrument air compressor so as to avoid sleep mode operation of the electric drive;
- Reduction of electricity consumption on GB-5001;
- Installation of the minimum flow line of the reflux pump on the DA-502;
- Reconstruction of the steam production system on the S-2200;
- Optimization of steam pipes 8"-SL-10363 and 10"-SL-10368 (JII_4486);
- Isolation of 26 safety valves in Block 9;
- Installation of combustion products analyser in the furnace BA-306;
- Installation of oxygen and CO analysers in the furnace BA-305;
- Mechanical cleaning of the pipe snake of the furnace A-2101/2201/401/402/5301 using the soft method;
- Rehabilitation and isolation works on the oil fields of the Exploration and Production Block;
- Stopping wells with low production of oil and gas;
- Optimization of pumping units (including balancing);
- Installation of energy efficient transformers;
- Reduction of auxiliary gas consumption by compressors.

Implementation of projects and measures defined under Energy Efficiency Improvement Program 2022 and realization of additional measures and challenges in the Refining Block resulted in overall energy savings of 218 TJ.

Overview of planned and realized energy savings			
Energy source	Planned savings in 2022 (GJ)	Actual savings in 2022 (GJ)	Actual savings in 2022 (%)
Electricity	11,100	22,393	202
Thermal energy	40,011	116,880	292
Fuels	96,621	78,497	81
Total	147,732	217,770	147

NIS has a defined project approval procedure. The procedure includes preparation of project documentation with a calculation of the expected savings. Such estimates are based on thermotechnical calculations in accordance with the accompanying documentation (tables, laboratory analyses, conversion factors, etc.) and good engineering practice. Actual consumption data is the input for the calculation. Same principle applies to energy projects.

GRI 302-5 Reductions in energy requirements of products and services

CNG is natural gas compressed to a pressure of 220 to 250 bar. The main ingredient is methane, which has the lowest CO2 emission rate compared to other products, and therefore contributes to the protection of the environment. CNG is used an alternative fuel for all types of vehicles and as an industrial energy source. In addition to its high octane number, a criterion of fuel quality, the main advantage of CNG is its calorific value, which is much higher than that of other motor fuels. This product is the preferred fuel as it is the least damaging for the environment. In addition to the reduced emissions of harmful gases, CNG does not contain sulphur or toxic additives of organic lead or benzene. In 2022 five retail facilities offered CNG: Novi Sad 10, Cacak 1, Blok 45 Novi Beograd, Zarkovo 2 in Belgrade, and Ledena Stena in Nis. A CNG plant in the Ostrovo gas field commissioned in 2017 meets the CNG demand of the wholesale market. In 2023 NIS will not open any new CNG stations.

GRI 303: Water Management

GRI 303-1 Interactions with water as a shared resource

The company uses water resources both in upstream and in downstream, as well as for other purposes. Water is used for the production processes, fire protection, cooling, water testing, water bottling, washing of vehicles and equipment, watering and sanitary needs. Aware of limited water resources and water quality challenges, NIS strives to be a rational and responsible user. NIS takes 84% of the water it needs from the least sensitive source – surface water. The structure of the water consumption remains consistent, with the most water taken from the Danube and the Danube-Tisa-Danube channel (up to 84%). Withdrawal from the public water supply pipelines and wells accounts for 9% and 7% of the total water use respectively. This choice of sources speaks of a responsible approach to water resources, as the least sensitive sources are used. Both Danube and the Danube-Tisa-Danube channel are high-flow water bodies, so the company’s withdrawal does not affect their potential, as it accounts for less than 5% of their average yearly flow. NIS pays great attention to wastewater treatment, especially considering that a number of facilities discharge treated wastewater into waterways. We protect the public sewage systems and final consumers by bringing the water up to the legally required quality level. Wastewater produced by NIS includes process, atmospheric, and sanitary water. Oil-contaminated wastewater resulting from process activities could pose a real risk for the recipient bodies, so the company makes sure all water is properly treated. NIS uses the total of 408 water treatment plants, which are regularly maintained and refitted as necessary. Water treatment technology and the choice of plant depend on the type and concentration of contaminant, volume of water, rate of production and release, and the intended recipient. Wastewater treatment in the company is carried out at water treatment plants, separators and clarifiers, and biological purifiers. The company regularly monitors the quality of treated wastewater and groundwater to make sure the treatment process is efficient and meets the applicable regulations, and process activities have minimal impact on soil and groundwater. We also monitor the technical condition of the treatment facilities, in terms of functionality and containment, transparently report accidents, maintain all necessary licenses and pay

all fees and taxes. One of our primary goals regarding water usage is to minimize the consumption of fresh water. Pancevo Refinery uses a recirculation system that makes it possible to capture and reuse water condensate, which allows it to save about 20% of fresh water. The Sector for Oil and Gas Preparation and Transport also uses water recirculation at its amine plant (saving amount to 1%). Impact of industrial operation on water bodies is an important topic. NIS cooperates with state authorities responsible for water management and other local and national institutions. We regularly report on the quality of leased treated wastewaters to the national registry of pollution sources. GRI 303-2 Management of water discharge-related impacts All wastewater is properly treated before it is released. Type of treatment is determined by the quality standard water has to meet before it may be discharged into the final recipient body. Water treatment reduces the concentration of polluting substances down to the acceptable level determined by the applicable state regulations. The water quality standards are determined by the type of the recipient body and the process activity. Water treatment technology and the choice of plant depend on the type and concentration of contaminant, volume of water, rate of production and release, and the intended recipient. Wastewater treatment in the company is carried out at water treatment plants, separators and clarifiers, and biological purifiers. NIS has established procedures to ensure efficiency of treatment equipment and the quality of the treated water.

GRI 303-3 Total water withdrawals

Total volume of water withdrawn by source			
Type of the water intake	Unit of measurement	2022	2021
Surface waters including rivers, lakes, and channels	m³	4,069,837	3,437,896
Groundwater		353,001	354,324
Storm water		0	0
Public water supply		440,533	419,334
TOTAL VOLUME OF WATER WITHDRAWN *	m³	4,863,371	4,211,554
Formation water **		4,523,096	4,404,528

*All withdrawn water can be classified as freshwater (≤1,000 mg/L Total Dissolved Solids). **Formation water, separated from crude oil during the production of oil and gas and technical operations in wells, is processed (treated to remove hydrocarbons, suspended and dissolved matter), and then injected at a certain depth in abandoned wells (selected orphaned wells), in which case it has no impact on the quality of groundwater.

The volume of water withdrawn from the Danube for the needs of the Pančevo Oil Refinery increased by 22% YoY. Withdrawal at the rate of 115 l/s represents mere 0,0022% of the average annual flow of the Danube. The Novi Sad tank farm uses the water from the Danube-Tisa-Danube channel. The water is withdrawn at the rate of 9 l/s, which is 0,015% of the channel’s flow.

GRI 303-4 Water discharge

Total quantity of released water by recipient and treatment				
Recipient	Unit of measurement	2022	2021	Treatment type
Water bodies	m³	470,284	401,698	physical
		10,797	7,538	Physical, chemical, biological
		0	0	No treatment
		1,509,478	1,552,191	External water treatment facility – the water treatment plant of HIP Petrohemija treats oil-contaminated waste waters from the Pancevo Refinery,
Total water flow:	m³	1,990,560	1,961,427	
Public sewer system	m³	373,670	297,673	physical
		0	0	Physical, chemical, biological
		39,003	34,672	no treatment (business centres)
		0	0	External water treatment facility
Public sewer system, total:	m³	412,673	332,345	
Other (absorption pit, lagoon, collection pit)	m³	84,114	34,951	physical
		3,750	3,500	Physical, chemical, biological
		0	0	No treatment
Total other:	m³	87,864	38,451	
TOTAL VOLUME OF WATER RELEASED:	m³	2,491,096	2,332,223	

The Company does not withdraw or discharge treated wastewater into water bodies whose biodiversity could be affected. Review of obtained documents on water management ascertained that the water bodies into which treated wastewater is discharged are not categorized as those under special protection or with valuable biodiversity.

GRI 303-5 Water use

		2022	2021
Water consumption by NIS	m³	2,372,275	1,879,331
Water consumption by REF		2,088,973	1,430,275

The largest water consumer within NIS is the Pancevo Refinery, which uses water for cooling, steam production, and fire protection. The water is withdrawn from the Danube according to a permit. This does not affect the overall potential of the river, as the withdrawn amount is only 0,0022% of its average yearly flow.

One of the company's accompanying activities is bottling and sale of potable water from the Jazak spring.

Water is also used for drilling, cooling of reservoirs and fire protection.

GRI 304: Biodiversity

GRI 304-1 Location and size of sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas

Overview of protected areas adjoining the company's operational sites			
Type of protected natural area	Name of protected natural area	Name of adjacent NIS facility	Status of NIS facility in 2022
Special nature reserve	Deliblato Sands	HTS Devojački bunar Db – 1/H	out of operation
	Deliblato Sands	Tilva gathering gas station	out of operation
	Okanj Lake	Elemir Oil and Gas Preparation and Transport Unit	in operation
	Okanj Lake	Eli1– oil well	out of operation
	Meadows of Great Bustard	Mokrin West and KS2– Mokrin West gathering and metering station	in operation
	Kovilj– Petrovaradin Marshes	Novi Sad 6 filling station	out of operation
Natural park	Palić Lake	Palić Lake HTS Palić (1 Pj – 1/H, Pj – 2/H)	in operation
	Palić Lake	Pć–24	in operation
Natural park	Junaković Forest	HTS Prigrevica – Junaković Spa (Pb – 1/H)	in operation
	County Park – Zrenjanin Town Gardens	Zrenjanin 1 filling station	in operation
National Park	Đerdap	Donji Milanovac PS	in operation

GRI 304-2 Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas with high biodiversity value outside protected areas

Long-term and sustainable development of a society is not possible without appreciating and preserving biodiversity. The threat to biological species and ecosystems is bigger than ever before and calls for additional efforts in order to preserve the current and reinvigorate the affected biodiversity. NIS, as a socially responsible company, assigns high priority to environmental protection. This being its strategic commitment, the company conducts all its activities in compliance with the applicable legal regulations and permits issued by competent authorities. In addition, the company has not made any adverse impacts in the protected areas or areas with high biodiversity value outside protected areas.

In 2022, NIS engaged in exploration and production of oil, gas and thermal water, and sale of petroleum products in 7 sites located in the vicinity of protected natural areas, including Đerdap National Park, special nature reserves (Okanj Lake, Pastures of Great Bustard near Mokrin), Palić Nature Park and natural monuments (Junaković Forest and Zrenjanin Town Gardens), fully complying with the regulations of the competent authorities (Institute for Nature Conservation of Serbia and Institute for Nature Conservation of Vojvodina Province).

In 2022, the Decisions on Environmental Requirements were obtained for the purpose of developing the project of applied hydrogeological exploration in Vrbas, oil and gas exploitation on Turija North and Čestereg production fields, additional exploration in Bo-007 (Boka) well and testing of Palić well (Pć-004X, Pć-044, Pćz -001X).

Additionally, the Decision on Environmental Requirements was obtained for Idoš (Is-030 and Is-031) well drilling and testing and expansion of Gornji Breg production field.

GRI 304-3 Habitats protected or restored

In 2022, no mud pit remediation was recorded. Thus far, the Company has remediated 215 primary mud pits and two suction pits, with the land restored to its original purpose. One of the biggest and most significant remediation (according to its scope and volume of disposed waste) was performed in Kikinda (remediation of a suction pit). The total area of reclaimed land is over 16 ha (160,016 m2). Land remediation is performed by external contractors specialised in the field.

GRI 304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations, by the level of vulnerability

The International Union for Conservation of Nature has compiled the IUCN Red List of Threatened Species currently including over 150,300 species, out of which 42,100 are facing extinction (41 percent of amphibians, 37 percent of sharks and rays, 36 percent of stony corals, 34 percent of coniferous trees, 27 percent of mammals and 13 percent of birds). Endangered, vulnerable and protected animals in Serbia include: Mountain Apollo (Parnassius apollo), greyling (Thymallus thymallus), saker falcon (Falco cherrug), alpine salamander (Salamandra atra), western capercaillie (Tetrao urogallus), Eurasian griffon vulture (Gyps fulvus), eastern imperial eagle (Aquila heliaca), and some protected plants are: Pančić spruce (Picea omorika), steppe peony (Paeonia tenuifolia), yellow water-lily (Nuphar lutea), sundews (Drosera), etc. The area of environmental protection (protection and preservation of environment, biological, geological and regional diversity) is normatively governed by the Law on Nature Protection and other laws and bylaws that directly or indirectly regulate nature and natural assets. Nature protection is also improved and harmonised by the application of provisions and principles of the international conventions to which our country is a signatory.

According to the data on natural species listed on the IUCN Red List, there is a habitat of highly protected bird species – the great bustard (Otis tarda) in the Pastures of Great Bustard near Mokrin, in the vicinity of the sites where the Company conducts its operations. Prior to any activities, NIS obtains the environmental protection requirements from the competent authorities, with relevant

conservation measures, to which it scrupulously adheres.

GRI 305: Emissions

GRI 305-1 Direct GHG emissions (Scope 1)

The Company measured CO2 emissions for its plants covered by the EU ETS (Pančevo Refinery, Elemir oil and gas treatment plant and power plant at the Novi Sad tank farm) consistent with the methodology outlined in the Regulation (EC) No. 2018/2066 EC on greenhouse gas emissions monitoring and reporting, and determined that they stood at 1,180,004.31 tons. This is a YoY increase of 8,05% caused by the increased production output at the Pančevo Oil Refinery. The calculation covered CO2, CH4, N2O, HFC-i, PFC-i, SF6, and NF3. Furthering compliance with the legislation on GHG emissions, the Company has calculated its GHG Carbon Footprint. Greenhouse gas emissions amounted to 1,478,927.1 t of CO2eq in 2022. NIS continues its EOP project, which includes injection of CO2 separated from natural gas in the amine unit of the Oil and Gas Preparation Plant in Elemir into the Rusanda formation, with an aim of maintaining its formation pressure and boosting production. In 2022, the total of 78,666,416 cubic meters of CO2 was injected.

GRI 305-2 Indirect GHG emissions from energy usage (Scope 2)

NIS uses electricity and heat for its operations, procured from third parties. According to the GHG Protocol Corporate Accounting and Reporting Standard, these GHG emissions are reported as indirect emissions within Scope 2 since the emission source is owned by a third party. The calculation covers CO2, CH4, N2O. In 2022, GHG gas emissions from imported electricity and heat used by the Company and its subsidiaries in Serbia stood at 314,220.7 tons of Co2eq. The YoY increase in indirect emissions came as a consequence of the rise in consumption of electricity purchased from third parties in 2022.

GRI 305-3 Other indirect GHG emissions (Scope 3)

In accordance with the GHG Protocol, Scope 3 GHG emissions include other indirect GHG emissions, in most cases resulting from the use of

company products. NIS’ “Carbon Footprint” comprises the following emissions within Scope 3: Category 1 – procurement of goods and services, Category 2 – production assets (steel, mortar), and Category 11 – use of sold Company products in the amount of 9,589,010 t CO2eq. Scope 3 GHG emissions were first-ever calculated for 2022. The company is considering to expand the calculation to other categories for the coming period.

Category	In thousand t CO2eq.
Purchased goods and services (Category 1)	733,72
Production assets (fixed assets) (Category 2)	17,68
Use of sold products (Category 11)	8,837.60
Total - other indirect GHG emissions	9,589.01

GRI 305-4 Intensity of GHG emissions

kg CO2E for Scope 1 / t of oil output/refining

	2021	2022
Upstream	285,2	266,1
Refining	284,8	274,9

Considering that the legal regulations for quantifying GHG emissions (monitoring and reporting) are not currently in place in the Republic of Serbia, with a view to compliance with the indicator requirements (GRI Standard), the intensity of NIS activities with the biggest impact on GHG emissions and “Carbon footprint” of the company are presented. The activities generating Scope 1 GHG emissions (direct emissions) have been identified in the Exploration and Production Block (Upstream) and Pančevo Oil Refinery (Refining). The carbon intensity records a YoY decrease in the Upstream, given a lower gas consumption of boilers, compressors and cogeneration units. The Refining marked the same trend, regardless of the restrictions applying to natural gas utilisation (in addition, the aforesaid decrease has contributed to increasing the oil refining output in 2022).

GRI 305-5 Reduction of GHG emissions

The company has internally defined the GHG reduction goals and the reference year within the Environmental Protection Strategy by mid-2030, which, however, have not been officially adopted to date, given the lack of strategic documents at the level of the Republic of Serbia: Integrated National Energy and Climate Plan (INECP), Energy Sector Development Strategy of the Republic of Serbia by 2040 with a projection by 2050, Implementation Program of the Energy Sector Development Strategy of the Republic of Serbia, Low-Carbon Development Strategy of the Republic of Serbia, etc. On the basis of these documents, the bylaws delineating the obligations of the Serbian energy market participants will be drafted. The documents stipulating GHG emissions monitoring and reporting have neither been adopted.

With GHG emissions intensity monitoring being the basis for measuring their decrease or increase, along with the impact of company projects aimed at reducing GHG emissions (EE projects, renewable sources), the system for monitoring the application of GHG emissions reduction measures and their impact on the company’s carbon footprint will be set up once the RS legal regulations on controlling GHG emissions (reference year and goals) have been adopted, i.e. upon the adoption of the reference year and the GHG emission reduction goals at the company level. NIS will continue executing projects designed for reducing the GHG emissions, primarily in the field of energy efficiency and renewable energy sources. Once appropriate conditions are in place, the company will start reporting on GHG emission reduction compared to the goals it adopted.

GRI 305-6 Emissions of ozone-depleting substances

The Company does not produce, import or export ozone-depleting substances.

GRI 305-7 Nitrogen oxides (NOx), sulphur oxides (SOx), and other significant air emissions

Air pollutant emissions (t/g)	2021	2022
SO ₂ emissions	262	179
NOx emissions	878	994
Particulate matter (PM) emissions	59	32

Total emissions of pollutants (SO₂, NO_x and particulate matters) in 2022 remained at the same level as in 2021.

The YoY reduction of pollutant emissions (SO₂ and PM) in the Pančevo Oil Refinery, primarily comes as a result of implementing the monthly fuel consumption plan envisaging a reduction in the utilization of heavy fuel oil at S-2100 and Power Plant boilers and substituting liquid fuels with natural gas.

The same was applied principally to large combustion units covered by the INECP (atmospheric distillation II S-2100 and Power Plant boilers BF-9601, BF-9602 and BF-9501), to ensure compliance with the annual emission quotas for SO₂, NO₂, and the total PM prescribed by the INECP, as confirmed by individual measurements and based on the RNP CEMS continuous monitoring data.

In addition, the reduction in the amount of PM emissions in 2022, as opposed to 2021, arise from the applied technical and process measures at S-2300 unit and FCC complex, where the damaged lining was repaired in DC-2302 regenerator cyclones and a highly-durable catalyst was installed.

The increase in the NO₂ emissions can be explained by short periods of using heating oil and virgin naphtha for the Power Plant boilers, geopolitical situation, imposed natural gas restrictions, and higher crude oil refining output.

GRI 306: Waste management

GRI 306-3 Generated waste

Overview of generated and disposed waste in tons		
Waste type	Generated waste in 2022	Disposed waste in 2022
Hazardous	7,114	7,320
Non-hazardous	5,121	5,116
Total	12,235	12,436

Overview of disposed waste by type in tons		
Disposal method	2022	
	Non-hazardous	Hazardous
Landfill disposal	73	0
Recycling	4,623	53
Re-refining	42	602
Storage	72	4
Solidification	159	3,585
Co-burning	28	2,872
Treatment of mixed municipal waste	119	0
Export - renewable catalyst components	0	203

The Company uses the Waste Reporting Application to track, on a regular basis, generated and disposed amounts of waste and for internal and external reporting. The company preliminarily reports to the National Register of Pollution Sources of the Environmental Protection Agency on hazardous waste flows. Reports on the waste generated and disposed of in 2022 have been submitted.

According to the applicable waste management regulations, the Company uses the services of 40 duly authorized waste management operators, which licensed for waste management by the competent authorities of the Republic of Serbia.

In 2022, disposed hazardous waste mainly consisted of mud, sludge, and oily waste, generated during maintenance and cleaning of tanks, separators, and oily waste sewage systems (78%). Of all types of generated non-hazardous waste, 86% was metal waste.

Different types of waste require different treatment methods. Most non-hazardous waste (primarily metals and packaging items) was transferred for recycling, and hazardous waste (mud, sludge, and oily waste), depending on the concentration of hydrocarbons, was disposed of by co-burning or solidification.

Amount of drilling waste and strategies for disposal

In 2022, as part of regular activities on drilling of new oil wells, a total of 44 wells generated around 46,500 t of waste mud material, which was disposed of immediately upon generation; this is by 15,4% higher than in 2021, when 39,400 t of waste mud material was generated. All waste generated during drilling was immediately collected and disposed of at the Novo Miloševo Waste Mud Landfill.

All drilling rigs used in 2022 were equipped with metal mud collection tanks mounted on the surface, with concrete pools buried in the ground discarded completely. During works, all locations are covered with PVC film to prevent contamination of soil, even in case of accidents.

In 2022, one well was drilled in Romania and one in Bosnia and Herzegovina. Drilling mud from these wells was disposed of by the authorised operators.

GRI 401: Employment

GRI 401-1 New hires and employee turnover

Overview of employee turnover						
Organizational unit	31.12.2021			31.12.2022		
	Direct	Leasing	Total	Direct	Leasing	Total
Exploration and Production Block	1,081	0	1,081	1,085	0	1,085
Downstream Division	2,508	0	2,508	2,527	0	2,527
Refining Block	956	0	956	972	0	972
Sales and Distribution Block	1,331	0	1,331	1,365	0	1,365
Energy Directorate	36	0	36	41	0	41
Rest of Downstream Division	185	0	185	149	0	149
NIS – expert services	1,446	0	1,446	1,577	0	1,577
Representative offices and branches	3	0	3	4	0	4
NIS j.s.c. Novi Sad	5,038	0	5,038	5,193	0	5,193
Naftagas – Oilfield Services	1,784	0	1,784	2,191	0	2,191
Naftagas – Technical Services	385	0	385	441	0	441
Naftagas – Transport	369	0	369	2	0	2
NIS Petrol	2,928	0	2,928	3,097	0	3,097
STC NIS Naftagas	369	0	369	386	0	386
Subsidiaries in Serbia	5,835	0	5,835	6,117	0	6,117
Total:	10,873	0	10,873	11,310	0	11,310

Overview of employee qualification structure by contract type													
Year			FcR	MSc/MA	BSc	PSE	HS	El.S	HQ	KV	SQ	LQ	Total
2021	NIS j.s.c. Novi Sad	Direct	12	591	1,739	345	1,550	5	127	668	1	0	5,038
		Leasing	0	0	0	0	0	0	0	0	0	0	0
	Subsidiaries in Serbia	Direct	4	179	648	353	2,644	47	205	1,751	3	1	5,835
		Leasing	0	0	0	0	0	0	0	0	0	0	0
	Total		16	770	2,387	698	4,194	52	332	2,419	4	1	10,873
2022	NIS j.s.c. Novi Sad	Direct	10	655	1,769	340	1,608	2	118	690	1	0	5,193
		Leasing	0	0	0	0	0	0	0	0	0	0	0
	Subsidiaries in Serbia	Direct	3	201	672	369	2,790	44	194	1,840	3	1	6,117
		Leasing	0	0	0	0	0	0	0	0	0	0	0
	Total		13	856	2,441	709	4,398	46	312	2,530	4	1	11,310

Overview of employee gender structure by contract type					
Year			Men	Women	Total
2021	NIS j.s.c. Novi Sad	Direct	3,610	1,428	5,038
		Leasing	0	0	0
	Subsidiaries in Serbia	Direct	4,194	1,641	5,835
		Leasing	0	0	0
	Total		7,804	3,069	10,873
2022	NIS j.s.c. Novi Sad	Direct	3,727	1,466	5,193
		Leasing	0	0	0
	Subsidiaries in Serbia	Direct	4,361	1,756	6,117
		Leasing	0	0	0
	Total		8,088	3,222	11,310

Management -to- staff ratio				
Management			Employees	
Year	Number of managers	% share in the total number of managers	Number of employees	% share in the total number of employees
2021	Men	218	69,87%	72,52%
	Women	94	30,13%	27,48%
	Total	312	100,00%	100,00%
2022	Men	266	70,74%	71,54%
	Women	110	29,26%	28,46%
	Total	376	100,00%	100,00%

* The management category includes: top management, senior management and middle management.

Overview of employee age structure								
Year		up to 20	20–29	30–39	40–49	50–59	Over 60	Total
2021	NIS j.s.c. Novi Sad	3	533	1,435	1,542	1,227	298	5,038
	Subsidiaries in Serbia	52	1,327	1,970	1,431	861	194	5,835
	Total	55	1,860	3,405	2,973	2,088	727	10,873
2022	NIS j.s.c. Novi Sad	8	570	1,449	1,559	1,285	322	5,193
	Subsidiaries in Serbia	63	1,354	2,043	1,500	948	209	6,117
	Total	71	1,924	3,492	3,059	2,233	531	11,310

* Representative offices, branches, subsidiaries abroad and other subsidiaries are not shown in the table.

Employee turnover	Men		Women		Total	
	2021	2022	2021	2022	2021	2022
Employment	737	1,081	417	615	1,154	1,696
Termination of employment	872	792	414	464	1,286	1,256
Total	1,609	1,873	831	1,079	2,440	2,952

* Data for subsidiaries abroad and other subsidiaries are not shown in the table.

**Ratio of new employees and employee headcount at the beginning of the observed period is 8,18%.

***Ratio of employees who left the Company and employee headcount at the beginning of the period is 4,46%.

Employee turnover	up to 19		20–29		30–39		40–49		50–59		Over 60		Total	
	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022
Employment	59	86	504	702	315	466	201	289	57	136	18	17	1,154	1,696
Termination of employment	13	23	362	377	343	365	251	223	137	126	180	142	1,286	1,256
Total	72	109	866	1,079	658	831	452	512	194	262	198	159	2,440	2,952

* Data for subsidiaries abroad and other subsidiaries are not shown in the table.

GRI 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees

The rights of employees are guaranteed by Collective Bargaining Agreements and other company’s internal regulations, thus there are no differences between the benefits provided to permanent employees and temporary employees.

The social protection that NIS offers to its employees, which is regulated by the Collective Bargaining Agreement and internal regulations, is higher and more comprehensive than required by the law. Some of the benefits under the Collective Bargaining Agreement and internal regulations include:

- Special protection of employees affected by a medical condition and disabled employees;
- Preventive rehabilitation for employees performing high-risk jobs as well as other employees, for the purpose of preventing occupational diseases and disabilities;
- Solidarity allowance;
- Payment of treatment cost and refund of funeral costs for the employee and/or employee’s family members;
- One-off financial aid for the birth of the third and every subsequent child;
- One-off financial aid to the family in case of death of the employee;
- Reimbursement of costs that the employee sustains due to destruction of or damage to residential facilities due to natural disasters and other emergencies;
- Scholarships/tuitions during full-time education of children of deceased employees;
- Collective life insurance for all employees in the case of death in an accident or due to illness;
- Voluntary pension insurance* and jubilee rewards to employees for 10, 20, 30 and 40 years of continuous service in the company;
- The benefit of work from home over 2 working days a month for the employees within one of the 12 vulnerable categories in accordance with the Decision on Vulnerable Categories.

*The employer was paying voluntary pension insurance only to permanent employees, in accordance with the pension plan.

GRI 401-3 Return to work and retention rates of employees who took parental leave, by gender

Trend of parental leaves and returning to work in 2022								
Organizational unit	Employees whose leave began in 2020	Employees who returned to work from leave that began in 2019	Employees whose leave began in 2021	Employees who returned to work from leave that began in 2021	Employees who returned to work after the leave by 31.12.2020 and 31.12.2021	Remaining number of employees expected to return from leave in 2022 and 2023	Employees who left the Company within less than a year after parental leave	Employees who returned to work after the leave and who are still employed with the Company 12 months after the end of their leave
NIS j.s.c. Novi Sad	181	133	196	179	238	340	67	123
Leasing	0	0	0	0	0	0	0	0
Total	181	133	196	179	238	340	67	123

* Representative offices, branches, subsidiaries abroad and other subsidiaries are not shown in the table.

**The total of 67 new mothers left the company after the maternity leave and within the period of one year, as opposed to 269 new mothers who returned to work.

***Out of 269 new mothers who returned to work, the total of 123 new mothers have been employed with the company for more than a year after the maternity leave.

****The value of the return to work indicator is 79% and the value of the employee retention indicator is 46%.

After the law which limits maternity pay was enacted in 2018, NIS adopted an internal regulation, which stipulates maternity pay to pregnant women in the amount of their monthly salary, with the maximum maternity pay not higher than five times the average wage pay.

GRI 402: Labour/management relations

GRI 402-1 Minimum notice periods regarding operational changes (including information whether it is defined by the Collective Bargaining Agreement)

In the event of a need to transfer an employee to another post or amend other important elements of their Employment Contract, the Company is obliged, in line with the Labour Law, to present them with an offer for the conclusion of an addendum to the Employment Contract, to which they must reply within eight business days from the date of receiving such offer. This offer clarifies and justifies the reasons for the transfer of the employee and the elements of the Employment Contract that will be amended.

In the situation of a loss of fitness for work at a high-risk job position, the employee will be assigned with other adequate duties, while retaining the previous salary over 6 months from the date of transfer.

GRI 403: Occupational health and safety

GRI 403-1 Occupational health and safety management system

The implemented health and safety management system is administered and improved in accordance with the requirements of standard SRPS ISO 45001:2018 Occupational Health and Safety Management Systems — Requirements with Guidance for Use. NIS has been certified according to SRPS ISO 45001 since 2020.

In an attempt to ensure efficient risk management, the company standards and adopted practice in the field of occupational health and safety surpass the applicable legal obligations. With a view to ensuring safety of the engaged contractors, they are expected to strictly comply with the company standards.

The rights, obligations and responsibilities in the field of occupational health and safety of NIS employees are regulated by: Employment Contract, NIS Collective Bargaining Agreement, Law on Health and Safety at Work, internal Standard “General Provisions and HSE Management Structure”, and other normative and methodological documents.

NIS set up the HSE Function as a support function, which deals with the methodology, development of advanced risk management tools, and implementation of OHS requirements. In addition, HSE Sectors are established within the company organisational units (Blocks). Each OU has an appointed occupational health and safety specialist from the HSE Function or HSE Sector.

Consultation with and involvement of employees constitute an integral element of the OHS management system in NIS. The activities in the company are organised in a way as to enable the active participation of and consulting with employees and their representatives in the processes of organisation, assessment, planning and implementation of activities within the HSE system.

To avoid distracting employees from their work duties unless really necessary, the consultations with employee representatives are conducted periodically or on an as-needed basis, taking into consideration specificities of their work.

Employees and their representatives are involved in the following matters:

- Defining needs and expectations of stakeholders;
- Implementation of HSE Policy;
- Identification of hazards and assessment of risks and opportunities;
- Defining and planning achievement of HSE objectives;
- Conduct of independent audits or together with management representatives;
- Monitoring working conditions;
- Defining competency requirements, training requirements, organisation of training and training assessment;

- Monitoring the performance of contractor’s obligations when it comes to compliance with OHS standards, rules and instructions at NIS;
- Timely reporting on HSE events to managers;
- Proper use of collective and personal protective equipment by employees and contractors;
- Participation in the work of commission (as an employee representative);
- Participation in first aid organisation.

At the end of 2018 and beginning of 2019, NIS conducted the HSE event analysis and held communication sessions between the company’s top management and representatives of Gazprom Neft. It was decided to implement the Karkas project in the company and its subsidiaries, a comprehensive system that would help eliminate the risks of occurrence of HSE events.

The safety shield - Karkas includes the installation of efficient and functional barriers in several fields (elements), for the purpose of eliminating the risks that lead to catastrophic consequences, such as: fatalities and employee injuries, financial losses and adverse impact on the company’s reputation.

In 2022, NIS invested 306 million dinars in the said project in an effort to improve OHS. In line with the budget planned for the period 2023–2025, the company allocated 993,1 million dinars to improve safety on a continuous basis. These funds were earmarked for purchasing equipment, tools, furnishing training centres, ambulance vehicles, etc.

In addition to this project in direct connection with OHS, the company also implements other projects in production, refining and transport, aimed at the improvement of OHS conditions.

GRI 403-2 Hazard identification, risk assessment, and incident investigation

The assessment of workplace and work environment risks, as a legal requirement, seeks to eliminate hazards and harms in the workplace and work environment, that is, to define barriers for risk elimination or mitigation to the extent as to prevent workplace injuries, ill health or illness.

In accordance with the laws and by-laws of the Republic of Serbia and Instruction UP-09.01.14-002: Drafting and Amending the Act of Risk Assessment for Workplace and Work Environment, risk assessment is conducted for all workplaces and associated duties.

In 2022, the Act of Risk Assessment for Workplace and Work Environment underwent revisions. The Act defines that NIS, along with its subsidiaries, employs 4,247 employees at high-risk positions. The company committed to implementing new technologies to minimize all the risks identified to date.

The activities assessed, under internal regulations of the Risk Assessment Act, as high-risk or specific from the aspect of occupational health and safety, require adopting the Safe Work Instructions that, relevant to the hazards and harms identified and the risk assessed, define preventive safe work measures for the performance of such activities. In NIS, 26 Safe Work Instructions have been adopted.

In accordance with RO-09.00.01 HSE Policy, Standard SD-09.00.05: General Provisions and HSE Management Structure, and Instruction UP-09.01.14-020 Stopping Unsafe Activities, each company employee must stop work, that is, unsafe activities, the performance of which may create an immediate hazard resulting in an accident, a car accident, a major accident and an incident, or a hazard of damage to assets and environment during the performance of works at NIS facilities, on mobile or other equipment, and at the facilities used based on a lease agreement, right to use without compensation, or on other legal grounds. Resuming works is possible only after all the identified HSE risks have been eliminated or reduced to an acceptable level. Any form of pressurising, deterring or sanctioning the individual who stopped an unsafe activity or work by any other person is not tolerated. Such persons will face a disciplinary action in accordance with the Instruction UP-08.01.62-005: Disciplinary Board.

HSE event management

The HSE event management process refers to transparent notification and reporting of HSE events, investigation of causes of HSE events, monitoring the financial impacts, and exchange of lessons learnt from HSE events. HSE events include event that has consequences to people (such as workplace injuries, ill health or diseases), fires, traffic accidents, and equipment failures that may affect human safety and/or have an impact on the environment.

Accordingly, the HSE event management has the following objectives:

- Timely response to and mitigation of consequences of HSE events;
- Preventive action, or applying measures that will prevent the recurrence of similar incidents;
- Improving the HSE management system;

- Learning and sharing lessons from incidents with our employees and contractors.

According to the HSE Event Classifier, all HSE events are classified into large, medium, small, near misses, and high-potential events (HiPo – an event that has the potential, under different circumstances, to result in one or more fatalities or become a high-risk HSE event according to the NIS RAM Matrix).

The Company is committed to the investigation of all major, medium and HiPo events, with an objective to identify failures of the HSE system or dysfunctional barriers, and define systemic corrective actions, in an effort to act preventively and preclude future HSE events.

GRI 403-3 Occupational health services

Protecting the health of employees and creating safe conditions for all business processes are the NIS number one and constant priorities.

The company provides health protection to employees in compliance with legal regulations and internal normative documents: standard Preventive Employee Health Protection, applicable Act of Risk Assessment for Workplace and Work Environment, and other relevant internal instructions.

Last year, the company revised normative and methodological documents governing the organisation of medical examinations. The revisions referred to the required minimum scope of physical and specialist examinations for all employees. As regards high-risk job positions, besides medical examinations required under the Rulebook on Pre-Job and Periodic Medical Examinations, additional examinations/analyses were introduced. A special focus was on personal data processing measures and the method of storing documents containing confidential information.

In accordance with the applicable Act of Risk Assessment for Workplace and Work Environment, Rulebook on Pre-Job and Periodic Medical Examinations for high-risk job positions, best practices and recommendations of specialised medical institutions, and with an aim of providing preventive health protection of employees, the company arranges a number of medical examinations:

Legally required medical examinations:

- Medical examinations of employees performing high-risk jobs:
 - pre-job examination;
 - periodic medical examinations;
 - periodic medical checkups;
 - specialist medical examinations for employees working with sources of ionizing radiation;
- Preventive (target) medical examinations for employees working at positions other than high-risk positions, provided the Act of Risk Assessment for Workplace and Work Environment defines monitoring their health condition due to the exposure to specific hazards and harms (e.g., night work, driving in-plant vehicles, etc.);
- Eye examination and target ophthalmic examination;
- Medical examination of professional drivers;
- Medical examination of railroad workers;
- Health checks.

Medical examinations not required under law:

- Physical examinations for administrative positions that, in accordance with the Act of Risk Assessment for Workplace and Work Environment, are not classified as high-risk positions.
- Specialist medical examinations of company employees:
 - specialist examinations for women (screening gynaecological examination and breast examination);
 - specialist examinations for men (screening prostate examination);
 - other specialist/screening examinations and target programs for early detection/extended diagnostics of a specific group of diseases (cardiac screening, endocrine testing, screening for lung and colon cancer, skin and mole screening for melanoma, screening of varicose veins, etc.).

Sports physical exams:

- A medical examination for the purpose of participation in recreational activities.

In order to provide medical examinations, the company announces tenders for engagement of state and private health facilities that hold the decision of the Ministry of Health and meet all the requirements

regarding the medical staff and equipment for provision of the required medical examination services. In an effort to continuously monitor the health condition and the impact that work activities and working environment have on the health condition, medical examinations are organised for all employees, once a year, on workdays, at medical institutions.

The digitalised organisation of medical examinations, for high-risk positions in the first place, was launched in order to improve monitoring the schedule of medical examinations and minimising the risk of performance of work activities without a valid medical certificate.

Health indicators:

In 2022, the total of 23,918 examinations were conducted, or 90% of the total number of all scheduled medical examinations, out of which:

- 6,272 were examinations for high-risk position, from which 912 were pre-job examination, and 4,062 periodic examinations. All high-risk positions are subject to compulsory medical examinations;
- Physical examinations (on a voluntary basis) cover 84% of employees;
- Specialist medical examinations for women – gynaecological examination and breast examination – cover 87% of female colleagues (examinations on a voluntary basis);
- Specialist examinations for men – screening for prostate cancer and consultations with a urologist – also cover 87% of colleagues (examinations on a voluntary basis);
- 91% cent of employees underwent a cardiac examination.

Out of the total number of employees on high-risk job positions, 99% were assessed as fit for the duties at the job positions to which they were assigned, without restrictions.

The most frequent diseases due to which employees take sick leaves are as follows:

1. Diseases related to COVID-19 (22% of the total number);
2. Musculoskeletal and connective tissue disorders were second-ranked with 16%, with the sick leave lasting 12 days on the average (compared to 2021, the sick leaves due to these diseases increased by 17%, but their duration was decreased by 8%, in other words the number of musculoskeletal disease cases was larger, but they lasted a shorter period);

3. The ratio of cardiovascular diseases is 5%;
4. Mental disorders constitute 3% of sick leaves.

GRI 403-4 Employee participation and communication on occupational health and safety

The occupational health and safety issues are regulated by the formal agreements with the trade union and Collective Bargaining Agreement.

Specific areas covered by the Collective Bargaining Agreement:

- Execution and protection of employee rights;
- Working hours, holiday leaves, and leaves;
- Redundancy;
- Education, professional training and development;
- Occupational health and safety;
- Salary, fringe benefits, and other issues;
- Employment termination;
- Compensation for damage;
- Resolution of housing issues;
- Execution and protection of employee rights;
- Right to strike.

Pursuant to the provisions of the Collective Bargaining Agreement, the Occupational Safety and Health Boards (OHSB) have been established in all organizational units and subsidiaries:

- OHSB of NIS j.s.c. Novi Sad;
- OHSB of Exploration and Production Block;
- OHSB of Refining Block;
- OHSB of Sales and Distribution Block;
- OHSB of Services Block;
- OHSB of NTC NIS-Naftagas j.s.c. Novi Sad;
- OHSB of NIS Petrol a.d. Belgrade,

Each Occupational Health and Safety Board is composed of seven members, specifically four employee representatives (trade union) and three employer representatives.

Instructions UP-09.01.00-001: Activity of the Occupational Health and safety Board stipulate the method of work and other issues relevant for the preparation and holding of the Occupational Health and Safety Board meetings. NIS management and employees, by their personal example and actions, improve HSE performances and demonstrate commitment to the HSE principles.

GRI 403-5 Worker training on occupational health and safety

Employee training

With a view to a continuous reduction in the number of work-related injuries, occupational diseases, adverse HSE events, and prevention of adverse environmental impact, the company is committed to the development and improving of the employee’s HSE knowledge and competences.

In the light of this, an HSE competence model was developed, including the requirements on employees’ knowledge, skills, and desired behaviour in the field of HSE. As an integral part of the Model, the HSE Competence Catalogue and Map were developed for administrative staff, HSE staff and internal HSE instructors, based on the requirements regarding knowledge, skills and capabilities for work performance in compliance with the occupational health and safety principles, and which originate from the law and regulations governing HSE and best HSE practice.

The HSE training process is a continuous learning process and plays a significant part in the improvement and development of each employee. Initially, it was a great challenge to identify all HSE training courses in accordance with the legal requirements and best global practice and create the resulting HSE Training Catalogue. Today, the HSE Training Catalogue is available to everyone and at any time in an electronic form as well, within the HSEnet software tool. With a view to monitoring the execution of and reporting on HSE training, a database with all company employees has been set up, which defines the employee HSE training requirements using the HSE Training Matrix, and the execution thereof, in particular the IPR module within the HSEnet software tool. The educational material is aligned with the amendments of legal regulations and, in an effort to follow global trends, the preparation of the content for electronic training via the e-learning platform was initiated in 2017. 12 training courses are available on the e-learning platform to date, including: induction HSE training for employees, induction HSE training for contractors, administrating first aid in life-threatening situations, and a number of workplace-specific training.

As a means to modernise and digitalise the HSE training process, NIS initiated SAP SF implementation and functionality testing, which required the development of new interactive educational content, change

of the current concept of HSE training organisation and planning, etc. Considering that safety of all employees depends on the commitment and preparedness to apply good HSE practice at all times and in all circumstances, in 2022, internal and external training courses were implemented for 56,266 employees, with duration of 238,341 hours.

HSE TRAINING	Number of trained employees	Number of hours spent
Induction HSE training (M1)	9,919	26,814,25
On-the-job training (M2))	33,225	117,603,8
Training in HSE Management System (M3)	10,343	26,001,25
External training (M4)	2,779	65,989,5
TOTAL	56,266	236,408,8

*Note: Some company employees attended more than one HSE training course.

Focus of HSE training in 2022:

- Training for internal HSE instructors in the field of high-risk jobs and permits to work, and other M3 training courses supplemented with the Karkas project requirements;
- Training for new Golden HSE Rules;
- Training for internal HSE instructors in the field of Contractor Management and HSE Event Management.



56,266
HSE training attendees



236,408.8
HSE training hours

Contractor training

Considering that contractors are engaged to perform different activities on company locations on a daily basis, a special focus is placed on the improvement of their HSE knowledge and skills. These trainings introduce contractors to the risks and basic requirements of internal NIS HSE standards and procedures.

6,600
of engaged contractors
who received HSE training



989
hours spent for
contractor training



HSE campaigns

In 2022, 30 HSE campaigns were organised on the topic of safety, environmental protection, disease prevention and health preservation, emergencies. The focus was on the implementation of and introduction of employees to the new Golden HSE Rules and health preservation. HSE campaigns were conducted through direct discussions between experts and employees, visitors and contractors in the Company, the implementation of specific activities in the field, as well as the creation and distribution of educational posters, brochures and educational films.

GRI 403-6 Promotion of worker health

The company continuously work on promotion of health and raising employees’ awareness of the importance of self-care.

In 2022, HSE meetings and educational campaigns were conducted via the internal portal, bulletin boards: the World Cancer Day was marked by the feature titled “Preventive examinations and lifestyle are of utmost importance”, the World Heart Day was marked by the feature titled “It beats for us – Let’s take care of it!”, and other current topics were addressed as well: “Monkeypox: A Reason for Concern?”, “Warm weather brings tick threat”, “What to do in case of wasp, bee or hornet bite?”, “Prevention of Euromelanoma”, “Walking for health”, “Key safety tips for summer heats”. The Covid era brought new methods of conducting educational campaigns for employees: the lectures on various current topics were predominantly organised on-line.

In the coming years, the company intends to focus on the problems of mental health and demographic changes. In addition, the identification of specific recurring diseases is planned through the continuous analysis of employee health condition and fitness of employees on high-risk positions, to enable the issuance of preventive measures aimed at eliminating their basic causes.

Protective measures and vaccination campaigns

The beginning of 2022 was still marked by a substantial number of COVID19- cases. In this period, the company continuously harmonised the “Instruction for SARS-CoV2 Procedure for Line Managers, HSE Specialists and Employees” to comply with the applicable changes in statutory regulations, create new procedure algorithms and measures to prevent the spread of the infectious disease, which were even more stringent in certain aspects than the statutory measures.

In an effort to boost the herd immunity and as the only measure to prevent spreading of the infection in the company, voluntary vaccination was once again organised in the spring, at NIS locations, for all employees and their family members, when the employees were administered the third booster dose. Other individuals interested in vaccination could receive the first and second dose of the vaccine. The employees could choose among three vaccines: Pfizer-BioNTek, Sinopharm and Sputnik. The vaccination stands were set up at four locations: Novi Sad Business Centre, Belgrade Business Centre, Zrenjanin and Pančevo Oil Refinery. The total of 59 employees were vaccinated.

With the changing epidemiological situation, employees were provided, via Portal, with information and counsel from experts on different current topics – “Corona Virus and epidemics: What is Flurona and is it dangerous?”, “Beware of cold weather – safe movement advices”, Three articles were posted on the topic of post-Covid syndrome: “Post-Covid syndrome: What is it and how to identify it?”, “Post-Covid syndrome: Symptoms and effects on the organism”“, “Post-Covid syndrome: How can we help ourselves?”. The company continued its cooperation with the following medical institutions: Dr Milan Jovanović Batut Public Health Institute of Serbia, Torlak Institute of Virology, Vaccines and Serums, Institute for Biocides and Environmental Medicine of Belgrade, and Public Health Institute of Vojvodina, where Covid tests were organised for our employees who needed to go on business travels or attend internal and external gatherings.

GRI 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships

The nature of business of oil companies calls for a high level of commitment to health protection and physical safety of employees, contractors, third parties and local communities. Safe working conditions for all employees and business partners are among NIS priorities and strategic goals. The top management and all-level managers are responsible for the provision of resources required for the implementation of occupational health and safety measures, while all employees are obliged to implement and observe the OHS measures.

The company applies the prevention principles and strives to improve the working conditions, reduce the number of work-related injuries and occupational diseases. In this respect, NIS standards and the current OHS practice exceed the requirements of the applicable legal regulations, with an aim of efficient risk management.

In the forthcoming period, NIS will continue implementing best practices and undertaking proactive activities designed for prevention and mitigation of the effects directly linked to the company’s business processes on occupational health and safety.

GRI 403-8 Workers covered by an occupational health and safety management system (OHS system)

The implemented health and safety management system is administered and improved in accordance with the requirements of standard SRPS

ISO 45001:2018: Occupational Health and safety Management Systems — Requirements with Guidance for Use.

The OHS management system is set up, documented, applied and maintained at NIS. The OHS management system is process-oriented and based on the concept “plan-do-check-act” (PDCA). The PDCA concept applies to the OHS management system and each individual process within it.

NIS imposes the same OHS requirements for all NIS employees, contractor and third party employees while working or staying in NIS’ premises, i.e. everything that applies to NIS employees in terms of application of the HSE measures shall apply, without exception, to third parties, contractors and local community, in compliance with legal regulations.

The adopted standards and procedures define the minimum requirements for Contractor Safety Management, which must be observed by each NIS organisational unit that engages contractors/third parties for service provision. Additionally, NIS defines the requirements for providing the conditions that can help it ensure control or minimisation of risks involved in the contractors’ activities.

The objective is to implement all legal measures, as well as those prescribed under corporate NMDs (reconciling the differences in the treatment of third parties and employees).

These requirements are mandatory for contractors engaged for the execution of projects or provision of specific services at NIS.

NIS applies these requirements irrespective of the place where contractors perform work, whether in the field or other, at NIS production units, or the place where works are performed by third parties (meaning that these requirements also apply to the transport of products, persons or goods, provided the Company can exercise reasonable control).

The OHS management system aspires to create the work culture (including creating the conditions that facilitate motivation and engagement), where every engaged contractor assumes responsibility for their own safety and safety of the people around them, has the right to stop or refuse to perform activities that put their own life and health and/or life and health of the people in their surroundings in danger. Is surpasses any conflicting economic, technical or other reasons that compromise safety of employees, citizens and other stakeholders.

The primary responsibility for the operation of the OHS system and application of OHS measures lies with the line management of NIS at all levels, in accordance with the internal documents and granted authorisations, and it forms an integral part of the OHS management system. The management is responsible, within their competence, to provide resources required for the implementation, control

and improvement of the OHS management system. Entrusting employees with the implementation and monitoring of OHS requirements does not relieve the management from their responsibility within the HSE system.

Managers at all levels, from the CEO to line managers, ensure compliance with all OHS requirements and rules, provided support from the OHS experts.

The analysis of effectiveness of the OHS management system provides the basis for prediction, planning and management. The analysis is conducted with an aim of improving the HSE management system, its efficiency and effectiveness, and achieving the planned indicators. The comprehensive analysis strives to identify the weak and strong areas of OHS, areas for improvement and threats, while using all types of control/inspection and monitoring their result by means of measurements.

NIS continuously supervises and audits the OHS management process. This procedure includes external (by third parties) and internal monitoring and revision of elements of the OHS management system, checking the compliance with the legal requirements, regulations and internal standards of NIS.

The supervision process facilitates:

- Provision of regular and scheduled OHS supervision and audits of all works;
- Ensuring independent supervision and audit of the OHS management system with the object of enabling the process of continuous improvement;
- Providing a sufficient number or trained personnel for supervision and audit;
- Ensuring that the recommendations defined during supervision and audit are assessed and monitored until they are properly implemented.

The implementation of the OHS supervision and audit process also implies establishing whether the OHS management system:

- Is compliant with the predetermined premises of the HSE management system;
- Is applied in practice and adequately maintained;
- Efficiently achieves the HSE Policies and objectives;
- Accounts for the results of previous audits, supervision and controls,
- Provides information to the management on the results of audits, supervision and controls.

NIS maintains efficient methods for exchanging information on HSE incidents, but also hazards, harms and risks. This process is governed by UP-09.05.03-003: HSE Communication.

In addition, the company promotes an active dialogue with all stakeholders in an effort to build trust in the integrity of activities undertaken. Timely information helps improve safety at work and/or minimise risks involved in an activity, and

preserve the reputation.

Accordingly, NIS has:

- Established an open communication with the employees, contractors, government authorities, organisations, and community regarding the OHS aspect of its business operations;
- Built the awareness of cultural differences, while respecting diversity and adjusting the adopted work methods to different situations;
- Identified and addressed the expectations of the Serbian government and community, as well as their concerns about its activities;
- In a proactive manner, constantly assesses the OHS aspects of business development in local communities and provides for their transparent presentation and integration in business evaluations, taking care of safe use of drawings, design data, records and other relevant OHS documentation;
- Constantly reviews OHS documentation to ensure compliance with legal obligations and informs employees thereof.

Exchange of information is established on all levels at NIS, both within and among all of its organisational units.

Provision of information to employees and internal communications are ensured by means of:

- publications;
- training conducted in accordance with SD-09.05.08: HSE Training;
- Time-out for safety – a safety meeting/toolbox meeting held during breaks from work, as the way to communicate specific OHS aspects or events to smaller groups of employees;
- Boxes for employees to post HSE messages and questions;
- Posters;
- Leaflets;
- Educational videos;
- Information on HSE events;
- Fast HSE report;
- E-mail for sending messages to the Occupational Health and Safety Board and NIS management.

The employees are informed of their representative and management representative for occupational health and safety issues. The employees are enabled, via their appointed representative, to ask questions and put forward proposals to the Occupational Health and Safety Board of the organizational unit or NIS, and consult the employer on OHS matters. NIS management is responsible for information exchange.

GRI 403-9 Safety indicators

The HSE event management process includes transparent notifications and reporting on all HSE events. HSE events mean the events that have consequences to people (workplace injuries, ill health or diseases), fires, traffic accidents, and equipment failures that may affect human safety and/or have a negative impact on the environment. In accordance with the HSE Classifier, HSE events may be recorded as large, medium, small, near misses and HiPo events (high-potential events).

HSE process automation software – HSEnet is set up as a tool for reporting on HSE processes in NIS. The system has been adopted by all users in the company (over 2,600 active users, around 6,000 log-ins a month). The system enables advanced analytics, i.e. an improved and easier overview of data in the system. Additionally, the system is used for reporting on HSE indicators.

HSE indicators	2021	2022
Workplace injuries	90	84
Workplace injuries – with sick leave	26	27
Workplace injuries – fatal	0	0
Days of sick leave due to workplace injuries	1,497	2,300
LTIF ¹	1.37	1.17
Number of hours of regular work	18,932,742	19,437,820
Fires	23	24
Traffic accidents	6	15
Environmental accidents	10	8
Number of visits of inspection authorities	754	647
Number of measures prescribed by inspection authorities	148	123
Types of injuries	2021	2022
Falls	14	17
Thermal and chemical injuries	5	6
Mechanical injuries	24	23
Traffic	16	9
Fall from height	4	4
Other	27	25
Total	90	84

¹(Lost Time Injury Frequency) – the indicator of lost work day cases due to injuries. This indicator was 15% lower than in 2021.

GRI 403-10 Work-related ill health

NIS observes all requirements of legal regulations of the Republic of Serbia. In accordance with the Regulation on Identification of Occupational Diseases, the company did not record any occupational or work-related diseases.

The company continuously promotes occupational health and employee wellness, which prerequisites a safe workplace. Therefore, the company is committed to raising the health and safety culture to a higher level and creating a workplace and environment in accordance with occupational health principles. The company requires the assessment of hazards prior to starting any activity with an aim of identifying risks and taking all measures to eliminate risks before start of the activity or unit start-up. Otherwise, measures are taken to reduce the potential of occurrence of any issues. Any case of ill health at workplace (e.g. related to work or due to somatic disorders) can be reported to the competent HSE specialist and/or to the call centre via telephone, given that the company adopted the procedure of reporting on all events in the same way, including ill health cases.

First aid is provided by trained employees and professional medical assistance by contacting the Emergency Medical Services, and if the person needs to be rushed to the closest medical facility. Each facility has a First Aid and Emergency Medical Response Plan in place.

In the previous year, drills were conducted on several company locations, under the scenario “Cardiac Arrest First Aid” using a defibrillator (AED) on the facilities that are equipped with this device. At this moment, 20 company’s facilities have AEDs. Procurement of additional 16 AEDs is planned under the Karkas project. In 2022, a new emergency vehicle was purchased for the Pančevo Oil Refinery, and purchasing a new emergency vehicle for the Elemir Gas Refinery is due in 2023.

Unfortunately, 2022 recorded two workplace fatalities related to ill health due to cardiovascular disorders.

The following data are required for drafting the Act of Risk Assessment for Workplace and Work Environment:

- Current staffing structure of the relevant organisational unit of the company;
- Job descriptions;
- List of work equipment used;

- Description of sources of physical, chemical and biological harms;
- Description of work organisation and work schedule, and other relevant data.

Based on the collected data, the following is analysed:

- Names of jobs/positions in the staffing structure with job description, identified hazards and harms;
- Expert findings on testing the conditions of work environment, including the inspection and check of work equipment, in accordance with the Rulebook on the Procedure of Inspection and Checking Work Equipment and Conditions of Work Environment.

In addition, employees take part in surveys on all relevant issues and the Occupational Health and safety Board of the Industrial Medicine Service also has a say.

Based on the risk analysis under the Act of Risk Assessment for Workplace and Work Environment and in accordance with SD-09.01.04: Preventive Workplace Health Protection – NIS identifies risks to employee health, develops measures for risk identification or minimisation, informs employees in an effort to raise their awareness about the health risks (e.g., Health Protection for High-Risk Jobs).

GRI 404: Training and Education

GRI 404-1 Average hours of training per year per employee, per employee gender and category

Training costs in million RSD	2021	2022
Training costs	181	219,8
Cost of professional training	178,1	217,1
Consulting costs	0	0
Costs of membership in professional associations	2,9	2,7
Organizational costs for training programs	6,5	14,5
Total	187,5	234,3

Employee training statistics												
	Hours of training by gender		Number of employees by gender		Hours of training by category		Number of employees by category		Training costs in thousand RSD		Hours of training	
	Male	Female	Male	Female	Managers	Employees	Managers	Employees	Total	Per employee	Total	Per employee
Direct	61,868	34,011	2,912	1,495	28,251	67,628	849	3,558	234,305	53,17	95,879	21,76
Leasing	-	-	-	-	-	-	-	-	-	-	-	-

Additional statistical data:

- Average hours of training (women): 22,73 h
- Average hours of training (men): 21,25 h
- Average hours of training per employee category (managers): 33,28 h
- Average hours of training per employee category (excluding managers): 19 h

Relying on the experience from previous years, the company has managed to maintain stability while fully supporting employee training and development despite the prolonged global challenges. We worked closely on developing the employee engagement academy, the leadership programs, digital competence programs, and many other programs and training for the development of employees’ professional and technical competences.

In 2022, in cooperation with external providers, 3,407 trainings were organised, which were attended by 9,961 participants, of which 4,407 employees. The total training hours amounted to 95,879 and the total cost to 234,3 million dinars.

In cooperation with external providers 1,565 internal trainings were organized, which were attended by 6,571 participants, of which 4,284 employees. The total training hours amounted to 8,065.5.

In 2022, through its Corporate University, the company worked on further improvement of the current strategic and development programs, high-quality implementation and additional tailoring of trainings to suit (conduct) specific needs of different organisational units, as well as on the creation of new development programs for specific groups of employees. Furthermore, in 2022, the Corporate University focused on promotion and further development of the learning culture, as one of the most important segments of corporate culture, in an effort to meet business needs flexibly and in keeping with advanced global digital trends.

The Corporate University devotes great attention to well-being topics, such as “Stress Management” and “Work-Life Balance”. In 2022, over 11 webinars were organised, which were attended by 1,100 employees.

The Engagement Academy, as one of strategic initiatives, strives to increase the engagement level across the company. In 2022, the program and content of the Engagement Academy were further improved in order to enable senior and middle management assume a more active role in increasing the level of engagement of their teams through creation of personal action plans. 29 workshops were organised, which were attended by 385 senior and middle managers.

The Digital Academy, also one of strategic initiatives, substantially advanced in 2022, in terms of both instructor references (top internal and external experts in the field of digitalisation) and the number of attendees. The syllabus covered over 30 topics in four key digitalisation areas: digital transformation, data management, digital technologies and project and product management. The training courses were attended by 1,622 employees.

The company continued implementing the “Drive” leadership development program, which was created to support the middle management, as the key link in the operational management of the company. The program covered 31 participants from all blocks and functions. Through the interactive work, lectures delivered by world experts, methodical work with our top managers, networking with colleagues, panel discussions and launching of change initiatives, the attendees were offered an opportunity to develop their leadership skills and knowledge and consequently strengthen their teams.

Responding to the needs of all organisational units for soft skills development, the Corporate University creates the annual training schedule, which is implemented over all four quarters. In cooperation with our long-term partners, the leading providers in the local and regional markets, over 60 trainings were implemented for more than

1,000 employees.

In 2022, the company continued implanting and further improving the Learning Driver program – the motivational and rewarding (non-material and material) program for all employees who fill in the roles of internal trainers, mentors, or who participate in some activities that contribute to and promote knowledge sharing. Employees are taking more active role in the Knowledge Driver program and, as of October 2022, they have had an opportunity to track the points collected under this program via the mobile application that helped digitalise the complete extra motivation program “Success at Work”.

The company announced the call for applications of new participants for the internal trainers program. 52 employees applied, out of which 41 were prepared under the improved concept and were assigned mentors to help them design the pilot training.

Together with the colleagues from other HR units, a development program was created for the participants of “NIS Energy” and “NIS Calling” programs, which proved as high-quality and beneficial for the development of young people who acquire their first work experience in the company. The programs combine topics that help young people cope better with corporate environment – from business communication, over personal efficiency, to team cooperation and understanding corporate values and culture. Individual trainings are delivered by internal and external partners.

The Refining Block initiated many activities with an aim of increasing the number of engagement drivers. One of them was setting up the Young People’s Council with an intention of gathering all the employees under 35 with 3 years of service in the Refining Block, as a means of connecting young experts, promoting cooperation between colleagues, achieving a more transparent communication and improving the information flow. The improvement of the technical competencies assessment process continued. Around 120 video trainings have been successfully created to date, which were published in the form of courses on the Active Learner platform. The “Top Professionals” internal competition took place in July, in six categories, and with 16 rewarded participants.

In cooperation with educational institutions, NIS experts delivered a series of lectures at the Faculty of Technology in Novi Sad. The first generation of the Secondary School of Chemical Engineering to attend the course of oil and gas refining accomplished the four-year education this year. Considering the successful one-year long cooperation with

three secondary schools in Pančevo, Secondary School of Mechanical Engineering, Secondary Technical School, Secondary School of Electrical Engineering, the company initiated a funded secondary-school practice for the operational positions under the “Energy of Knowledge” program. 22 trainees were admitted, out of which 15 are about to complete the practice and 7 of them have already taken up employment with the Pančevo Oil Refinery.

The Sales and Distribution Block has a highly developed system of internal retail trainings – from onboarding, over development training for new hires, to the Retail Managers’ Academy. In addition to the three existing Training Centres, another five new centres were set up in the following locations: Čačak LPG Depot, Novi Sad Petroleum Product Depot, Zrenjanin LPG Depot, Smederevo Petroleum Product Depot, and Belgrade Technological Transport Unit. Last year, 3,279 employees attended internal trainings of the Sales and Distribution Block.

In 2022, the 10th “Top Professionals” competition took place, in which 924 employees participated. Three “Gembas” were accomplished for top and senior management.

In the Exploration and Production Block, the prime focus (center of attention) was placed on the continuation of the skills and competency development program for young specialists (YS) engaged in the Exploration and Production Block, NTC NIS-Naftagas llc. Novi Sad and Naftagas – Oilfield Services Ltd. Novi Sad. As the program evolved, in cooperation with external providers and internal trainers, over 10 trainings were delivered (88 training hours), which were attended by more than 90 attendees – young Upstream specialists.

The 5th Scientific and Technical Conference of Young Scientists of the Exploration and Production Block and NTC NIS-Naftagas llc. Novi Sad and Naftagas – Oilfield Services Ltd. Novi Sad was held, in an online format, in Novi Sad, from 24th to 26th August. The participants – presenters (22 of them with the total of 19 projects) were young specialists under 35. The conference was staged on a virtual platform with over 100 participants (presenters, mentors, NIS and GPN commission members for Scientific and Technical Conference categories). At the final 12th Scientific and Technical Conference of the Exploration and Production Block of Gazprom Neft held in November, in which seven scientific works were presented in total, NIS representatives won a reward in the “Support to Business” category, for nomination “Best Digital Project”.

In 2022, Naftagas Oilfield Services organised competitions “Best

Technologist 2022” and “Top Professional 2022” on Jermenovci oil and gas field. The competition was attended by 7 technology engineers from the Exploration and Production Block and 33 operators in 6 competition categories.

At the main “Top Professionals 2022” competition at the GPN level, held in Noyabrsk, NIS won a top professional reward in the category “Oil and Gas Production”.

Led by the idea that each company employee is a unique talent, in 2022, the company implemented several key processes for talents, with the intention to recognize their development areas and create development plans. These processes facilitate business continuity, but also identify successors for the key positions in the company.

One such process is the performance- and potential-based evaluation of employees. In 2022, the performance- and potential-based evaluation of employees (talent-process) was changed for 131 employees transferring to middle management positions. Upon introduction of the above-mentioned changes, this process covered 313 employees of the middle-management level, and it enabled a more objective, more transparent and efficient way of identifying talents and future process holders to take up the key positions, as well as individual approach to the development of each employee by defining individual development plans.

In this way, the process participants were evaluated in terms of their potentials and performance through organised talent sessions, as one key process step in achieving objective evaluation. The process participants were involved in creating the individual development plans - personal development tools that will help the employee systemically improve their professional knowledge and attain their career goals. Their partners in building their career will be their line managers and the human resources services.

GRI 404-2 Programs for upgrading employee skills and transition assistance programs

In the modern business environment, employees may encounter various business challenges. In order to equip its employees with the skills they need to address these challenges, NIS invests in their development and helps them develop their potential, thus developing human resources at the company level. The previous indicator details the delivered training courses, aimed at a continuous development of company employees. In 2022, the Company did not implement any redundancy schemes.

GRI 404-3 Percentage of employees receiving regular performance and career development reviews

All NIS employees receive a regular feedback on their performance and career development, but in different ways.

At the end of 2022, we conducted the annual competence-based evaluation of employees classified into three main categories: managers, specialists and operators. The process included 4,378 employees (over 40% of the total headcount). After the evaluation each employee had a regular annual session with their manager, where they received the feedback on their performance in the previous year.

The yearly competence-based evaluation, in addition to its significance for promoting the culture and conduct aligned with the corporate values and reinforcing the company’s strategic business direction, is also an important factor of the feedback culture.

The percentage of employees who, in 2022, received a feedback on their performance in the process of structured and digitalised annual competence-based evaluation, according to the gender criteria, is as follows: 37,75% women and 62,25% men.

With reference to the three above named categories of employees, the percentage of the received feedback by gender is as follows:

- Managers: 29,03% women and 70,97% men
- Specialists: 45,06% women and 54,94% men
- Employees: 8,51% women and 91,49% men

The following employee groups were excluded from the annual competence-based evaluation:

- Workers whose competence-based evaluation does no impact their annual bonus;
- The employees who have over 336 calendar days of absence from work in the course of the year (sick leave, pregnancy leave, maternity leave, etc.);
- The employees who took up employment in the fourth quarter (after the 1st of October of the evaluation year).

GRI 405: Diversity and equal opportunity

GRI 405-1 Diversity of governance bodies and employees

In 2022, the Board of Directors consisted of 9 male and 2 female members, with 4 members in the 30–50 age group, and the remaining 7 members over 50 years of age.

GRI 405-2 Ratio of basic salary and remuneration of men and women

The Collective Bargaining Agreement, which determines basic salaries of employees by their pay grades, guarantees that the salaries in NIS are equal to the salaries in other leading companies in Serbia. Each pay grade has a clearly defined range – from the minimum to the maximum amount of the base salary, regardless of gender.

GRI 406: Non-discrimination

GRI 406-1 Incidents of discrimination and corrective actions taken

In 2022, NIS and subsidiaries did not record any cases related to labour discrimination.

This issue is regulated by a number of internal documents, which are in force in the company and available to all employees.

- Collective bargaining agreement;
- Code of Business Ethics;
- Equality Policy;
- Instructions Prevention of Harassment at Work.

GRI 407: Freedom of association and collective bargaining

GRI 407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk

NIS supports the freedom of association into labour unions and collective bargaining, and, in 2022, it continued closely cooperating with the representatives of trade unions (of NIS j.s.c. and subsidiary employees). There were no cases of compromised freedom of collective bargaining were recorded.

Number of employees in trade unions		
Trade union	2021	2022
United Trade Union NIS j.s.c.	5,654	5,862
Oilfield Services TU	749	919
NTC NIS Naftagas TU	17	138
Special Works TU (Naftagas–Oilfield Services)	130	0
Transport TU	0	0
Total	6,550	6,919

GRI 408: Child Labour

GRI 408-1 Operations and suppliers at significant risk for incidents of child labour and measures taken to effectively prevent child labour

The Company operates in accordance with applicable laws, other regulations and ratified international conventions in all fields of business operations, including the prohibition of child labour.

GRI 409: Forced or compulsory labour

GRI 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour and measures taken to effectively prevent all forms of compulsory labour

The Company operates in accordance with applicable laws, other regulations and ratified international conventions in all fields of business operations, which also applies to forced labour. Accordingly, no forced labour cases were recorded in 2022.

GRI 411: Rights of indigenous people

GRI 411-1 Incidents of violations involving rights of indigenous people

In 2022, there were three new disputes initiated against the Company regarding the compensation for non-use of land and remediation, in addition to 12 disputes from the previous period. One of the disputes had been suspended.

Out of the total number of disputes, one dispute from the previous period and one new dispute were resolved (both in favour of claimants), with the negative financial effect of RSD 2,990,901.85. Two remaining new disputes and 12 disputes from the previous period that are still ongoing, have not been legally completed by the end of 2022.

Involuntary resettlement of people and how their livelihoods were affected in the process

In 2022, there were neither involuntary resettlements nor proceedings and disputes filed and instituted against the Company.

GRI 413: Local community

GRI 413-1 Operations with local community engagement, impact assessments, and development programs

From the moment of launching the social responsibility program “Common Cause Community”, NIS has been closely observing the needs of citizens and local communities in which the company operates, in an effort to strengthen the key pillars of social development and support the development of local communities. Accordingly, over the last 14 years, more than 1,000 projects have been supported and more than 1,6 billion dinars invested in the projects designed for the promotion of public health and social protection, science and education, environmental protection, culture and sport. Over the last three years only, the Program covered the construction of a number of children’s playgrounds, improvement of energy efficiency in schools, nursery schools, faculties, renovation of a number of sports facilities, and purchase of sports equipment in many schools, equipping parks with street furniture, adaptation of cultural institutions, purchase

of medical equipment and adaptation of health facilities. All the projects have a long-term impact on the local community and improve daily lives of all citizens. When determining the area to be supported within a cycle of the “Common Cause Community” program, NIS considers the national priorities and results of corporate researches, and then interviews local self-governments – Program participants about their priority needs. Following the careful analysis of all these factors, NIS defines the area to be supported within the program “Common Cause Community” for the given year. All categories of social communities, particularly the vulnerable ones, are continuously supported by company employees – members of the Volunteer Club. Volunteer activities of the NIS Volunteer Club address needs and problems of the society and are driven by the idea to foster, through mutual understanding and giving, the values that help improve the quality of life of the communities in which we leave and work. Accordingly, the Volunteer Club donated 679 volunteer hours last year, mostly dedicated to children and young people. Apart from the listed activities, NIS traditionally organises blood donation campaigns, which, since 2022, have been conducted systematically, under the auspices of the NIS j.s.c. United Trade Union. The continuous blood donation campaigns help build stable blood reserves in the competent blood transfusion services and aid the patients for whom the blood is one and only medicine. Last year, owing to the altruism and humanity of employees in Belgrade, Novi Sad, Pančevo and Zrenjanin, 298 units of blood were collected through eight organised campaigns. In the next period, it is planned to organise this campaign in other cities and towns as well, thus giving an opportunity to other company employees – health condition allowing, to demonstrated their humanity in practice. In this way, the support to critically ill patients will be even more appreciable.

GRI 413-2 Operations with significant actual and potential negative impacts on local communities

Business activities of NIS do not exert negative impacts on and consequences for the local community in which the company operates. If such impacts occur, the company takes all the available measures and activities to remedy the consequences or prevent the recurrence of negative effects on the community.

GRI 414: Supplier social assessment

GRI 414-1 New suppliers that were screened using social criteria (corruption, lobbying, anti-competitive practices, legal non-compliance)

As part of the procurement approval procedure in the company, a dedicated department conducts due diligence of every business entity with which the Company intends to enter into a contractual relationship. Within this process, the department analyses the potential contractor’s financial performance indicators, expertise and professional qualifications, manpower capacities, the number and purpose of any litigation processes (both in the capacity of the respondent and plaintiff), and possible acts that might be categorized as corruption. In 2022, the Company verified 2,217 legal entities, with which it planned to conduct business, while 2,3% of them were not approved. The reasons for withholding the approval for a certain legal entity do not include only a confirmed or reasonable doubt of corruption, but also the contractor’s business history, operational and technical capacities, and financial indicators. A non-approved contractor is a contractor for which the analysis indicates that a contractual relationship with such contractor could pose a business risk to the company. There are various reasons why certain potential contractors may not be approved:

- It is not possible to find records on a potential contractor in government agencies or institutions of its country of origin;
- Unreliable data on the registration of a potential supplier;
- Negative financial and economic performance indicators;
- Insufficient resources/manpower for the performance of works outlined in the future agreement with the company;
- Relations of the potential supplier with other legal or natural persons (including relations that involve increased business risks);
- Unfavourable work history with the Company or its subsidiaries;
- Unreliable potential supplier.

In addition, the dedicated department participated in the approval of 4,998 contracts, of which 112 (2.24%) were not approved. Prior to selecting its suppliers, the Company scrutinized potential suppliers from the aspect of corporate security and potential negative impact on its business operations, thus eliminating the possibility of signing an agreement with a non-approved contractor.

The Company also analyses the manner in which a business entity performs its contractual obligations, experiences from previous business cooperation, possible violations or abuse during cooperation, in accordance with the Law on Contracts and Torts and business practice. NIS also inspects the connections between its technical or commercial personnel with the representatives of potential contractors in cases where there is a suspicion of a present or potential negative impact on the Company and its procurement activities. In order to eliminate business risks, NIS maintains a black list of suppliers, customers and contractors, which includes business entities that have violated contractual obligations towards the Company (poor quality of work, inadequate business cooperation, incidents of abuse, etc.) In 2022, 25 contractors were added to the blacklist. Following the analysis, the request for removal from the list was approved for 10 contractors, which qualified again as potential vendors, due to the improved quality of operations and eliminated violations.

GRI 414-2 Negative social impacts in the supply chain and actions taken

Having in mind that NIS works closely with a considerable number of business partners in the Republic of Serbia, its examples of good practice and zero tolerance for corruption in business have a positive influence on the business conditions and standard improvement and motivate other companies to increase the quality of their services. This constitutes an important factor in the improvement of the overall business climate in the country. The selection of business partners is based on the principles of transparency, legal compliance, and objectivity, while eliminating or minimizing subjectivity, bias, and stereotypes inherited from former times and, as such, prevents negative impacts in the supply chain. The previous indicator delineates the measures and activities undertaken to prevent negative impacts in the supply chain, including the statistical data for 2022.

GRI 415: Public policy

GRI 415-1 Political contributions

According to the adopted External Policy, the company does not engage in political activities and does not finance any political parties.

GRI 416: Customer health and safety

GRI 416-1 Assessment of the health and safety impacts of product and service categories

As a socially responsible company, and with a view to a constant improvement of its business and raising the level of customer satisfaction, NIS tested Euro Diesel from own production against the Euro Diesel of one of the most renowned petroleum product producers in Europe. Tests were conducted at the Engine Department of the Faculty of Mechanical Engineering, University of Belgrade, and the samples delivered for testing were coded to ensure full objectivity of testing. This complex comparison test included testing the engine for the effects of Euro Diesel on the drive characteristics and economy of diesel engines, including the fuel combustion rate, for the purpose of determining possible differences in the application of two standard Diesel fuel samples. Furthermore, as a company firmly committed to environmental protection, one part of testing was measuring the concentration of toxic components in the engine exhaust gas under load. Tests were performed in controlled laboratory conditions, on a diesel engine from serial production with the electronic injection control system (PSA), having the engine displacement of 1,4 litres and with eddy current brake (dynamometer) Carl Schenck W130.

Test results were presented in a form of a report (No. uniB/MFB/MOT 0903-2112-01), leading to a conclusion that the differences in the engine performance when using the two tested Diesel fuels were remarkably small. The established differences, mostly on the side of NIS Euro Diesel, are not significant or particularly relevant for the process. On the other hand, the conclusion regarding the engine exhaust emissions shows a clear and consistent difference in the emission of incombustible hydrocarbon in all modes with the engine running on NIS Euro Diesel.

The test reveals that, in terms of quality of Euro Diesel, NIS not only keeps pace with leading European refineries, but also takes a step further,

especially when it comes to reducing the emissions of gases with environmental impact.

On the request of the company, the Faculty of Mechanical Engineering designed a special installation for testing winter characteristics of Euro Diesel. To this end, a prototype laboratory installation was designed, which simulates operation of low-voltage fuel supply system in Euro Diesel engines, for determining performances of Diesel fuel in the simulated vehicle starting at low temperatures. Apart from the adopted laboratory testing of winter characteristics of Euro Diesel, NIS goes a little further in an effort to protect its customers and tests its winter Euro Diesel in the simulated vehicle starting in the winter.

NISOTEC lubricants are manufactured from high-quality raw materials from world's leading suppliers of additives and base oils. High-quality NISOTEC lubricants offer the following benefits:

- Longer interval between oil replacements, thus producing less waste oil;
- Lower viscosity oil grade that allows reduction in fuel consumption;
- NISOTEC Low SAPS engine oils contain less slag, phosphorus, and sulphur and can be used in Euro V and Euro VI engines with DPF filters and TWC catalysts, which reduces pollutant content in exhaust gases.

The company reports higher sales of NISOTEC Antifreeze Long Life with organic corrosion inhibitors that extend the utilization period of the antifreeze solution to five years.

Windscreen washer fluids are based exclusively on ethanol and do not contain any harmful methanol.

GRI 416-2 Incidents of non-compliance concerning the health and safety impacts of products and services

In 2022, no sanctions were imposed on the Company due to non-compliance with regulations and voluntary codes concerning the impact of its products and services on consumers' health and safety during the entire life cycle of products and services.

GRI 417: Marketing and labelling

GRI 417-1 Requirements for product and service information and labelling

REACH (Registration, Evaluation, Authorization and Chemicals) is an EU regulation that applies to all products exported to the EU. As a significant share of NIS products are sold in the EU, the company performed extensive analyses and activities to meet its REACH obligations. All REACH obligations are fulfilled within the period set by the EU. NIS received a positive decision of the European Chemicals Agency on the registration of substances produced by the company and, in addition, 16 substances were registered in the EU according to the REACH regulations, thus allowing export of 27 products of the company to the EU. As a socially responsible company, NIS observes all the EU and ECHA regulations related to health and safety and environmental protection, taking into account risks associated with the use of chemicals.

Further to the analysis of market demands, optimisation of the production process and flexibility of the distribution chain, a new REACH registration is finalised to enable the export of C4 hydrocarbon and liquid petroleum gas mixtures. After testing is completed, a Product Dossier is created and certificates issued by the European Chemicals Agency for registration in the EU. Safety Data Sheets are created and harmonised against the EU regulation that have been in force since 2022.

During the previous year, as a consequence of the imposed sanctions, unscheduled REACH audits were conducted in the distribution chain, from the producer, over the distributor, to the final user.

The company strategically manages compliance with laws and regulations, aware of the impact of the REACH regulation, which helps attain the REACH goals:

- Collection of data on chemicals used in the EU;
- Improved health protection and environmental protection;
- Better competition through creation of an open market and a level playing field within the EU.

A Safety Data Sheet includes information on chemical composition and properties, requirements related to storage, handling, transport, and disposal of waste, which is the key method of communication between the supplier and the consumer that provides statements on safe use of substances or mixtures to ensure health and environmental protection.

The contents of the Safety Data Sheet are adjusted to the needs of professional users and include the information on the likely physical and chemical hazards

posed by the properties of the chemical and the associated risks to health, safety, and the environment.

Apart from enabling the company to meet the legal requirements, the technical support for the marketed products provides for effective and accurate informing of customers and stakeholders, improvement of compliance with the safety and environmental standards, and timely informing about the products and any changes related to them.

Distribution of products to the end users is the last link in the supply chain. Petroleum products are transported by motor vehicles.

The last year presented a number of challenges for the company in terms of supplying the market with petroleum products and LPG, to which NIS successfully responded, breaking monthly and daily records in terms of volumes transported.

With a view to meeting the transport demands and ensuring compliance with the legal regulations governing working hours of the vehicle crew operating cargo vehicles for transport of dangerous goods, the company engaged an additional number of professional drivers in the previous year. Apart from regular training and seminars for professional drivers, drivers completed a training in defensive driving. The development of safe driving skills fill continue going forward.

The company applies normative frameworks for provision of transport services – transport of dangerous goods, in the field of transporting dangerous goods and it undertook preventive activities, and the compliance thereof was verified at the end of 2022, in the audit conducted by the certification authority Bureau Veritas Certification. At that point, the company's system of transport management was certified according to ISO 39001, the international standard for traffic safety management.

ISO 39001 certification proves that the company:

- Shows commitment by ensuring safety and high quality of road transport;
- Improves efficiency – the implemented ISO 39001 system helps optimise the allocation of resources through better management and cut costs through higher efficiency;
- Creates competitive advantages by meeting its goals in the field of safety and social responsibility through the application of best industry practices in road transport safety;
- Develops the business environment by giving highest possible guarantees in traffic safety to all employees who are regularly on the road as part of their job duties;
- Contributes to better planning, operation and use of the road transport system;

- Reduces costs sustained in traffic accidents and incidents.

The digitalisation of the drivers’ working hours tracking system was introduced in accordance with the Rulebook on Recording Working Hours of Vehicle Crews and Tire Control by employing the TireOptix solution. This system helps improve tire monitoring and increase the service life of tires, as well as reduce the environmental impact of transport.

In 2023, further upgrade of the car fleet is envisaged, including replacement of 12 solo tanks for LPG transportation of EURO 3 category with EURO 6 category vehicles. In addition, NIS will also implement software for dispatching of secondary transport, which will improve the quality of transport services and reduce the environmental impact.

Practices related to customer satisfaction, including results of surveys measuring customer satisfaction

NIS regularly carries out the brand awareness survey in the Serbian market.

The survey uses the key indicators to monitor brand awareness and results of brand promotion activities.

2022 results show that NIS is perceived as a humane, professional, responsible and reliable company. The company recorded a year-on-year increase of trust indicators (2021 – 70,3%; 2022 – 72,9%) and overall opinion (2021 – 70,8%, 2022 – 74,5%).

Sales of prohibited or contested products

No prohibited products or products that are the subject of a public debate on any markets were sold by the company in 2022.

GRI 417-2 Incidents of non-compliance concerning product or service information and labelling

In 2022, the company did not have any liabilities related to the offence for a failure to comply with regulations and voluntary code requirements for labelling of products and services. Three proceedings due to economic violations were ongoing and had not been closed by the end of 2022.

GRI 417-3 Incidents of non-compliance concerning marketing communications

In 2022, no sanctions were imposed on the company due to non-com-

pliance with regulations and voluntary codes concerning marketing communication, advertising, sponsorship and promotions.

GRI 418: Customer privacy

GRI 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data

In 2022, no proceedings were initiated due to violation of customer data protection.

NIS invests maximum efforts to protect personal data. The following adopted normative documents ensure compliance with the Law on Personal Data Protection:

- Personal Data Processing Policy;
- Instruction – Records on Personal Data Processing Activities;
- Rulebook – Personal Data Processing;
- Instruction – Assessment of Impact of Processing Activities on Personal Data Protection;
- Instruction – Data Confidentiality Protection Measures in Human Resources, Multifunctional Shared Services.

The measures are defined already in the course of drafting the technical requirements and project charter and when defining business processes, both with respect to data protection and exercising natural persons’ rights.

Sector addition – oil and gas industry

Estimated volume and value of oil and gas reserves

Under the laws of the Republic of Serbia, the Company is not at liberty to report on the estimated quantity and value of oil and gas reserves.

Volume of produced and disposed formation water

Formation water, separated from crude oil during the production of oil and gas and technical operations in wells, is processed (treated to remove hydrocarbons, suspended and dissolved matter), and then injected at a certain depth in abandoned wells (selected orphaned wells), in which case it has no impact on the quality of groundwater.

Produced and disposed formation water (m3)	2021 (m³)	2022 (m³)	Relative change 2022 vs 2021
Produced formation water	4,404,528	4.523.096	+3%
Disposed formation water	4,404,528	4,523,096	+3%

All produced formation water is injected.

Total number and volume of significant spills

Number of environmental accidents by type		
Accident type	2021	2022
Oil/petroleum products spill on soil	9	6
Wastewater spills	0	0
Chemical spills	0	0
Gas emissions	0	0
Other	1	2
Total	10	8

In 2022, the number of environmental accidents (8) was reduced by 20% as opposed to 2021, when the Company recorded 10 environmental accidents. According to NIS Incident Classifier, all environmental accidents in 2022 were categorized as small.

Out of all spills in 2022, 6 exceeded 1 barrel. The total volume of material released or spilled was 1,7 m3.

Causes of environmental accidents (%)	2022
Work activity	2
Technological failure or breakdown – process	0
Pipeline rupture	4
Damage to structures	0
Other	2
Total	8

Volume of flared and vented hydrocarbon

The Company continued to implement measures aimed at the reduction of CO2 emissions by producing thermal energy and electricity in cogeneration power plants using the associated gas, which used to be flared off. In 2022, the quantity of flared off gas was 19,894,057 m3, which is 7,5% less than in 2021, when the volume of flared off gas was 21,511,710 m3.

Benzene, lead and sulphur content in fuels

The quality of fuels the Company produces meets all the requirements of the national and EU regulations.

Closure and rehabilitation of wells and facilities

According to the Law on Mining and Geological Research, after completing oil or gas exploitation, the company is obliged to abandon the well and then rehabilitate the location on which the well and facilities are located.

Rehabilitation includes removing complete equipment and restoring soil to the original condition, i.e. backfilling with soil (high-quality soil that can be re-cultivated) that had been there before construction of facilities or the well.

The content of mining designs is governed by by-laws (Regulation on Content of Mining Designs), and one of such designs is the Main Mining Design for Permanent Termination of Exploitation, which defines what is required for a field to be considered abandoned. This designed is filed with the Ministry of Mining and Energy or the Provincial Secretariat of Energy (depending on whether the location is in Vojvodina or Central Serbia) upon the completion of works. A mining inspector may visit the location to make sure that the works have been completed in accordance with the design.

Safety processes by business activity

Industrial safety

The industrial safety management system includes key processes of hazard identification, risk assessment and risk management related to processes and process equipment. Supported by the modernization of production, implementation of advanced technological solutions and employee development, this system provides adequate prevention, monitoring, and timely and effective response in emergencies.

Process safety

Process safety stands for prevention of fire, explosion, accidental and unplanned release of hazardous and non-hazardous substances from vessels, pipelines, and equipment, which are components of a technical and technological process facilities (for example, chemical industry units, refineries, petroleum product storage facilities, in particular NIS Downstream and Upstream). It relies on good design and engineering

principles and operating and maintenance practices.

Consequently, the structure of normative-methodological documents governing process safety was revised and, in the coming period, measures will be taken to ensure the enforcement and monitoring thereof.

As part of process safety measures, in 2022, NIS set up interactive workshops, which were attended by the persons nominated for issuance of high-risk job permits, aimed at refreshing and improving the knowledge about the hazards occurring before and during the performance of high-risk jobs, such as: work at height, work in confined space, digging and excavations, load lifting, works involving potential occurrence of flammable and toxic substances, hot works.

The company continued its practice of reviewing and updating normative and methodological documents, following the best global practices. Upon the adoption of these normative and methodological documents, we develop training plans for employees.

Karkas Safety Shield Project

The project was created in Gazprom Neft after the analysis of HSE events in 69 subsidiaries and events that had occurred in oil industry in past years, leading to fatalities, employee injuries or large financial losses. This program sets up a safety shield, i.e. a comprehensive set of measures preventing the occurrence of HSE events in different processes.

In early 2019, the Program was launched in NIS and its subsidiaries. By the end of 2022, the company invested substantial funds in procurement of additional equipment for employees, training, technical documentation, and elimination or reduction of safety risks to an acceptable level. In addition, the implantation of the program required engagement of additional human resources, proving that safety is a top priority.

The best results (Karkas version 1-5) were achieved in the field of industrial safety (fire and explosion prevention), occupational health and safety (work at height, hazardous operations involving gas, electrical safety, traffic safety, etc.), and environmental protection. This practice will continue in 2023 (application of Karkas 6 barrier requirements).

Since the beginning of 2021, the certified inspectors, who are trained for verification of barrier requirements, assess the functionality of barriers in the company twice a year. NIS and its subsidiaries received high score

for improving functionalities of barriers.

In 2023, the program for the implementation of barrier functionality measures continues, with an aim of reducing the risk of injuries to employees and contractors, accidents and incidents at the level of NIS and its subsidiaries. Furthermore, the activities for the implementation of Karkas 6 are planned, which include the diagnostics in line with the newly installed barriers and setting the preliminary budget for enabling the functionality in the period 2024-2026.

Fire protection

2022 was marked by harmonisation with the legal regulations governing fire protection and, particularly, fire-fighting. The approved expansion of the fire units resulted in hiring 71 fire-fighters and, currently, 288 fire-fighters in total are employed in 11 professional industrial fire units of the company, deployed in line with the new staffing structure and competency requirements defined under the law.

The capital projects for bringing into compliance with regulations and reconstruction of fire stations in Novi Sad and Niš where approved, with an intention to improve working conditions for employees, but also the activity of the fire units. In 2022, furnishing fire units with the required equipment and resources (fire and protection equipment, rescue equipment, self-contained breathing apparatuses, etc.) continued on a regular basis.

Service specifications were reviewed in cooperation with the affected organisational units. This resulted in the optimisation of resources, but also raising the level of services provided by the fire-fighting units.

When it comes to training, it was a successful year, as reflected by the following indicators:

- 249 HSE drills in which the company fire units, on their own and in cooperation with fire units of the Emergency Management Sector and neighbouring enterprises, practised strategic response to different emergencies, such as: fire suppression, rescue from heights and depths techniques, administering first aid, responding to chemical accidents, etc;
- The competition team of Pančevo fire unit took part in the International Firefighters Olympics, in the category of professional fire units, organised by the CTIF (the International Association of Fire and Rescue Services), which was held in Slovenia;
- The cooperation with in Serbian and Russian Humanitarian Centre

in Niš was renewed and expanded;

- In cooperation with the National Emergency Training Centre of the Serbian Ministry of Interior, a special training program and manual for operational manager in emergency response actions were drafted in the company.

In 2022, all fires that broke out in company's premises were successfully extinguished, thus preventing any substantial material damage and pollution of the environment. The company firefighters assisted fire and rescue units of the Ministry of Interior of the Republic of Serbia at facilities of other companies and local communities.

Emergency management

All activities related to the preparedness for emergency response and civil defence in the company are focused on ensuring the company's capability to successfully respond to emergencies and disasters - crises. The norms in place are defined by the provisions of the Law on Disaster Risk Reduction and Emergency Management, other laws and bylaws, as well as good industrial practices and technical standards of NIS.

By fulfilling the obligations arising from the Decision of the Serbian Government on the designation of entities of special importance for protection and rescue, we reinforce company's resilience to emergencies and crises and improve safety of employees, environment and assets both in NIS and in local communities where the company carries out its business.

The company continued improving the process of preparedness for emergency response and civil defence in 2022. The framework assessment of disaster risks and the rescue plan were revised at NIS level, to ensure alignment with the laws and regulations, and the flood defence plans were drafted and adopted.

HSE drills are designed to test the procedures and solutions under the approved HSE planning documents of the company. These drills are particularly intended for employee training in specific procedures, such as rescue and emergency treatment of employees, as well as remedying of consequences of equipment defect or failure, technical and technological accidents, and natural disasters and other accidents, with an aim of reducing the HSE risks and ensuring safe business operations. All HSE drills were successfully completed in accordance with 2022 HSE Drill Plan.

In 2022, in cooperation with the National Emergency Training Centre of the Serbian Ministry of Interior, 170 employees from the company's protection

and rescue forces were trained. Trainings were provided for civil defence commissioners and deputy commissioners, managers of emergency response operations, while joint command and simulation drills were performed in compliance with the adopted programs of the Serbian Ministry of Interior.

Volume of biofuels produced and purchased meeting sustainability criteria

In 2021, the regulation governing the obligation to blend biofuels in motor gasoline and diesel fuels sold in the Serbian market entered into force, including the mandatory volumes of biofuels that must be placed on the market of the Republic of Serbia.

In order to meet the requirements of the legal regulations and objectives of the corporate strategy, the Pančevo Oil Refinery implemented a project facilitating blending of biofuels. The said objectives include blending biocomponents into Euro Diesel and motor gasoline (the maximum ratios are regulated by the EU standards adopted by the Republic of Serbia). Biofuel blending and use of other renewable energy sources in the transport sector are one of the conditions for the accession of Serbia to the EU.

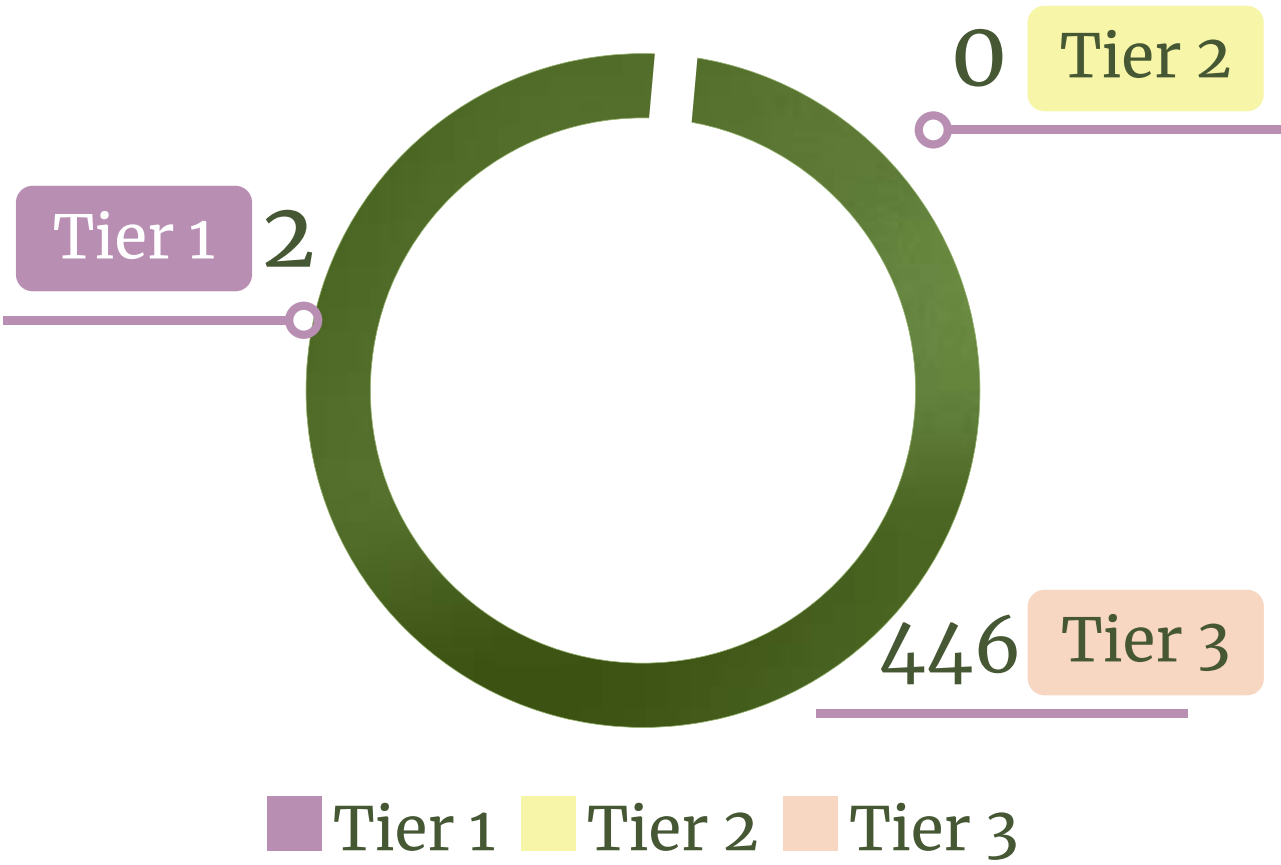
The RNP is currently able to blend biocomponents into diesel fuel. Enabling blending ethanol into motor gasoline necessitates a project, creation of design and technical documentation which is about to be completed. The next step will be to initiate the supplier selection procedure. The project is due to finish in 2027.

In 2022, NIS imported 2,547.5 tons of B-100 biocomponent and used 2,923.5 tons to produce 27,416.5 tons of B7 Euro Diesel, which RNP exported for sales in Romania

According to the applicable regulations, the obligation to blend biofuel into fuels sold in the Serbian market will be in force as of 1 July 2023.

PSE (Process safety events) 2021-2022.

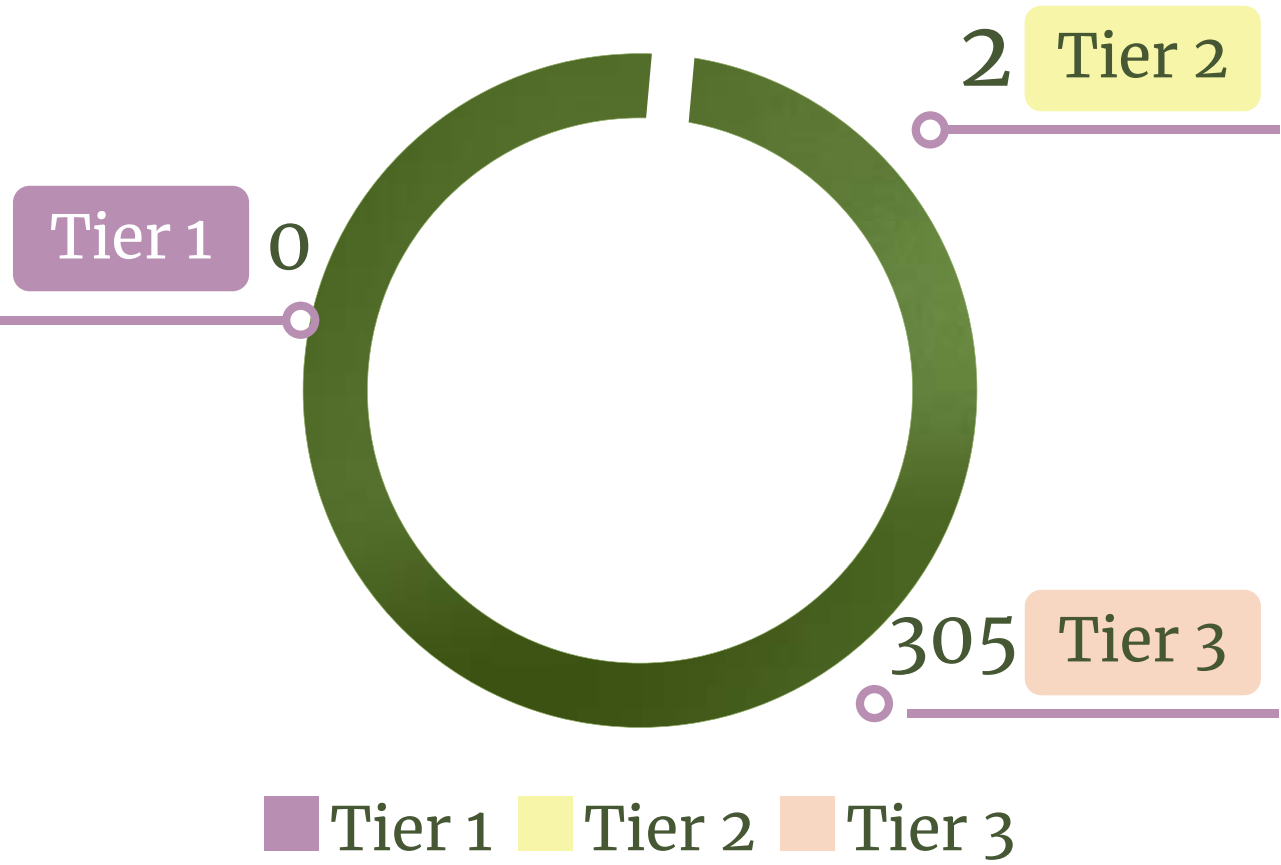
2021.
PSE Tier events



TIER	2021 (12m)	2022 (12m)
TIER-1	2	0
TIER-2	0	2
TIER-3	446	305
Total	448	307

PSE Tier (Process safety event Tier-1, Tier-2) – unforeseen and uncontrolled leaking of tanks/pipelines in a technological process that, according to the international classification (API 754, IOGP 456), may lead to: fire, explosion, employee injuries or other major adverse consequences.

2022.
PSE Tier events



TIER 1 (2021)	TIER 2 (2022)
1) 17.5.2021 - Desealing of a pipeline was reported, leading to a gasoline fire and contractor employee injury.	1) 17.04.2022 An operator sustained an injury while opening and inspecting a drainage valve. There was an uncontrolled butane release, and the operator sustained burns to the leg.
2) 31.08.2021 - Desealing of a pipeline, leading to a large fire at S-2200 unit in RNP.	2) 10.04.2022 Flexible hose bursting at GA-2665R pump discharge in RNP, resulting in spent sulphuric acid spraying, which caused neck injuries to the employee.

Auditor’s Opinion



Independent report about limited review

To the executives of the company Naftna industrija Srbije a.d. Novi Sad

We have performed a limited assurance engagement in accordance with the International standard for assurance engagements other than the audit and review of historical financial information (in hereinafter „ISAE 3000 – revised“) with the intention of obtaining limited assurance on the accuracy and completeness of the 2022 Sustainable Development Report (in hereinafter referred to as "Report") of the company Naftna Industrija Srbije a.d. Novi Sad (hereinafter referred to as the "Company"). The report was prepared by the Company's management, which is responsible for the data collected and disclosed in it. Our disclosure responsibility is solely to the management of the Company and it is not advisable to make financial decisions based on the information provided. Any reference to this Report by any third party is at your own risk and responsibility.

The Company's management is responsible for the preparation of the Sustainable Development Report in accordance with GRI standards, as well as for the creation of internal controls designed and implemented for the sake of accurate reporting. The responsibility of the company is manifested with the aim of providing accurate and complete documentation.

Scope of engagement and criteria

Our engagement was performed in accordance with ISAE 3000 with the intention of obtaining limited assurance on:

- Accuracy and completeness of quantitative and reliability of qualitative data related to GRI General Standard Data;
- Accuracy and completeness of quantitative data (performance indicators) and credibility statements (GRI Management Approach Data GRI "DMA") related to GRI Specific Standard Data, which correspond to aspects that are material to the greatest extent as shown in the analysis materiality of the Company;
- Compliance of the Report with the basic level of reporting with the corresponding requirements of the GRI guidelines of the Sustainability Report.

TPA Revizija doo
11000 Beograd, Makedonska 30/III sprat, Tel.: 011 655 88 00
Mejl: office@tpa-group.rs, www.tpa-group.rs, www.tpa-group.com,
Matični broj: 20738227, **PIB:** 107078944

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Srbija | Slovačka | Slovenija | Hrvatska | Crna Gora | Češka Republika

TPA Revizija doo posluje kao TPA Revizija ili TPA Srbija i deo je globalne mreže Baker Tilly International Ltd. čiji su članovi posebna i nezavisna pravna lica.



Completed procedures

In order to form conclusions, we applied the following procedures:

- We interviewed the representatives of the Company in order to understand the implemented processes, policies and corporate responsibility activities during the reporting period;
- We analyzed the submitted data and information, which were aimed at substantiating statements regarding sustainable business for the year 2022, which were presented in the Report;
- Overview of the Company's processes in order to determine the material issues that should be included in the Report, as well as the representation of these material issues within the Report;
- Review of the Report in terms of adequate disclosure of GRI General and Specific Standards and communication with experts for GRI General and Specific Standards within the Company who are responsible for the preparation, management and review of material items, in order to improve the quality of reporting;
- Overview of the GRI Contents of the Index as well as the mentioned references and their compliance with the requirements of the basic level of reporting.

Level of assurance

- We reviewed the Report in the Serbian language. Possible inconsistencies with the versions of the Report in other languages are the result of the translation of the Report. We consider only the Serbian version of the Report to be the authoritative report;
- We do not express an opinion related to future forecasts and goals, nor to the possibility of their realization;
- The scope of engagement does not include a review of the activities or performance of third parties, nor attendance at engagement activities of interested parties;
- The scope of the engagement does not include checking the Company's system that was used during the collection and grouping of data.

Conclusions

Based on the reviewed documentation, and in proportion to the limitations of our engagement, we draw the following conclusions:

1. How accurate and complete are quantitative data and credible qualitative information related to GRI General Standard Data within our scope of engagement?
 - We have not come to any knowledge that indicates the non-inclusion of quantitative data in the Report, which refer to GRI General Standard Data;
 - We did not come to the knowledge that indicates the existence of irregularities (errors and irregularities) within the framework of quantitative data related to GRI General Standard Data, which were the subject of our analysis;

- We have not come to any knowledge that indicates material irregularities in the qualitative statements of the management that were the subject of the analysis and that are included in the Report according to the GRI General Standards;
 - We did not come to any knowledge that would lead us to the conclusion that the materiality matrix was improperly presented based on the implemented procedures of the Company.
2. To what extent are accurate and complete (performance indicators) and how credible are the statements (GRI Management Approach Data) related to the GRI Specific Standard Data that are within our scope of engagement?
 - We have not come to any knowledge that indicates the non-inclusion of quantitative data in the Report, which refer to GRI Specific Standard Data;
 - We have not come to any knowledge that indicates the existence of irregularities (errors and irregularities) within the quantitative data related to the GRI Specific Standard Data, which were the subject of our analysis;
 - By verifying the information and explanations of the selected management statements (GRI Data on Management Approach) related to the GRI Specific Standard Data presented in the Report, we did not identify any material inaccuracies.
 3. Does the Report meet the basic requirements of the GRI standard guidelines?
 - In accordance with the scope of our engagement, we did not come to any knowledge that would lead us to the conclusion that the Company does not meet the requirements of the basic level of reporting in accordance with the guidelines of the GRI standard.

Conclusions

Our engagement is based on International Standards for Engagement, primarily relying on "ISAE 3000 - Revised". Mentioned standards require compliance with ethical standards, as well as engagement for the sake of limited assurance on the subject matter listed above.

By implementing International Standard for Quality Management 1 (ISQM 1), we reflect an intensive quality control system including policies and procedures that document compliance with relevant ethical and professional standards and legal and regulatory requirements.

We comply with the independence requirements as well as other ethical codes prescribed by the IFAC Code of Ethics for Professional Accountants which discloses the general principles of integrity, objectivity, professional competence and due care, confidentiality and professional conduct.

Belgrade, 30. May 2023.

TPA Audit

Certified auditor
Jelena Hadzic

Director
Bojan Zepinic

Jelena Hadžić 200025298 Digitally signed by Jelena Hadžić; 200025298
Date: 2023.06.12 11:24:15 +02'00'



Glossary	
Abbreviation	Meaning
OHS	occupational health and safety
BREF	best available techniques reference documents
Pay grade	level assigned to a position as a result of job evaluation. Positions of the same grade have approximately equal value in the company regardless of their functional area or organizational unit
ELV	emission limit values
GJ	gigajoule
GRI	Global Reporting Initiative GRI is an international non-profit organization established in 1997 with the goal to achieve the highest quality of corporate reporting on sustainable development. GRI provides the world's best-known sustainability reporting standards – GRI standards.
GHG	greenhouse gasses
DCU	delay cooking unit
EOR	enhanced oil recovery
ETBE	ethyl tertiary-butyl ether
EU	European Union
ECHA	European Chemicals Agency
Stakeholders	all natural persons and legal entities interested in company's operations, who have an impact on company's business results or are impacted by the company IPPC permit – permit for industrial pollution prevention and control
IPPC permit	permit for industrial pollution prevention and control
IUCN	International Union for Conservation of Nature
Controlled companies and subsidiaries/joint ventures	the companies in the country and abroad in which NIS j.s.c. Novi Sad holds or acquires privileges and/or shares or equity stakes, regardless of the percentage and method of acquisition of the equity stake
CNG	compressed natural gas
LTIF (Lost Time Injury Frequency)	the indicator of lost work day cases due to injuries
MTBE (Methyl tert-butyl ether)	additive to enhance gasoline properties
RS MoI	Ministry of Interior of the Republic of Serbia
NIS j.s.c. Novi Sad	NIS or the company
NMD	normative and methodological documents
NO ₂	nitrogen dioxide
OU	organisational unit
RES	renewable energy source

Glossary	
Abbreviation	Meaning
PDCA	plan-do-act-check
PiTNiG	Sector for Oil and Gas Preparation and Transport
PSE	process safety events
REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals)	international legislation for registration, evaluation, authorization and restriction of chemicals
Remediation	a term generally referring to cleaning or renewal – restoration (cultivation, revitalisation, generation) of a polluted location – area or otherwise damaged environment due to human actions
RNP	Pančevo Oil Refinery
RS	Republic of Serbia
GGS	gas gathering station
CEMS	систем за континуирано праћење емисија
SDS	safety data sheet
GMS	gathering and metering station
SO ₂	sulphur dioxide
FS	filling station
TE-TO Pančevo	Pančevo combined-cycle power plant
LPG	liquid petroleum gas
toe	ton of oil equivalent
FCC	fluid catalytic cracker in the Pančevo Oil Refiner
HSE	health, safety, environment
HTS	hydrothermal system
CO ₂ eq	Carbon footprint
CBC report	country-by-country report
CO ₂	carbon dioxide
CCS (carbon capture and storage)	the process of carbon dioxide and formation gas injection for the purpose of increasing the reservoir recovery factor, in a way as to prevent carbon dioxide releases

Biography of the author of the photos used in the Report on Sustainable Development NIS j.s.c. Novi Sad for 2022.

Predrag Kostin was born in Zrenjanin in 1976. He is employed by the NIS Company, and he has been intensively engaged in nature photography since 2007. In the following year, he won the National Geographic Serbia magazine contest, which had Wildlife for its main theme. After the contest, he remained a contributor to National Geographic Serbia magazine, where he has been publishing his photos and texts. So far, he has exhibited his photographs at several solo and group exhibitions depicting the nature of Serbia, and he has, also, published a photo monograph entitled “The Rivers of Life” to promote the beauty of the rivers. He is a participant in many humanitarian events where he used his

photos to collect relief for the people who need it the most, and he shares his experiences about animals and photographing them through workshops with children and by guiding organised tours in special nature reserves. In 2022, he started the Instagram profile @divlja_srbija, which contains photos of the fauna and flora of our country, and since recently, he has been engaged in shooting short films about nature with the aim of promoting the national parks of Serbia, as well as raising awareness of the importance of preserving the world around us. He also publishes his photos and short descriptions on the “Jazak” portal, with which he has a successful collaboration.



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*Roe deer (Capreolus capreolus),
Gas refinery in Elemir*