

1.2.9

Corporate Governance

Statement on Application of Corporate Governance Code

Corporate Governance Report

In accordance with Article 368 of the Company Law (“The Law”) and Article 35 of the Law on Accounting, NIS j.s.c. Novi Sad hereby states that it applies the Code of Corporate Governance of NIS j.s.c. Novi Sad (hereinafter “The Code”) which is available on the company website. This Statement contains a detailed and comprehensive outline, as well as all relevant information of corporate governance practices implemented by the Company.



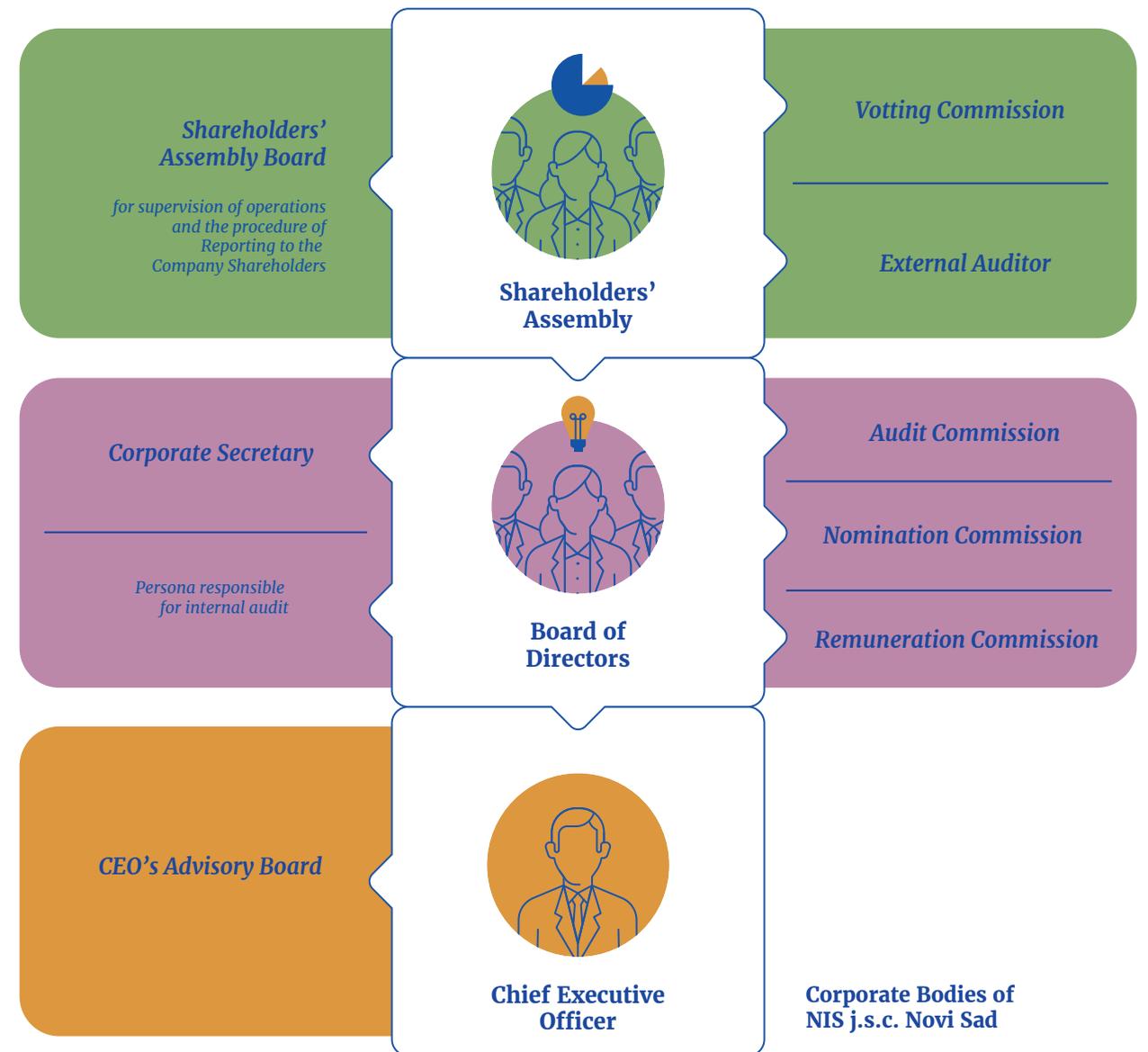
The Code supplements the rules contemplated by the Law and Articles of Association of NIS j.s.c. Novi Sad (“the Articles”), which are to be complied with by the persons responsible for the corporate governance of the Company. The corporate Board of Directors ensures the application of the principles established under the Code, monitors their implementation and the compliance of the Company’s organisation and operations with the Code and the Law.



Corporate Governance System

The Company has established a one-tier governance system, where the Board of Directors has the central role in the corporate governance. The Board of Directors is responsible for the implementation of the objectives and the achievement of results, while the shareholders exercise their rights and control primarily through the Shareholders’ Assembly.

The provisions of the Articles of Association fully and clearly differentiate between the scope of work of the Board of Directors and the scope of work of the Shareholders’ Assembly, the CEO of the Company and the bodies set up by the corporate governance bodies.



Shareholders' Assembly and Shareholders' Right

As the highest authority of the Company, the Shareholders' Assembly is made up of all shareholders. All NIS j.s.c. Novi Sad shares are ordinary shares that give their owners the same rights, where one share carries one vote. The corporate documents do not impose restrictions regarding the number of shares or votes that a person may have at a Shareholders' Assembly meeting.

The Shareholders' Assembly meetings may be ordinary or extraordinary. Ordinary meetings are convened by the Board of Directors no later than six months after the end of a fiscal year. The Board of Directors convenes extraordinary meetings at its discretion or at the request of shareholders holding at least 5% of the Company shares.

The rules regarding the method of convening meetings, operation and decision-making process of the Shareholders' Assembly, and particularly the issues relating to how shareholders exercise their rights in connection with the Shareholders' Assembly, are laid down in advance and incorporated into the Rules of Procedure of the Shareholders' Assembly, which are made public and available to all shareholders.



Both the notice about the Board of Directors' decision to call a meeting of the Shareholders' Assembly and the draft agenda are published on the first business day following the adoption of the decision; on the Company's website and on the regulated market's website (www.belex.rs). A meeting of the Shareholders' Assembly may be called on the Company's website (www.nis.rs), on the company register's website (www.apr.gov.rs), on the website of

the Central Securities Depository and Clearing House (www.crhov.rs) or on the regulated market's website (www.belex.rs). The invitation is sent no later than 30 days prior to the day of an ordinary meeting, or 21 days prior to an extraordinary session. Simultaneously with the announcement of the invitation to the Shareholders' Assembly meeting, the Company's website also publishes the materials for a meeting of the Shareholders' Assembly, which are also available for inspection at the Company's headquarters, to each shareholder who so requests, or to their proxy until the day of the meeting.

In addition to information about the meeting time, venue and agenda, the call for a meeting of the Shareholders' Assembly also includes information on how the shareholders may access the materials for the meeting, explanations on the shareholders' rights, manner and deadlines for the exercise of those rights, as well as information on the Shareholders' Day. Furthermore, proxy forms and absentee ballots (also available from the company headquarters) and electronic ballots are also published along with the call.

All decisions adopted by the Shareholders' Assembly are published on the corporate website together with the Voting Commission's report on the voting results, minutes of the Shareholders' Assembly meeting, the list of the attendees and invitees, and the list of the attending and represented shareholders of the Company.

Calls and materials for Shareholders' Assembly meetings, decisions adopted and other documents published following a Shareholders' Assembly meeting are available in Serbian, Russian and English.



Special Shareholders' Rights

The Agreement for the Sale and Purchase of Shares of NIS j.s.c. Novi Sad, entered into on December 24, 2008 between PJSC Gazprom Neft and the Republic of Serbia, stipulates that, as long as the contracting parties are shareholders of NIS j.s.c. Novi Sad, neither party shall sell, transfer or otherwise dispose of ownership of the share package, in part or in its entirety, for the benefit of any third party, unless it previously offers to the other party the option of purchasing the share package under the same terms as offered by the third party.

Pursuant to Articles 4.4.1 and 4.4.2 of the same Agreement, as long as the Republic of Serbia is a shareholder of the Company with at least 10% share in the share capital, it will be entitled to the number of members of the Board of Directors, which shall be proportional to its share in the base equity. The chairperson and one Board member of the Shareholders' Assembly are appointed upon the

proposal of the Republic of Serbia, while the remaining member of the Board of the Shareholders' Assembly is appointed on the proposal of PJSC Gazprom Neft.

Decisions made by the Shareholders' Assembly on the basis of the Agreement in question and the Articles of Association, with the obligatory positive vote of the Republic of Serbia are listed in the section "Majority for decision-making and amendments to the Articles of Association".

Right to participate in the operation of the Shareholders' Assembly

The right to participate in and vote at the Shareholders' Assembly meeting is held by all shareholders who own NIS j.s.c. Novi Sad shares on the Shareholders' Day (the tenth day prior to a Shareholders' Assembly meeting), according to the central registry of shareholders maintained by the Central Securities Depository and Clearing House.

The right to participate in the operation of the Shareholders' Assembly includes the rights of shareholders to vote and participate in the discussion about the items on the agenda of the Shareholders' Assembly meeting, including the right to put forward motions, ask agenda-related questions and receive answers in accordance with the Law, Articles of Association and Rules of Procedure of the Shareholders' Assembly, which specifically establish the procedures for exercising such rights.

In accordance with the Articles of Association, the right to personally participate in the Shareholders' Assembly meeting is granted to a company shareholder with at least 0.1% shares of the total number of company shares, or to a proxy representing at least 0.1% of the total number of company shares. Company shareholders who individually hold less than 0.1% of the total number of company shares may participate in the Shareholders' Assembly meeting through a joint proxy, vote in absentia or vote electronically, regardless of the number of shares held, whereby all of the above voting methods have the same effect. The stipulation of a threshold for personal participation is due to the fact that the Company has a very large number of shareholders (about 2.06 million) and a threshold in these circumstances is necessary in order not to compromise the efficiency and rationality in terms of planning and holding Shareholders' Assembly meetings.

The Company makes it possible for all shareholders to grant an online proxy and vote online prior to the meeting, wherein the proxy, i.e. the ballot must be signed by a qualified electronic signature in accordance with the law governing electronic signatures.

A shareholder of the Company who has the right to

participate in the work of the session of the General Meeting shall have the right to vote on any matter voted on at the session of the General Meeting by filling in and sending the voting form through direct submission, courier service, by registered mail or electronically, which form must be received by NIS j.s.c. Novi Sad no later than 3 (three) working days before the date of the General Meeting.

Proposing Amendments to the Agenda

Pursuant to the Law, one or more shareholders of the Company with at least 5% of the voting shares may submit a proposal to the Board of Directors with: additional agenda items to be discussed at a Shareholders Assembly meeting, additional items to be decided on by the Assembly and other decisions on the existing items on the agenda, provided that such proposals are explained and that the text of the proposed decisions is attached (if a decision of the Shareholders' Assembly is proposed).

Right to raise questions, receive answers and put forward motions

A company shareholder who has the right to participate in the work of the Shareholders' Assembly may ask questions relating to items on the agenda of the Shareholders Assembly meeting, as well as other issues related to the Company, to the extent that the answers to these questions are necessary for the adequate assessment of the issue regarding the items on the agenda of a Shareholders' Assembly meeting. Members of the Board of Directors provide the answers to the questions.

Voting majority and amendment to the articles of association

Decisions of the Shareholders' Assembly are adopted, as a rule, by a simple majority of the votes of the present company shareholders who have the right to vote on the subject matter, unless the Law, the Articles of Association or other regulations for certain issues have not determined a higher number of votes.

Notwithstanding the above, as long as the Republic of Serbia has at least a 10% share in the Company's share capital, it is necessary that the Republic of Serbia confirms the decisions of the Shareholders' Assembly on the following issues: adoption of financial statements and auditor's reports, changes to the Articles of Association, increases and decreases in share capital, status changes, acquiring and disposing of company assets of significant value, changes of the Company's core business activity and registered office, as well as termination of the Company.

The Decision on Amendments to the Articles of Association shall be adopted at the General Meeting by a simple majority vote of all voting shareholders, where the affirmative vote of the Republic of Serbia is required. In accordance with the Law, the Memorandum of Association of the Company shall not be amended.

Shareholders' Assembly Activities in 2021

In 2021, XIII General Annual Shareholder Assembly (29 June 2021) was held in Belgrade, at the NIS Corporate Headquarters, at Milentija Popovica 1 Street, and there were no extraordinary meetings.

At the 13th general meeting, the Shareholders' Assembly adopted the financial and consolidated financial statements of the Company for 2020 and the auditor's

opinion, and elected the auditor for the period of 3 years (2021-2023) - PricewaterhouseCoopers d.o.o. Beograd. The Company's 2020 Annual Report, the Report on the Audit of the Annual Report, the Report on the Performance Analysis of the Board of Directors and Its Commissions, the Board of Directors' Annual Report on accounting practices, financial reporting practices in compliance with laws and other regulations, and the Report on the Performance of the Shareholders' Assembly Board were all adopted. The Shareholders' Assembly adopted the Report on the suitability of the Board of Directors' composition and the number of members in relation to company needs and the Report on the estimate of the amount and structure of remunerations for the members of the Board of Directors of NIS j.s.c. Novi Sad, which were prepared with the assistance of external experts. The Shareholders Assembly also adopted the results of the Program of the Long-Term Stimulation for non-executive directors and members of the governing bodies of NIS j.s.c. Novi Sad for the 2018-2020 cycle.

In addition to the above, the Shareholders Assembly adopted the Decision on the distribution of profits in previous years, the coverage of losses for 2020, payment of dividends and on determining the total amount of retained earnings of the Company. The decision defined that the dividend would be paid from an amount of retained earnings from the previous years, i.e., it was decided that the shareholders of the Company be paid the total of RSD 1 billion.

The Shareholders' Assembly also appointed members of the Board of Directors as well as the Chairman and members of the Shareholders' Assembly Board for supervision of shareholders' operations and the reporting procedure for the current term of office.

Shareholder relations and information provision

In addition to the reports NIS is legally required to publish as a joint stock company, and which are publicly available to all interested parties (including performance reports presented to shareholders at Shareholders' Assembly meetings), the Company has also established a two-way communication with shareholders and investors. Both parties can receive all necessary information about the Company's operations all year round through the Offices for Minority Shareholders Affairs in Novi Sad and Belgrade, dedicated call centre or e-mail service through which each shareholder may ask questions and receive answers electronically, as well as through the Investor Relations Service.

Also, the Company takes part in meetings with representatives of the investment community. Representatives of the Company's top management regularly attend quarterly presentations of business results, and these presentations include both the results from the past period, as well as the Company's future plans and strategies.

 [More information on Investor Relations on page 122](#)

NIS j.s.c. Novi Sad applies the highest standards in the area of information sharing, and ensures equal treatment of all information users. The Company ensures that published information is available to all interested parties in an equal and easily accessible way as soon as possible, and mostly uses its website for this purpose. A special segment of the website intended for shareholders and investors contains the most important news, decisions of the authorities, answers to the most common questions of shareholders in the previous period, as well as all necessary information on shares, shareholder rights and dividends. All information and documents on the website are available in Serbian, Russian and English. The statutory reporting procedure is defined by special company documents governing the method and process of publishing information and submitting information to the relevant authorities.

The Company has an established mechanism for preventing and resolving potential conflicts between minority shareholders. There is a five-member commission tasked with resolving complaints of minority shareholders. The commission's responsibilities, manner in which it can be contacted and the way of its operation are regulated by a special internal document of the Company.

Information for minority shareholders regarding the proceedings before this commission is available on the Company's website.



The Board of Directors has a central role in corporate governance. The board of directors is responsible for setting the main business objectives, identifying the Company's directions of future development, as well as for establishing and monitoring the effectiveness of the corporate business strategy.

Board of directors

The Board of Directors has a central role in corporate governance. It is collectively responsible for the long-term success of the Company, setting the main business objectives, identifying the Company's directions of future development, as well as for establishing and monitoring the effectiveness of the corporate business strategy.



The most important issues within the competence of the Board of Directors include: determining the business strategy and business objectives of the Company, managing the Company's affairs and determining the internal organisation of the Company, performing internal supervision of the Company's operations, establishing the Company's accounting and risk management policies, determining periodic financial statements and reports on the Company's operations (quarterly and semi-annually), determining the business plan of the Company and its amendments, executing decisions made at the General Meeting, appointing and dismissing the Chief Executive Officer and Chairperson of the Board of Directors, and making decisions on the establishment or liquidation of companies where the Company has a share in capital (decisions regarding the increase of capital, purchase and sale of shares or stakes in these Companies).

General Meeting the Board of Directors shall also issue the price of convertible bonds and warrants, if the General Meeting has, with the power granted it by the Board of Directors, determined the range of the issue price within that range and the market value of those shares in accordance with the Law. The Board of Directors may also make a decision on the acquisition of its own shares if this is necessary to prevent major and immediate damage to the company, in which case it is obliged to inform the shareholders at the first next session of the General Meeting about the reasons

and manner of acquiring its own shares, their number and total nominal value of shares, their share in the share capital of the company, as well as the total amount paid by the company for them.

Appointment and members of the Board of directors

The members of the Board of Directors shall be appointed and dismissed at a General Meeting by a simple majority vote of the present voting shareholders. At the 13th General Annual Shareholder Assembly held on June 29, 2021, 11 members of the Board of Directors of NIS were appointed. The members elect the Chairperson of the Board of Directors, while the responsibilities of the Board of Directors' Chairperson and the CEO are clearly divided. The members of the Board of Directors have the right combination of the required knowledge, skills and experience relevant for the type and scope of activities performed by NIS j.s.c. Novi Sad.

Candidates for members of the Board of Directors could be proposed by the Nomination Commission or company shareholders that individually or jointly possess at least 5% of the Company's shares.

The Board of Directors consists of executive and non-executive directors. The Board of Directors consists of one executive member, while all the other members are non-executive. Two of these non-executive members are also independent members of the Board of Directors who meet special criteria prescribed by the Law.

The Board of Directors has a significant number of foreign members who bring international experience and who have an understanding of challenges faced by the Company. Eight out of eleven members of the Board of Directors are Russian citizens, while three members of the Board of Directors are citizens of the Republic of Serbia.

The members of the Board of Directors must fulfil the criteria prescribed by the Law, as well as special conditions prescribed by the Articles of Association, about which they are required to give a statement at the beginning of their term of office. They are also obliged to inform the Company about all changes regarding their status, especially if these changes affect their ability to meet the requirements for membership of the Board of Directors, create a conflict of interest or breach the non-compete clause.

The term of office of the members of the Board of Directors is terminated at the first subsequent General Annual Shareholder Assembly, except in the case of co-optation, when the term of office of co-opted members of the Board of Directors lasts until the next meeting of the Shareholders' Assembly. Upon the expiration of their term of office, each member of the Board of Directors may be reappointed an unlimited number of times. The General Meeting may dismiss a member of the Board of Directors even before the expiry of the term of office for which they are appointed, and a member of the Board of Directors may also resign at any time in writing.

Changes in the composition of the Board of Directors in 2021

At the XIII regular session of the Shareholders Assembly of NIS, held on 29 June 2021, the following were the appointed members of the Board of Directors: Vadim Yakovlev, Kirill Tyurdenev, Danica Draskovic, Alexey Yankevich, Pavel Oderov, Dmitry Shepelsky, Dejan Radenkovic, Dragutin Matanovic, Alexander Chepurin, Anatoly Cherner and Olga Vysotskaia, while the membership of Alexander Krylov in the Board of Directors of NIS j.s.c. Novi Sad stopped on the day of the said session of the Shareholders Assembly of NIS.



Board of Directors' Members as of 31 December 2021



Vadim Yakovlev
Chairman of NIS j.s.c. Novi
Sad Board of Directors
Non-executive director

Deputy Chairman of PJSC Gazprom Neft Management Board,
Deputy of PJSC Gazprom Neft CEO in charge of exploration and production including offshore, strategic planning and mergers and acquisitions

Born in 1970.

In 1993, Mr. Yakovlev graduated from the Moscow Engineering Physics Institute, Department of Applied Nuclear Physics. Mr. Yakovlev graduated from the Faculty of Finance at the International University in Moscow in 1995. Since 1999, he has been a qualified member of the ACCA (Chartered Association of Certified Accountants). In 2009, he earned a degree from the British Institute of Directors (IoD).

During his employment with PricewaterhouseCoopers from 1995 to 2000, Mr. Yakovlev held various positions, starting from a Consultant to being promoted to Audit Manager. In the period from 2001 to 2002, he served as Deputy Head of Financial and Economics Department, YUKOS EP c.j.s.c. From 2003 to 2004, he was Financial Director of Yugansk Neftegaz, NK Yukos. From 2005 to 2006, Mr. Yakovlev held the position of Deputy General

Director in charge of economy and finance at SIBUR–Russian Tyres. From 2007 to 2010 – Gazprom neft PJSC Deputy CEO in charge for economics and finance. From 2007 – Deputy Chairman of the Management Board of Gazprom neft PJSC. From 2010 to 2011 – First Deputy CEO – Gazprom neft PJSC Financial Director. From 2011 he was at the post of the Gazprom neft PJSC First Deputy CEO.

As of 2019 he holds the post of the Gazprom neft PJSC Deputy CEO in charge of exploration and production.

Mr. Yakovlev was elected member of the NIS j.s.c. Novi Sad Board of Directors as of 10 February 2009. and he was elected Chairman of the NIS j.s.c. Novi Sad Board of Directors as of 31 July 2009.

Date of the first appointment into BoD:
February 10, 2009

Citizenship: Russian

Membership in the Board of Directors or Supervisory Boards of other companies:

- PJSC NGK Slavneft
- Salym Petroleum Development N.V. (Chairman of Supervisory Board)
- FGAOU Tyumen State University (member of the Supervisory board)
- LTD UT IT Novaya Industriya (Chairman of the BoD)



Kirill Tyurdenev
CEO of NIS j.s.c. Novi Sad
Member of NIS j.s.c. Novi
Sad Board of Directors
Executive director
Member of Nomination
Commission

Born in 1977.

He undertook studies at the Moscow State Institute of International Relations (MGIMO), graduating from the Faculty of International Relations with a Bachelor's degree in Political Science and International Relations (with honors), and subsequently earning his Master's degree in International Law (with honors). He also obtained a Master of Laws (LL.M) degree from the University of Manchester and completed executive education programs at INSEAD and London Business School.

From 2000 to 2004, Mr. Tyurdenev worked for A.T. Kearney and Unilever and in 2004 he joined McKinsey & Co. From 2007 to 2012, Mr. Tyurdenev worked for Sibur

Fertilizers as Deputy CEO for Strategy and Business Development. From 2012, he served as Executive Vice President and member of the Management Board of JSFC Sistema. Prior to joining NIS j.s.c. Novi Sad, Kirill Tyurdenev held positions of President and Chairman of the Management Board at United Petrochemical Company, which at that time was part of the JSFC Sistema group, and of Chairman of the Board of Directors of Ufaorgsintez.

In April 2016, Kirill Tyurdenev joined NIS j.s.c. Novi Sad as First Deputy CEO for Refining and Sales.

In December 2016, he was elected member of the Board of Directors. In March 2017 he was appointed CEO of NIS j.s.c. Novi Sad.

Date of the first appointment into BoD:
December 8, 2016

Citizenship: Russian

Membership in the Board of Directors or Supervisory Boards of other companies:

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Danica Drašković
Member of NIS j.s.c. Novi
Sad Board of Directors
Non-executive director

Born 1945.

Ms. Drašković graduated from the Faculty of Law, University of Belgrade in 1968.

From 1968 to 1990, she worked in the field of finance in the banking sector, and in the field of law and commerce

within the economy sector, and as a Belgrade City Magistrate. Ms. Drašković is the owner of the publishing house "Srpska reč", founded in 1990. She is the author of three books written in the opinion journalism style.

From 1 April 2009 to 18 June 2013, Ms. Danica Drašković was a member of the NIS j.s.c. Novi Sad Board of Directors, being re-elected on 30 June 2014.

Date of the first appointment into BoD:
April 1, 2009

Citizenship: Serbian

Membership in the Board of Directors or Supervisory Boards of other companies:

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¹ A member of the Board of Directors of NIS a.d. Novi Sad (formerly the Management Board) until June 18, 2013, and she was re-appointed as a member of the Board of Directors on June 30, 2014.



Alexey Yankevich

Member of NIS j.s.c. Novi Sad Board of Directors
 Non-executive director
 Chairman of the Remuneration Commission

Deputy CEO for Economics and Finance PJSC Gazprom Neft

Born in 1973.

In 1997, Mr. Yankevich graduated from Saint-Petersburg State Electrical Engineering University ("LETI"), majoring in optical and electronic instruments and systems. In 1998, he completed a course at LETI-Lovanium International School of Management in Saint-Petersburg.

Mr. Yankevich was employed with CARANA, a consulting company from 1998 to 2001. In the period from 2001 to 2005 he served as Deputy Head of Planning, Budgeting and Controlling Department at YUKOS RM o.j.s.c. (business unit responsible for logistics and downstream operations). In 2004, he became a Certified Management Accountant (CMA).

From 2005 to 2007 he worked as deputy CFO at LLK-International (production and sale of lubricants and special petroleum products; part of the LUKOIL group). From 2007 to 2011 he held the post of Head of the Planning and Budgeting Department, and was Head of Economics and Corporate Planning Department at Gazprom Neft PJSC.

Since August 2011 he has served as acting Deputy CEO for Economics and Finance at Gazprom Neft PJSC. Mr. Yankevich has been a member of the Management Board of Gazprom Neft PJSC and Deputy CEO Gazprom Neft PJSC for Economics and Finance since March 2012.

Mr. Yankevich was elected member of the NIS j.s.c. Novi Sad Board of Directors as of 18 June 2013.

Date of the first appointment into BoD:
 June 18, 2013

Citizenship: Russian

Membership in the Board of Directors or Supervisory Boards of other companies:

- PJSC NGK Slavneft"
- Gazprom Neft Lubricants Italia s.p.a. (Chairman of the BoD)
- Gazprom Neft Lubricants Italia Management s.p.a. (Chairman of the BoD)



Pavel Oderov

Member of NIS j.s.c. Novi Sad Board of Directors
 Non-executive director

Deputy CEO for Foreign economic activities PJSC Gazprom Neft

Born in 1979.

In 2000, Mr. Oderov graduated from the National University of Oil and Gas "Gubkin University", Faculty of Economics.

In 2002, he graduated from the National University of Oil and Gas "Gubkin University", Faculty of Management. In the period from October 2002 to June 2007 he held positions such as leading expert, head of a section, deputy head of Department in the field of marketing of Lukoil-Neftekhim ZAO.

From September 2007 to February 2020 he held various managerial positions within the Gazprom Group.

Since 23.06.2017, Mr. Oderov is Chairman of the Board of Directors of South Stream Serbia AG.

From February 2020 to the present he has served as JSC Gazprom neft Deputy CEO for Foreign economic activities, since the May 2020 he is a member of Management board of PJSC Gazprom – neft.

Mr. Oderov was elected member of the NIS j.s.c. Novi Sad Board of Directors as of 25 March 2020.

Date of the first appointment into BoD:
 March 25, 2020

Citizenship: Russian

Membership in the Board of Directors or Supervisory Boards of other companies:

- Overgaz Inc. AD
- Shtokman Development AG (Chairman of the BoD)
- South Stream Bulgaria JSC (Chairman of the BoD)
- SOUTH STREAM GREECE NATURAL GAS PIPELINE S.A. (Chairman of the BoD)
- South Stream Hungary Ltd. (Deputy Chairman of the BoD)
- TÜRKAKIM GAZ TAŞIMA ANONİM ŞİRKETİ
- JSC System of transit gas pipelines EuRoPol GAZ s.a. (SGT EuRoPol GAZ s.a.)"
- JSC Football club „Zenit
- LTD Basketball club Zenit



Dmitry Shepelsky
Member of NIS j.s.c. Novi
Sad Board of Directors
Non-executive director

Head of Department for coordination of Sales of petroleum products, PJSC Gazprom Neft

Born in 1970.

In 1993, Mr. Shepelsky graduated from the Moscow Institute of Radio Engineering, Electronics and Automation.

In the early stage of his career, Mr. Shepelsky held positions of Deputy Head of Department for supply

of petroleum products – Head of Directorate PJSC Gazprom Neft.

At the present Mr. Shepelsky serves as Head of Department for coordination of Sales of petroleum products, PJSC Gazprom Neft.

Mr. Shepelsky was elected member of the NIS j.s.c. Novi Sad Board of Directors as of 29 June 2021.

Date of the first appointment into BoD:
June 29, 2021

Citizenship: Russian

Membership in the Board of Directors or Supervisory Boards of other companies:

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Dragutin Matanović
Member of NIS j.s.c. Novi
Sad Board of Directors
Non-executive director
Chairman of the Appointment
and Government Commission

Born 1954.

Bachelor of Electric Engineering (BEE).

He was employed at the position of electric engineer at the Company Lola računari in Belgrade.

Director of the Company Lola računari in Belgrade.

He was elected member of the NIS j.s.c. Novi Sad Board of Directors as of 06.09.2019.

Date of the first appointment into BoD:
September 6, 2019

Citizenship: Serbian

Membership in the Board of Directors or Supervisory Boards of other companies:

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Dejan Radenković
Member of NIS j.s.c. Novi
Sad Board of Directors
Non-executive director
Member of the Audit
Commission

Born in 1971.

Elementary and high education completed in Priština, graduated from the Economy faculty in Priština and awarded a Master degree in the field of Economy from the EDUCONS University.

Mr Radenković has started his professional experience with Company for trade and services Balkan auto in Priština and CC PTT Serbia. As of 2005 he was at the post of Director of Orbita j.s.c. and from 2010 he was with the Ratko Mitrović j.s.c., at the post of General manager, Executive manager and member of the Board of Directors. He held the post of member of the Board of Directors of the Economy faculty in Priština, Deputy General manager of the First Global Brokers

company from Belgrade. He was Chairman of the Board for supervision of operations and Member of the Board of Directors of Dunav Bank j.s.c. Zvečan, where he also held the post of the Chairman of the Board of Directors. From 2013 to 2017 he was a member of the Supervisory Board of the JV „Lasta“ j.s.c. Belgrade.

From 2015 to 2021 he was a member of the Board for supervision of operations of the MTS bank j.s.c. Belgrade.

He is a member of the Socialist Party of Serbia and he was elected member of the Parliament of Republic of Serbia in 2008, 2012, 2014, 2016 and 2020.

He was elected member of the NIS j.s.c. Novi Sad Board of Directors as of 27.06.2019.

Date of the first appointment into BoD:
June 27, 2019

Citizenship: Serbian

Membership in the Board of Directors or Supervisory Boards of other companies:

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Alexander Chepurin

**Independent Member of
NIS j.s.c. Novi Sad Board of
Directors**

*Non-executive director
Member of Nomination
Commission*

Born in 1952.

Graduated from the Moscow State Institute of International Relations (MGIMO University) in 1975.

A career diplomat, from 1975 onwards Mr. Chepurin worked at the Ministry of Foreign Affairs of the USSR and later, the Ministry of Foreign Affairs of the Russian Federation.

From 1986 to 1992, he headed the Economy group of the Embassy of the USSR (Russia) in Italy. From 1994 to 1996, he was Director of one of the leading Departments in the Ministry, the Human Resources Department. From 1994 to 1997 he was also a member of the United Nations International Civil Service Commission in New York (ICSC). As from 1996 to 2000 he was Ambassador Extraordinary and Plenipotentiary of the Russian Federation in Denmark.

From 2005 to 2012, Mr. Chepurin was Director of the Russian Federation Ministry of Foreign Affairs Department for Relations with Compatriots Abroad.

From 2012 to June 2019, he served as Ambassador of the Russian Federation to Serbia. He has the rank of Ambassador Extraordinary and Plenipotentiary and several Russian and Serbian state orders and medals.

In 2009, he was awarded a PhD Degree in Political Science.

From 2012 to 2019 Mr. Chepurin closely dealt with issues of cooperation development between Russian energy companies and the Republic of Serbia, focusing on strengthening cooperation between Russian and Serbian energy companies.

He is a member of the Russian international affairs council.

Mr. Chepurin was elected independent member of the NIS j.s.c. Novi Sad Board of Directors as of 27.06.2019.

Date of the first appointment into BoD
June 27, 2019

Citizenship: Russian

Membership in the Board of Directors or Supervisory Boards of other companies:

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Anatoly Cherner

**Member of NIS j.s.c. Novi Sad
Board of Directors**

Non-executive director

*Chairman of the PJSC Gazprom Neft Executive Board,
Deputy CEO for Logistics, Refining and Sales at PJSC
Gazprom Neft*

Born 1954.

Mr. Cherner graduated from Grozny Oil Institute in 1976 with a degree in chemical oil and gas engineering.

In the same year he was employed at the Sheripov Grozny Refinery, starting as an operator to become refinery director in 1993. In 1996, he joined SlavNeft as Head of the Oil and Oil Products Trading

Department and was later appointed Vice-Chairman of the company. He joined SibNeft (from June 2006 – Gazprom Neft PJSC) as Vice-Chairman for refining and marketing in April 2006. In December 2007 he was appointed Deputy CEO for logistics, refining and sales in Gazprom Neft PJSC.

Mr. Cherner was elected member of the NIS j.s.c. Novi Sad Board of Directors as of 10 February 2009.

Date of the first appointment into BoD:
February 10, 2009

Citizenship: Russian

Membership in the Board of Directors or Supervisory Boards of other companies:

- PJSC NGK Slavneft
- PJSC Slavneft-YANOS
- Saint Petersburg International Mercantile Exchange
- Gazprom Neft Lubricants Italia s.p.a.
- Gazprom Neft Lubricants Italia Management s.p.a.



Olga Vysotskaia

**Independent Member of
NIS j.s.c. Novi Sad Board of
Directors**
Non-executive director
*Chairman of the Audit
Commission*
*Member of the Remuneration
Commission*

Born in 1961.

Graduated cum laude from the Leningrad State University in 1984, from the Department of Economy Cybernetics, with specialisation in economic mathematics. Post-graduate studies in mathematical cybernetics at the Institute of social and economic studies of the USSR Academy of science, Leningrad division, in 1987. Completed the MBA at Bristol University in 1998. Earned the Professional independent director diploma from the London Institute of Directors in 2009.

She held the position of Chair of the Board of Directors (BoD), CEO, Chair of science and production companies from 1988 to 1995, and she was Director of many private companies. From 1995 to 2003 she held various partner

positions with KPMG in New York and Moscow. From 2003 to 2005 she was person in charge of Internal audit Directorate of Yukos, Moscow. From 2005 to 2008 she was Consulting services Executive partner of Deloitte&Touche, From 2006 to 2013 she held positions of independent member of the BoD, Chair of the Audit Commission, member of the Strategy Commission, member of the Remuneration Commission of EM - alliance and KIT Finance, as well as independent member of the Audit Commission of OJSC Baltika. From 2012 to 2013 she was a partner in PricewaterhouseCoopers (PwC) and from 2013 to 2014 - independent member of the CJSC NefteTransService Board of Directors, Chair of the Audit Commission, member of Remuneration Commission. From 2013 to 2021 she held position of independent member of LTD ĀNK BoD and from 2015 to 2018 she held position of independent member of BoD of JSC SUEK.

Ms Vysotskaia was elected member of the NIS j.s.c. Novi Sad Board of Directors as of 21 June 2018.

Date of the first appointment into BoD
June 21, 2018

Citizenship: Russian

Membership in the Board of Directors or Supervisory Boards of other companies:

- Nonprofit organization Serebryanoe vremya (Chair of the Supervisory Board, Director)

Board of Directors' Activities in 2021

The Board of Directors held 4 sessions with the personal presence of members and 18 written sessions. All meetings of the Board of Directors were attended by all the members, with a maximum average attendance of 99.58%.

The agenda of the session of Board of Directors involved regular activities related to the deliberation of the annual report of NIS j.s.c. Novi Sad, financial statements and consolidated financial statements of the Company for 2020, the adoption of periodic (quarterly) reports of the Company in 2021, convening a regular session of the Shareholders Assembly, the adoption of the Company's business plan, determining the day, procedure and manner of payment of dividends to shareholders. In addition, Decisions were made on the approval of the acquisition of shares in the base equity of HIP-Petrohemija Pancevo, and the approval of the conclusion of the Agreement on subordinated and financial loans between NIS a.d. Novi Sad and subsidiaries abroad (NIS PETROL E.O.O.D, Republic of Bulgaria, NIS PETROL S.R.L. Romania and NIS PETROL d.o.o. Banja Luka), in order to consolidate the concluded contracts. The Board of Directors also approved proposals for dismissal from the position and approval of candidacy for the position of the directors of subsidiaries Naftagas-Oilfield Services LLC, Novi Sad and NIS PETROL, LLC Banja Luka, as well as proposal for the the approval of the

nomination for the position of the Audit Commission member in Jadran-Naftagas LLC, Banja Luka, and the Board also appointed members of the Commissions of the Company's Board of Directors, namely, the Audit Commission and the Commission for Remuneration and Appointments for the current term of office. For the purpose of achieving the projected goals of the Company, reviewing the performance of the Company and the quality of corporate governance, the Board of Directors considered quarterly reports on business analyzes in the reporting period, with business estimates of NIS j.s.c. Novi Sad until the end of 2021. For the purpose of reviewing its own performance, the Board of Directors also analyzed its own work and in this regard, submitted an appropriate Report for the XIII regular session of the Shareholders Assembly. Likewise, the Board discussed the results in achieving the key business indicators for 2020, as well as the system of evaluation of key business indicators for 2021, the results of the NIS Long-Term Motivation Program for the 2018-2020 cycle, and determined the results of the Program of Long-term Stimulation for non-executive directors and members of the governing bodies of NIS for the same cycle.

In 2021, the Board of Directors adopted 67 decisions, while the implementation of these decisions is monitored through periodic reports on the implementation of decisions and orders of the Board of Directors.

Attendance at the Meetings of the Board of Directors and Board of Directors' Commissions in 2021

BoD Member	Board of Directors		Audit Commission		Remuneration Committee		Nomination Commission	
	% of attendance	Number of meetings	% of attendance	Number of meetings	% of attendance	Number of meetings	% of attendance	Number of meetings
Vadim Yakovlev <i>Chairperson of the BoD</i>	100%	22/22	-	-	-	-	-	-
Kirill Tyurdenev <i>CEO</i>	100%	22/22	-	-	-	-	100%	4/4
Alexey Yankevich ¹	100%	22/22	-	-	-	-	-	-
Alexander Krylov ²	100%	11/11	-	-	-	-	-	-
Dmitry Shepelsky ³	100%	11/11	-	-	-	-	-	-
Pavel Oderov	100%	22/22	-	-	-	-	-	-
Danica Drašković	95.45%	21/22	-	-	-	-	-	-
Anatoly Cherner ⁴	100%	22/22	-	-	100%	3/3	-	-
Olga Vysotskaia	100%	22/22	100%	10/10	100%	3/3	-	-
Dejan Radenković	100%	22/22	100%	10/10	-	-	-	-
Alexander Chepurin	100%	22/22	-	-	-	-	100%	4/4
Dragutin Matanović	100%	22/22	-	-	-	-	100%	4/4
Members of the BoD's Commissions who are not members of the BoD								
Zoran Grujičić	-	-	-	-	100%	3/3	-	-
Alexey Urusov	-	-	100%	10/10	-	-	-	-

¹ President of the Remuneration Committee from July 23, 2021.

² Member of the Board of Directors since June 29, 2021.

³ Member of the Board of Directors since June 29, 2021.

⁴ President of the Remuneration Committee Commission until June 29, 2021.

Board of Directors' Rules of Procedure and Meetings

The Rules of Procedure of NIS' Board of Directors and Commissions of the Board of Directors ("BoD Rules of Procedure") govern the operation and decision-making process of NIS' Board of Directors and Commissions of the Board of Directors, including the procedure for convening and holding meetings.

For each fiscal year, the Board of Directors adopts a work plan which includes all issues to be considered in accordance with the applicable laws and company business needs, and establishes the deadlines for these issues to be considered in the meetings of the Board of Directors. In addition to planned issues, the Board of Directors also deals with other issues within its scope of work, as required.

In order to ensure that the members of the Board of Directors are adequately informed before making decisions, and to keep them up to date with the activities of the Company, the CEO and the management ensure that the members of the Board of Directors receive accurate, timely and complete information on all issues reviewed at meetings and all other important issues concerning the Company. Meetings of the Board of Directors are prepared with the assistance of the Corporate Secretary and under the supervision of the Chair of the Board of Directors, so that each member may adequately contribute to the work of the Board of Directors.

The Board of Directors adopts decisions by a simple majority of votes of all members of the Board of Directors, except for the decision to co-opt, which is made by a simple majority of votes of attending members, and decisions requiring a different majority under the Law and/or the Articles of Association. Each member of the Board of Directors has one vote.

Board of Directors and Commission Members' Remunerations

Remuneration Policy – In 2016, the Shareholders' Assembly adopted the current Remuneration Policy for the Members of the Board of Directors and of the Board of Directors' Commissions. The Policy specifies that the remuneration should be attractive and competitive, in order to attract and retain the persons that meet the professional and other criteria required by the Company for the members of the Board of Directors and its Commissions. At the same time, the remuneration should not significantly deviate from the compensation paid to the members of the Board of Directors and its Commissions in other companies with the same or similar activities, size and scope of operations.

In line with the remuneration policy, the remuneration for executive directors is specified under employment contracts or fixed-term contracts for each executive director of the Company. In this case, they do not receive any remuneration for their membership in the Board of Directors and its Commissions, except for the compensation of costs and professional liability insurance in relation to the membership and work as part of the Board of Directors and its Commissions.

Remuneration Structure – The remuneration policy stipulates that the remuneration consists of:

- Fixed portion,
- Reimbursement of expenses, and
- Liability insurance for the members of the Board of Directors and its Commissions.

Fixed (permanent) portion of the remuneration to the members consists of a fixed portion of the annual remuneration for the membership in the Board of Directors and the fixed annual remuneration for participation in the Commissions of the Board of Directors. This type of remuneration includes the compensation for the time

and effort that the members of the Board of Directors or its Commissions put into their role and the preparation and active participation in the meetings of the Board of Directors or its Commissions. This requires the members to review the documents in advance, be present and take an active part in the meetings.

Reimbursement of expenses – Members of the Board of Directors and its Commissions are entitled to reimbursement for all expenses incurred in connection with their membership on the Board of Directors or its Commissions, in line with internal corporate documents.

Liability insurance of members of the Board of Directors – Members of the Board of Directors are entitled to liability insurance (Directors & Officers Liability Insurance) in accordance with internal corporate documents.

Amendment to the Remuneration Policy – In order to maintain the remuneration at an appropriate level, the remuneration policy is subject to periodic reviews and analyses, and should reflect the needs, abilities and interests of the Company and other changes in relevant criteria. As recommended by the Remuneration Commission, the Shareholders' Assembly adopted the current Remuneration Policy for the Members of the Board of Directors and of the Board of Directors' Commissions on 28 June 2016, when the previous version of the policy ceased to apply.

Remuneration Commission Report – The Commission for Remunerations prepares a report on the assessment of the amount and structure of remunerations for the Shareholders Assembly at least once a year. Thus, in 2021, the Remuneration Commission, in accordance with its

competencies, assessed the adequacy of the amount and structure of remunerations of the members of the Board of Directors in relation to the principles, frameworks and criteria defined by the current Remuneration Policy. In accordance with the letter, it defined the appropriate Report, which was adopted at the XIII regular session of the Shareholders Assembly, held on 29 June 2021. Based on the analysis of the remuneration market for the reference group, this Report concludes that the annual amount of fixed remuneration for non-executive members of the Board of Directors is at the level of total income of non-executive members of the board of directors of those companies, whose structure, income and business corresponds to NIS j.s.c. Novi Sad. In order to further verify the sample, an additional analysis of remunerations for non-executive members of the Board of Directors was performed, based on the market capitalization of energy companies listed on the London Stock Exchange. According to this analysis, it was concluded that the amount of fixed remuneration for non-executive members of the Board of Directors of the Company is at the level of the total income of non-executive members of the Board of Directors of companies that correspond to NIS j.s.c. Novi Sad. The conclusion is that the structure of remuneration for independent members of the Board of Directors corresponds to current market practice, and that the amount and structure of remuneration for members of the Board of Directors corresponds to the principles, frameworks and criteria provided by the current applicable Remuneration Policy.

Number and percentage of shares of NIS j.s.c. Novi Sad owned by BoD members

Total amount paid to Board of Directors members in 2021, net RSD	
BoD Members	243,241,143 RSD

Name and surname	Number of shares	% in total of shares
-	-	-

Long-Term Incentive Program

The long-term incentive program for non-executive directors and members of governing bodies is subject to the Rules on the Long-Term Incentive Program for Non-Executive Directors and Members of Governing Bodies, which lays down the program's underlying principles and parameters.

The program is one of the key elements of the incentive system for non-executive directors and members of the Company of governing bodies, aimed at providing incentives for the non-executive directors and members of governing bodies to ensure the achievement of the Company's long-term objectives.

The purpose of the long-term incentive program is to align the interests of program participants with the long-term interests of the Company and its shareholders, and to provide incentives for program participants which will ensure long-term sustainable development of the Company and the achievement of its strategic objectives. These incentives, in turn, reflect the Company's capabilities and requirements and are linked to the positive performance of the Company during a period that will ensure an increase in shareholder value.

The long-term incentive program consists of consecutive cycles. Program parameters and method of inclusion into the program are defined in advance in the foregoing Rules.

At the XIII regular session held on 29 June 2021, the Shareholders Assembly adopted the Decision on the Adoption of the Results of the Program of Long-term Stimulation for non-executive directors and members of the governing bodies of NIS j.s.c. Novi Sad for the 2018-2020 cycle.

Description of the diversity policy applied in relation to the governing authorities

Documents Equality Policy, Corporate Governance Code of NIS j.s.c. and the Report on adequacy of the composition of the Board of Directors and the number of members of the Board of Directors of NIS j.s.c. Novi Sad to the needs of NIS j.s.c. Novi Sad adopted by the Shareholders' Assembly of NIS j.s.c. Novi Sad (hereinafter referred to as the Documents) define company's commitment to observation of various aspects of diversity in terms of representation in the Board of Directors.

Usage of gender-specific expressions in the following text shall be understood as neutral, applicable both to female and male gender.

One of the objectives of the abovementioned Documents is to ensure complementarity and diversity within the Board of Directors, taking into account the presence of all aspects of diversity: gender, age, level of education and skills, and other differences among the Management Bodies that can help improve the Company's managerial decisions.

We believe that cherishing diversity improves our Company's operations on multiple levels – it strengthens them by including diverse experiences, enriches them with different cultures, providing a diversity of ideas and viewpoints, whilst ensuring competitiveness in the marketplace. With these Documents, we aim to provide a framework for better implementation of the strategies, as well as opportunities for maximum effectiveness of our performances and sustainable business operations, as we provide equal opportunities for employment and decision-making for all – regardless of their gender, age, level of education or skills, and all other differences. The purpose of the Documents' segments that are tackling diversity is to promote diversity among the members of the Board of Directors. This

approach ensures team diversity and ensures the presence and exchange of different experiences, as well as the application of more or less specific skills, but also competencies and personality traits that will inspire learning and mutual development. This aspect reflects a key difference in the operation of every company, as a basis for further growth.

Defined conditions for the selection of suitable candidates for membership in the Board of Directors represent the basis for composition of the Board thus making sure that this corporate body as a whole acts in compliance with defined rules, possesses an appropriate set of competencies and skills, qualifications and experience required for the long-term and sustainable business of the company.

Diversity aspects are numerous, the key ones are defined in relation to numerous factors – economic environment, strategic direction of the company, talent development strategy, new trends in the industry and many others. However, we would like to single out several aspects that are essential for our business and are deeply woven into our corporate culture – gender and age diversity, professional diversity, diversity of competencies.

Gender diversity

Under-representation of women in management positions is still a norm in the energy sector. Gender balance in management and supervisory bodies is an important aspect of a company's diversity.

Our Company seeks to ensure both genders are equally represented.

In the current composition of the Board of Directors of NIS j.s.c. Novi Sad, 18% of members are women (2 out of 11).

Age diversity

Aware of the importance of age diversity among the members of the Company's management bodies, NIS j.s.c. Novi Sad expresses a particular readiness and commitment to diversification by bringing together different generations, whereas each generation is leaving their particular mark and contributing with their specific strengths. This combination of experience and knowledge, ideas and initiatives, traditional and modern approaches aims to achieve a synergistic effect that will vouch for best results in the Company's operations.

Professional diversity

Special attention is given to the professional qualifications of the members of the Company's management bodies. The Board of Directors comprises of professionals in their respective fields, whose individual experiences, competencies, motivations, ambitions, visions and personal contribution ensures that the Company, with its numerous employees, keeps the same common goal towards which it is striving for many years now.

Diversity of competencies

Taking into account the importance of diversity of competencies, special attention is given to the competencies of the members of the Board of Directors such as: having appropriate business and life experiences relevant for the management of the Company; having knowledge, capabilities and experience for successful performance of tasks within the scope of the Company; knowledge of the Company's operational environment, technology, market and industry in which it operates; financial competencies; competencies in the field of the oil

industry or some other specific competencies, all in order to achieve an appropriate balance of diversity in skills, experience and expertise of the Board of Directors.

The official document Diversity Code was adopted on January 28, 2022. This document establishes rules regarding the representation within the Board of Directors (gender diversity; age diversity; professional diversity; diversity of competences), aiming to establish and promote a balanced representation of all aspects of diversity in the Management Bodies, thus helping us improve the Company's overall managerial decisions.

Induction and Training of the Board of Directors' Members

Upon appointment, members of the Board of Directors are introduced to the Company's operations, and provided with greater insight into the Company' operating procedures, strategies and plans, and the key risks it faces, and their expedited active involvement in the activities of the Board of Directors. This includes, among other things, introducing them to internal company documents, and providing basic information about the Company, corporate governance, persons appointed to managerial positions, information on the corporate performance, business strategy, business plan, objectives and other information they need to be able to perform their roles.

The Company also organises special programs for additional training and development and allocates funds for these purposes in cases where members of the Board of Directors express the need for this.

Analysis of the Board of Directors' Activities

The Board of Directors analyzes its performance and the performance of its Commissions annually, in order to identify potential problems and propose measures to improve its performance.

Its performance is analyzed through a survey completed by the members of the Board of Directors which contains two sets of key questions for evaluation of the Board of Directors' performance. The first group comprises criteria for evaluating the work of the Board of Directors with respect to its objectives, duties and responsibilities, while the second group comprises criteria for evaluating the procedures applied in the work of the Board of Directors.

The results of the valuation, which are derived from the responses of members of the Board of Directors provided in the survey, are presented to the Shareholders' Assembly in a special report.

Strategic meetings

Members of the Board of Directors consider strategic goals during development of the Company's business plan for the next years, and periodically also take part at the strategic meetings which provide a better insight into the Company's business and thereby enabling them to review and reconsider priority development directions and KPI forecasts and assumptions for Company's development on a long-term basis.

Board of Directors' Commissions

With a view to ensuring efficiency, the Board of Directors established three standing Commissions as its advisory and expert bodies which provide assistance to its activities, particularly with regard to: issues in its domain, preparation and supervision of the implementation of decisions and documents it adopts, and performance of certain specialised tasks required by the Board of Directors.

The Board of Directors established the following Commissions:

- Audit Commission,
- Remuneration Commission and
- Nomination Commission.

As appropriate, the Board of Directors may establish other standing or ad hoc Commissions to deal with issues relevant for its activities.

Each of the three Commissions consists of 3 members which are appointed and dismissed by the Board of Directors. The Board also appoints one of its members as the chairperson, who manages the work of the Commission and prepares, convenes and presides over its sessions and performs other tasks necessary for carrying out activities from its domain.

The majority of members in each Commission are non-executive directors, and at least one member must be an independent director of the Company. The Board of Directors can choose members of its Commissions among persons who are not the Company's directors but have the adequate knowledge and work experience relevant to the Commissions.

The role, competencies and responsibilities of the Commissions are defined by law, and by the Rules of Procedure of the Board of Directors and its

Commissions which also regulate the composition, conditions for selection and number of members, term of office, dismissal, manner of operation, as well as other relevant issues related to the work of the Board of Directors' Commissions.

At least once a year, these Commissions draft and submit to the Board of Directors reports on issues within their scope of work, but the BoD may request reports on all or some of the issues within their scope at shorter intervals as well.

The Board and its Commissions may seek professional advice from independent experts when necessary for the successful performance of duties.

Audit Commission

In addition to the general conditions for the composition of the Board of Directors' Commissions, the Chairperson of the Audit Commission must be an independent director of the Company, while at least one member must be a certified auditor or who has the adequate knowledge and work experience in the field of finance and accounting, and who is independent from the Company.

Members of the Audit Commission are:

- Olga Vysotskaia, Chair of the Audit Commission,
- Dejan Radenković, Member of the Audit Commission and
- Alexey Urusov, Member of the Audit Commission.

The chair and members of the Audit Commission were appointed by the decision of the Board of Directors dated 23 July, 2021, and all three members performed the above functions in the Audit Commission in the previous term.

In 2021, the Audit Commission held three meetings where the members were personally present, as well as seven written sessions. Among other things, the Commission analyzed the Quarterly Report, the Financial Statements and the Consolidated Financial Statements for the Q1, Q2 and Q3 of 2021 and subsequently made appropriate recommendations to the Board of Directors. The Audit Commission also analyzed the 2020 Annual Report as well as the report of an independent auditor, PricewaterhouseCoopers d.o.o. Beograd, on the audit of this report. The Commission has considered the proposal for selection of an auditor which would audit the Company's Financial Reports and Consolidated Financial Reports and provide other auditing services for a 3 year period (2021-2023), and provided its opinion on the qualifications and independent position of the auditors at

Pricewaterhouse Coopers d.o.o. Belgrade in relation to the Company and given its approval to enter into an agreement with the auditor. Also, the Audit Commission adopted the Plan for conducting the audit procedure and determining the key issues to be audited and determined the Annual Plan for conducting internal audit at NIS j.s.c. Novi Sad for 2021, as well as changes to this Plan. It also considered the audit findings and significant audit issues for 2020, and monitored the status of the implementation of the auditor's recommendations given in the Letter Points to the Management of NIS j.s.c. Novi Sad for 2020, with the status as of 30 June 2021, and 31 August 2021. The Audit Commission considered the Report of the Internal Audit and Risk Management Function with the results of the internal supervision of NIS j.s.c. Novi Sad for 2020 and for three and six months in 2021.



Remuneration Commission

Members of the Remuneration Commission are:

- Alexey Yankevich (Chair of the Remuneration Commission),
- Olga Vysotskaia (Member of the Remuneration Commission) and
- Zoran Grujičić (Member of the Remuneration Commission).

The President and members of the Commission for Remuneration were appointed by the decision of the Board of Directors dated 23 July 2021, while the function of the Chairperson of the Commission for Remuneration in the previous term of office was performed by Anatoly Cherner (until 29 June 2021).

In the course 2021, the Commission for Remuneration held one session in person, and two correspondence sessions. The Commission reviewed the results of key indicators fulfillment for 2020, as well as the system of evaluation and indicators for the needs of remuneration for 2021, and determined the proposed fee for the auditor of financial and consolidated financial statements of NIS j.s.c. Novi Sad as well as for performing other audit services for the period of 3 years (2021-2023). In addition, the Commission determined the results of the NIS long-term motivation program for the 2018-2020 cycle, as well as the results of the Program of the Long-term Stimulation of non-executive directors and members of the governing bodies of NIS for the same cycle. The Remuneration Commission also prepared the Report on the Assessment of the Amount and Structure of Remuneration for the members of the Board of Directors of NIS j.s.c. Novi Sad, which was submitted to the Shareholders Assembly for its consideration at the session held on 29 June 2021.

Nomination Commission

Members of the Nomination Commission are:

- Dragutin Matanović (Chair of the Nomination Commission),
- Alexander Chepurin (Member of the Nomination Commission) and
- Kirill Tyurdenev (Member of the Nomination Commission).

The chair and members of the Nomination Commission were appointed by the decision of the Board of Directors dated 23 July, 2021, and all three members served on the Nomination Commission in the previous term.

In 2021, the Commission for Nominations and Appointments held four correspondence sessions. The Commission considered proposals for dismissal from the position and approval of candidacy for the position of directors of subsidiaries Naftagas-Naftni servisi doo Novi Sad and NIS PETROL doo Banja Luka, as well as a proposal for approval of candidacy for the position of member of the Audit Commission Jadran-Naftagas d.o.o. . Banja Luka. Also, the Commission for Nominations and Appointments prepared a Report on the adequacy of the composition of the Board of Directors and the number of members of the Board of Directors of NIS j.s.c. Novi Sad, in line with the needs of NIS j.s.c. Novi Sad, which was submitted to the Shareholders Assembly for its consideration at the session held on 29 June 2021.

Shareholders' Assembly Board

The Shareholders' Assembly Board for the Supervision of Operations and Reporting to the Company's Shareholders (hereinafter: the Shareholders' Assembly Board) is a body of advisors and experts providing assistance to the Shareholder's Assembly with respect to its activities and of issues within its domain. Members of the Shareholders' Assembly Board report to the Shareholders' Assembly, which appoints them and relieves them of duty.

Pursuant to the powers granted to it by the Articles of Association, the Shareholders' Assembly Board also presents its assessments of: reporting to the Shareholders' Assembly on the implementation of accounting practices; financial reporting practices of the Company and its subsidiaries; reporting of the Shareholders' Assembly concerning the credibility and completeness of reports to the Company's shareholders on relevant issues; proposed methods for the distribution of profit and other payments to the Company's shareholders; procedures for the independent audit of the Company's financial statements; internal control activities in the Company and evaluation of their effectiveness; proposals for the incorporation or liquidation of companies in which the Company holds a share, or of the Company's subsidiaries; proposals for the acquisition and sale of shares, stakes and/or other interests that the Company holds in other companies; and of the evaluation of the manner in which the Company handles complaints filed by its shareholders.

Members of the Shareholders' Assembly Board as at 31 December 2021

The Board of the Shareholders has 3 (three) members, one of whom is the Chairman of the Board of the Shareholders Assembly. The Shareholders Assembly appoints simultaneously both the Chairman and the members of the Board of the Shareholders Assembly by a special decision. The mandate of the Chairman and members of the Board of Shareholders Assembly ends at the next regular session of the Shareholders Assembly, except in the case of co-optation, when the term of the co-opted member of the Board of Shareholders Assembly lasts until the first next session of the Shareholders Assembly. The Chairman and each member of the Board of Shareholders Assembly may be reappointed an unlimited number of times. The Shareholders Assembly may dismiss and appoint a new Chairman and / or member of the Board of the Shareholders Assembly at any time.

At the 13th General Annual Shareholder Assembly held on 29 June 2021, all members of the Board of the Shareholders' Assembly Board whose term of office ended were re-elected, so that in 2021 there was no change in the composition of the Board of the General Meeting of Shareholders, and the composition is as follows:

- Zoran Grujičić (Chairman),
- Dragan Bračika (Member) and
- Alexey Urusov (Member).



Zoran Grujičić
**Chairman of Shareholder
 Assembly Board for
 supervision of operations
 and reporting to
 shareholders of NIS j.s.c.
 Novi Sad**
*Member of the Remuneration
 Commission*

Born in 1955.

Mr Grujičić graduated from the Faculty of Mechanical Engineering of the University of Belgrade.

From 1980 to 1994, he was employed by the Cer heat transfer appliances plant in Čačak, where he held a variety of positions, including General Manager, Technical Manager, Production Manager and Design Engineer. From May 1994 to February 1998, he served as Advisor to the General Manager of Interkomerc, Belgrade. From February 1998 to June 2004, he was Managing Director of MNG Group d.o.o., Čačak. From June 2004 to February 2007, he was Director of the trading company Agrostroj j.s.c. Čačak, Director of the limited partnership company Leonardo from Čačak and Director of the Vojvodina Highway Centre. Since February 2007, Mr. Grujičić has been employed with NIS j.s.c. Novi Sad and has

held the following positions: Deputy Director of the Logistics Department in Jugopetrol, Head of RC Čačak at the Retail Department – Čačak Region, Manager of Retail Network Development in the Development Department, Sales and Distribution. From October 2012 to January 2016, he had served as Advisor to the Sales and Distribution Director and from February 2016 to October 2017 has been an Advisor to the Function for External Affairs and Government Relations Director.

From 30.06.2014 to 27.06.2019, Mr Grujičić was a member of the NIS j.s.c. Novi Sad Board for the Supervision of Operations and Procedure for Reporting to NIS j.s.c. Shareholders. As of 27 June 2019 he was appointed as a Chairman of the the NIS j.s.c. Novi Sad Board for the Supervision of Operations and Procedure for Reporting to NIS j.s.c. Shareholders.

Citizenship: Serbian

Membership in Other Companies' Boards of Directors or Supervisory Boards:

- -



Dragan Bračika
**Member of the Shareholder
 Assembly Board for
 supervision of operations
 and reporting to
 shareholders of NIS j.s.c.
 Novi Sad**

Born in 1982.

Mr Bračika graduated from the Faculty for business and industrial management of the Union University in Belgrade, Department for industrial and economy management and holds a BSc degree in management.

From 2013 to 2015, he was Advisor to General manager of the Novi Sad Fair.

From 2016 to the present he serves as Director of Ceptor Andrevlje. Mr Bračika was appointed as a member of the NIS j.s.c. Novi Sad Board for the Supervision of Operations and Procedure for Reporting to NIS j.s.c. Shareholders as of 27.06.2019.

Citizenship: Serbian

Membership in Other Companies' Boards of Directors or Supervisory Boards:

- Board of Directors member, Specialized hospital for prevention, treatment of lung diseases and rehabilitation Sokobanja;
- Director, Center for economy and technology development Ceptor Andrevlje



Alexey Urusov
**Member of Shareholder
 Assembly Board for
 supervision of operations
 and reporting to
 shareholders of NIS j.s.c.
 Novi Sad**
Member of the Audit Commission

Director of Economics and Corporate Planning
 Department in Gazprom Neft PJSC

Born in 1974.

Mr Urusov graduated from the Tyumen State University (specializing in finance) and the University of Wolverhampton in the United Kingdom (BA (Hons) Business Administration). He furthermore holds an MSc degree in Sociology.

From 2006 to 2008, he worked as Executive Vice-President for planning and performance management in the

Integra Group. From 2002 to 2006, he was employed at TNK-BP, being a member of TNK BoD's Group for Monitoring and Control from 2002 to 2003, and CFO of TNK-BP Ukraine from 2004 to 2006. From 2009 to 2012, Mr Urusov was employed with NIS j.s.c. Novi Sad as Chief Finance Officer. From 2012, he has been employed as a Director for economics and corporate planning with PJSC "Gazprom Neft".

He was appointed member of the NIS j.s.c. Novi Sad Board for the Supervision of Operations and Procedure for Reporting to NIS j.s.c. Shareholders as of 25 June 2012.

Citizenship: Russian

Membership in Other Companies' Boards of Directors or Supervisory Boards:

- Board of Directors member, Gazpromneft - Catalytic systems LLC;
- Board of Directors member Gazpromneft - Energoservice LLC;
- Board of Directors member, GPN CR LLC
- Board of Directors member, GPN ITO LLC

Number and percentage of shares of NIS j.s.c. Novi Sad Shares owned by SAB members

Total amount paid to SAB members in 2021, net RSD	
Members of SAB	13,817,465 RSD

Name and surname	Number of shares:	% participation in the total number of shares
Dragan Bračika	5	0.000003066%

Activities of the Shareholders' Assembly Board in 2021

In 2021, the Board of the Shareholders Assembly held one session with the personal presence of members and eight correspondence sessions. The Board of the Shareholders Assembly considered the annual financial and consolidated financial statements of the Company for 2020, as well as periodic (quarterly), financial and consolidated financial statements for the first, second and third quarters of 2021. The Board of the Shareholders Assembly considered also the reports of the independent auditor on the audit of the Company's financial statements, the proposal on the selection and remuneration of auditors of financial and consolidated financial statements and other audit services for a period of 3 years (2021-2023). It also deliberated on the manner of the distribution of profits of previous years, coverage of the Company's losses and payment of dividends

for 2020, and submitted a Report on its work to the Shareholders Assembly of the Company. In addition to the above, the Board of the Shareholders Assembly also considered proposals for acquiring a share in the equity of HIP-Petrohemija Pancevo, and the approval of the conclusion of the Agreement on Subordinated and Financial Loans between NIS j.s.c. Novi Sad and subsidiaries abroad (NIS PETROL E.O.O.D., Republic of Bulgaria, NIS PETROL S.R.L. Romania and NIS PETROL LLC. Banja Luka), in order to consolidate the concluded contracts. In 2021, the Board of the Shareholders Assembly passed 34 conclusions.

Chief executive officer

The Board of Directors appoints one of its executive members to act as the Chief Executive Officer. The CEO coordinates the activities of the executive members of the Board of Directors and organizes the Company's activities. In addition to this, the CEO performs daily management activities and is authorized to decide on matters which do not fall under the competence of the Shareholders' Assembly and the Board of Directors. The Chief Executive Officer is a legal representative of NIS j.s.c. Novi Sad.

Advisory Board of the CEO

The Advisory Board of the CEO is a professional body that helps the CEO in his activities and in the consideration of matters within his responsibilities. The composition of the Advisory Board was determined by the Decision of the CEO, and it includes the First Deputy CEO – Head of Exploration and Production Block, the First Deputy CEO – Head of Downstream Division, Heads of the Refining and Sales and Distribution Blocks, as well as heads of the Company's Functions, as well as the director of the company Naftagas-Oil Services LLC Novi Sad. In addition to issues related to the business management of the Company, the Advisory Board deals with the strategy and development policy whose basis is set by the Shareholders' Assembly and the Board of Directors of the Company.

Members of the Advisory Board of the CEO

On 31 December 2021, members of Advisory Board of the CEO were:



Anton Cherepanov
Deputy CEO,
Director of Finance, Economics,
Planning and Accounting



Sergey Fominykh
Deputy CEO,
Director of Legal and Corporate
Affairs Function



Natalia Bylenok
Deputy CEO,
Head of Function for
Organizational Affairs



Gennady Lubin
First Deputy CEO for
Exploration and Production



Andrey Tuchnin
First Deputy CEO – Head of
Downstream Division



Vladimir Gagić
Head of Refining Block



Vadim Smirnov
Deputy CEO,
Director of the Function for
Government Relations and
Corporate Communications



Miloš Grbić
Deputy CEO, Director of
Procurement Function



Jelena Popara
Director of the Internal
Audit and Risk Management
Function



Alexey Chernikov
Head of Sales and
Distribution Block



Viacheslav Zavgorodnii
Deputy CEO,
Head of Strategy and Investment
Function



Igor Chernov
Deputy CEO,
Director of Corporate
Security Function



Mikhail Ryazanov
HSE Director



Nikola Radmilović
Director of Naftagas – Oil
Services LLC Novi Sad

Activities of the Advisory Board in 2021

During 2021, there were 16 Advisory Board sessions, chaired by the CEO, where the members discussed the following matters on a monthly basis:

- reports on HSE incidents and initiatives from the preceding period;
- reports on implementation of the decisions and tasks delegated at the sessions;
- reports regarding operational and financial indicators for the Exploration and Production Block;
- reports regarding operational and financial indicators for the Division Downstream;
- reports presenting monthly financial results of operations and
- reports on statuses of the key open issues within Functions.

In addition, the reports showing Company's quarterly results of operations, reports on operations of different boards in the Company, and an important issue concerning the update of the corporate strategy for company's development were all presented to the members of the CEO Advisory Board. The Internal Audit presented the reports on implementation of the recommendations made based on audits and reports on the conducted activities regarding key risk management.

Company Management Succession Plan

In order to minimise the potential risks for the Company and increase operational efficiency, there are special systems and processes aimed at filling possible vacancies when it comes to the top operational management of the Company. They include the implementation of specialized training programs, so that continuous investment in the development

of knowledge, and skills the Company ensures long-term reduction of potential risks in relation to its key management positions.

Moreover, the Company assesses potential successors in the highest management positions and compiles special lists of successors that include their names, current positions and plans for their professional development.

Insider information and acquisition and disposal of the Company's shares by managers and related parties

Trading shares using insider information is strictly prohibited to all persons under threat of penalties provided for by the Capital Market Law. Therefore, the Company requires all persons, who permanently or occasionally have access to this information, to fully comply with the provisions of laws, by-laws, as well as the Company's documents relating to insider information and confidential data.

The criteria on the basis of which certain persons have the status of insiders, their rights and obligations, the obligations of the Company in order to ensure the confidentiality of insider information, the procedure for publishing insider information, as well as the rules related to preparing, keeping and updating the list of insiders are specifically regulated by the Company's internal acts.

Pursuant to Article 84a of the Capital Market Law and internal documents of the Company, all persons employed as managers in the Company are prohibited from performing transactions for their own account or for the account of a third party in relation to equity or debt securities of the Company or other related financial instruments during the period

of 30 days prior to the publication of the annual, semi-annual or quarterly financial statements. The Company may grant a special written consent for trading during the period of prohibition, if there are conditions prescribed by law and the documents of the Securities Commission.

In addition, all persons employed as managers in the Company, as well as related parties (as defined by the Law), are obliged to report any acquisition or sale of the Company's shares for their own account to the Securities and Exchange Commission within 5 days, if these individual acquisitions or sales exceed the amount of RSD 100,000, and also if the total value of

individual acquisitions or sales in one calendar year exceeds RSD 500,000.

In 2021, the Company did not receive any information of any acquisitions or sales of the Company's shares by any members of the Company's bodies or related parties.

NIS j.s.c. Novi Sad applies the highest standards in the area of information sharing, and ensures equal treatment of all information users. The Company ensures that published information is available to all interested parties in an equal and easily accessible way as soon as possible, and mostly uses its website for this purpose.

Internal Audit Activities

The regulatory framework of internal supervision, i.e. internal auditing in NIS j.s.c. Novi Sad was established by the Law on Companies, the Internal Audit Charter, the Internal Audit Standard and other relevant legal and internal regulations.

The Internal audit provides independent, objective assurance services, as well as consultancy aimed at adding value and improving the Company's operations. Internal Audit helps the Company achieve its objectives by introducing a systematic, disciplined approach to assessing and improving the effectiveness of risk management, controls and corporate governance.

The Company's Internal Audit operates in accordance with the International Standards for the Professional Practice of Internal Auditing and the Code of Ethics of the Global Institute of Internal Auditors, which is confirmed by an obtained conformity assessment from an independent external assessor.

Internal Audit activities in particular include:

- examination and assessment of the adequacy and effectiveness of corporate governance, risk management and internal controls;
- control of compliance of Company's business activities with the law, other regulations and acts of the Company;
- supervision of the implementation of accounting policies and financial reporting;
- checking implementation of the risk management policy;
- monitoring the compliance of the organization and activities of the Company with the corporate governance code;
- evaluation of policies and processes in the Company, and proposals for their improvement.

Internal auditing is performed within the Internal Audit and Risk Management (hereinafter: IARM). Organisational and functional independence of the Internal Audit is secured by the Internal Audit Charter. The IARM, through the person responsible for internal control of business, appointed by the Board of Directors, is functionally subordinated to the Audit Commission, and linearly to the CEO of the Company. As a rule, the person responsible for internal control of business performs the role of the Director of the IARM. The Internal Audit Charter defines protection measures in order to ensure the independence and objectivity of the internal audit in the Company's risk management process. The IARM reports four times a year to the Audit Commission on the results of its work.

The Audit Commission is, inter alia, authorized to:

- approve the Internal Audit Charter;
- approve the Annual Plan on Internal Auditing;
- suggest the appointment and discharge of the person responsible for internal control of Company's business, in accordance with the Company Law, while the Board of Directors of the Company makes the Decision on appointment and discharge of the aforementioned person,
- check whether there is a possible restriction on access to data (restriction of coverage) or resource limitations to performing the internal audit;
- monitor existing risks and measures taken to manage those risks.

System of internal controls and risk mitigation in connection with financial reporting procedure

The internal control system includes five key components:

- Control environment,
- Risk assessment,
- Control measures,
- Information and communications,
- Monitoring.

There are the following internal regulations concerning internal control at the Company:

- PO-06.04.26 Corporate Policy of "NIS j.s.c. Novi Sad" – internal control and finance
- UP-06.04.00-011 Development of Internal Controls in Finance and Accounting
- UP-06.04.00-013 Recording Financial Incidents at SUFI Portal.

1. Control environment

Management creates an atmosphere characterised by understanding the importance of control procedures by employees, and also informs employees of expectations and precise procedures. Managers and employees comply with internal control requirements and demonstrate their positive consistent attitude to these requirements in their work.

Additionally, a controlled environment comprises honesty and respect for ethical values, provision of competent and highly qualified personnel, a defined organisational structure and clear split of authorities and responsibilities.

2. Risk assessment

Based on the approved business goals, significant risks associated with achievement of these goals are identified and analyzed. Organisational Units identify the risks in processes and activities carried out by such units which may lead to errors in financial reports.

3. Control measures

Control measures comprise procedures and activities used to manage the defined risks in processes through their reduction or elimination. They include a variety of measures, such as compliance with relevant standards and procedures, adequate split of responsibilities among process participants, precise definition of tasks, check of availability of required approvals and completeness of documentation, control of data bases, various types of reconciliation and verification of balance sheet items and preservation of assets.

4. Information and communication

In order to assure effective exchange of information and effective communication, a system of information distribution is in place through an internal portal accessible to all employees where all important information and adopted internal acts are published. Additionally, information systems have been implemented to assure exchange of information, documentation and various types of reports that allow for the generation of timely information.

5. Monitoring

Internal controls efficiency and compliance with requirements prescribed by internal acts are continuously monitored, and if needed improvement measures or measures aimed at eliminating identified violations to prevent their recurrence are developed. Possibilities of process improvement and their efficiency are considered through the process analysis, areas for improvement, new possible solutions or technologies for process implementation are considered.

External auditor

Audit of Financial Statements

In accordance with the Law and Articles of Association, the Auditor of the Company is appointed by the Shareholders' Assembly at the proposal of the Board of Directors. The Company's auditor is elected at every ordinary meeting of the Shareholders' Assembly, and according to the Capital Market Law. Since NIS j.s.c. Novi Sad is a public joint-stock company, the legal entity that performs the audit, can perform up to five consecutive audits of its annual financial statements.

The reports of the Audit Company on the audit of the financial statements and consolidated financial statements of the Company for 2020 were adopted on 29 June 2021 at the XIII regular session of the Shareholders Assembly, which was attended by the auditor of the company "KPMG" d.o.o. Belgrade, which in accordance with the Law is obligatorily invited to the regular session of the Assembly. At the same session, the Shareholders Assembly selected the auditing company "Pricewaterhouse Coopers" d.o.o. Belgrade, to audit the financial statements and consolidated financial statements for the period of 3 years (2021-2023).

In accordance with the Law, the Audit Commission was provided with an independent auditor's statement confirming the independence vis-à-vis the Company and informing the Audit Commission about the additional services the auditor provided to the Company. The statement was a part of the material for the 13th General Annual Shareholder Assembly.

Integrated management system

The company applies all the requirements of SRPS ISO 9001: 2015 Quality management, SRPS ISO 14001: 2015 Environmental management, SRPS ISO 45001: 2018 Management of health and safety at work and SRPS EN ISO 50001: 2018 Energy management, as well as SRPS ISO 39001 Management road safety, SRPS EN ISO 22000: 2018 Food safety management or CAC / RCP 1 where applicable. The applied management systems are incorporated into an integrated management system (IMS), which is based on a process approach. The established IMS is continuously developed in accordance with the Certification Strategy, the implementation of which is supervised by the IMS Board.

The elements of individual business processes (BP) and the order of activities within them are determined in the BP mapping procedure. All identified BP of the Company are classified and presented in the Classifier of Business Processes and within the business system together with the organizational structure integrated into the business architecture of the Company. KPIs (key performance indicators) are also determined for business processes defined in this way.

The manner of the implementation of activities from the business process is described by appropriate normative-methodological documents in accordance with the Standardisation Plan.

The verification of compliance with the applied national and international standards is carried out by accredited certification bodies, which issue appropriate certificates on the basis of the performed verification.

In addition to external audits, the Company conducts internal audits of business processes and established management systems, in accordance with the annual

program of internal audits. The results of these checks are formalised through reports, on the basis of which the owners of business processes in the Company define corrective and improvement measures in order to eliminate and prevent recurrence of identified non-compliances and prevent the actualization of potential ones.

Transactions involving personal interest and non-compete clauses

Transactions involving personal interest – A person who, in accordance with the Law, has special duties towards the Company, is obliged to promptly inform the Board of Directors about the existence of a personal interest (or interest related to him/her) in a legal contract concluded by the Company, or in a legal action undertaken by the Company.

The Company identifies legal affairs and actions with related parties, in order to ensure that they are concluded only if they are not harmful to the Company's operations. Legal affairs and actions with related parties are approved by the Board of Directors in accordance with the Law.

Information concerning the approval of the conclusion of affairs in which there is a personal interest is submitted to the Shareholders' Assembly at its first subsequent meeting by the Board of Directors.

In accordance with the Law, the Company is obliged to publish on its website the intention to conclude a legal transaction, ie to undertake a legal action that requires approval with important information on activities and activities in which there is personal interest, in accordance with the criteria prescribed by Law. Immediately after the decision on approval is made, and no later than on the day of concluding that legal

transaction, ie undertaking that legal action. Data on approved legal transactions and legal actions taken are also published in the annual financial statements.

Non-Compete Clause – In order to monitor compliance with non-compete agreements, the Company carries out quarterly surveys of members of the Board of Directors about the current engagement, as well as about membership in boards of directors and supervisory boards of other companies. Data on memberships in the management bodies of other companies are published on the Company's website, and within Annual and Quarterly Reports.

By concluding the Agreement Mutual Rights and Obligations with the Company, the members of the Board of Directors are additionally acquainted with their obligation to notify the Company in the event of the conclusion of a legal transaction with the Company, as well as with their obligation of non-competition to the Company and other special duties of the members of the Board of Directors.

Information on Acquisition Bids

In 2021, neither NIS j.s.c. Novi Sad nor its subsidiaries made any bids for acquisition of another company, in accordance with the regulations providing for acquisition of companies, or any bid was made under such regulations for acquisition of shares of NIS j.s.c. Novi Sad or any of its subsidiaries.

Related-Party Transactions

In 2021, NIS Group entered into business partnerships with its affiliates. The most important related-party transactions involved the supply/delivery of crude oil, petroleum products and electricity. An outline of related-party transactions is part of the Notes to the Financial Statements¹.

Code of Business Ethics

As employees, we reflect our Company - we individually represent our Company and by our actions affect its business atmosphere, results and reputation. We are not all the same, but we are all

equal. If each of us would try to act in accordance with the defined Company values and follow ethical codes and rules of conduct, we would jointly transform our vision into reality.

The rules and codes of conduct provided herein are based on our corporate values and should be used by all of us, employees, third parties and managing bodies, as a general guideline when making decisions in our day-to-day activities. This enables us to jointly create and maintain a healthy business climate, efficiently achieve results, improve business as well as the quality of life for all of us, both individually and collectively.



¹ More information on related party transactions can be found on page. 454